

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

**Year ended December 31, 2015**

This page intentionally left blank.

CITY OF JUNCTION CITY, KANSAS  
Basic Financial Statements With Required  
And Other Supplementary Information  
For the year ended December 31, 2015

TABLE OF CONTENTS

	<u>Page</u>
Introductory Section:	
Letter of transmittal	i - vi
Financial Section:	
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 11
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet - Governmental Funds	14
Reconciliation of the Total Governmental Fund Balances to Net Position of Governmental Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance with the Government-Wide Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget	
General Fund	18-19
Capital Improvement Fund	20
Statement of Net Position - Proprietary Funds	21
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23 – 24
Statement of Net Position – Fiduciary Funds	25
Notes to the Basic Financial Statements	26 - 52

CITY OF JUNCTION CITY, KANSAS

Basic Financial Statements With Required  
And Other Supplementary Information

For the year ended December 31, 2015

TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information	
Schedule of Funding Progress	53
Schedule of the City's Proportionate Share of the Net Pension Liability	54
Schedule of the City's Contributions	54
Combining Statements and Individual Fund Schedules	
Combining Statements - Nonmajor Funds	
Fund Descriptions	55
Combining Balance Sheet - Nonmajor Special Revenue Funds	56 - 57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	58 - 59
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget:	
Economic Development Fund	60
Employee Benefits Fund	61
Library Fund	62
Special Highway Fund	63
Fire Equipment Fund	64
Drug and Alcohol Fund	65
Law Enforcement Trust Fund	66
Debt Service Fund	67
Nonmajor Proprietary Fund Descriptions	68
Combining Statement of Net Position – Nonmajor Proprietary Funds	69
Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Proprietary Funds	70
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	71 - 72
Combining Statements of Assets and Liabilities – Fiduciary Funds - Agency Funds	73
Combining Statements of Changes in Assets And Liabilities - Agency Funds	74

CITY OF JUNCTION CITY, KANSAS  
Basic Financial Statements With Required  
And Other Supplementary Information  
For the year ended December 31, 2015

TABLE OF CONTENTS

	<u>Page</u>
Statistical Section:	
Net Position by Component	75
Changes in Net Position	76
Fund Balances, Governmental Funds	77
Changes in Fund Balances, Governmental Funds	78
Water Produced and Consumed and Wastewater Treated	79
Annual Water and Wastewater Tap Sales	80
Number of Water and Wastewater Customers by Type	81
Water and Wastewater Rates	82
Ten Largest Utility Customers	83
Assessed and Estimated Actual Value of Taxable Property	84
Direct and Overlapping Property Tax Rates	85
Ten Largest Tax Payers	86
Property Tax Levies and Collections	87
Ratios of Outstanding Debt by Type	88
Legal Debt Margin Information	89
Ratios of Net General Bonded Debt Outstanding	90
Direct and Overlapping Governmental Activities Debt	91
Pledged Revenue Coverage	92
Demographic and Economic Statistics	93
Principal Employers	94

CITY OF JUNCTION CITY, KANSAS  
Basic Financial Statements With Required  
And Other Supplementary Information  
For the year ended December 31, 2015

TABLE OF CONTENTS

	<u>Page</u>
Statistical Section - Continued:	
Full-time Employees by Department	95
Operating Indicators by Function/Program	96
Capital Asset Statistics by Function/Program	97
Governmental Section:	
Schedule of Expenditures of Federal Awards	98
Notes to Schedule of Expenditures of Federal Awards	99
Schedule of Findings and Questioned Costs	100 - 102
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"	103 - 104
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance	105 – 106

**Allen J. Dinkel**  
**City Manager**  
**Administration**  
**www.junctioncity-ks.gov**



P.O. Box 287  
700 North Jefferson Street  
Junction City, KS 6644-0287

Phone: 785-238-3103 Ext. 300  
Fax: 785-223-4262

June 28, 2016

To the Citizens of the City of Junction City:

The financial statements of the City of Junction City, Kansas (the “City”) for the year ended December 31, 2015, are 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 financial statements are presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter. The financial section includes the basic financial statements including the combining statements, individual fund statements, and the independent auditors report on the financial statements 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 area’s 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 the sequestration plan would have a minor impact on the number of soldiers assigned to Fort Riley. It was estimated that a reduction of 600-700 military personnel could occur over a three year period. Sequestration has also led to a reduction in the civilian work force at Fort Riley. On a positive note, soldiers are returning from the Middle East, which brings their families back to Junction City. In addition, Fort Riley officials have indicated that closures or reduction of forces at 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.

In 2015, the Walmart Neighborhood Market and Ace Hardware construction was completed on the west side of town. In addition, major road construction improvements were started for US-77 and K-18, which will continue through 2016 and 2017. The Advanced Call Center Technology (ACCT) is on track to hire 300-400 additional employees.

### **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 were 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 had Sheriff Tax sales on these lots in 2013, 2014, and 2015.

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 the ownership of the land was transferred to the Land Bank. Then, a plan of action was developed to maintain and market the empty lots. In January 2015, the Junction City Land Bank took possession of 940 lots. The land bank has taken the necessary steps to clear title, resize, or restructure the subdivisions as needed to make these lots ready for development. This was an important step to continue housing development in Junction City with existing infrastructure. In 2015 the first lots were sold for development.

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. In 2014, 1.5 FTE's were approved for blight enforcement and increased in 2015 to 2 FTE's for this purpose.

### **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. Each year the city has increased the amount of funds allocated for street maintenance.

The City is now moving forward with 2015 and 2016 KLINK Grant projects for street improvements, a KDOT Geometric Grant for a new stop light at 6<sup>th</sup> & Franklin, and participating in all of the new street improvements along US-77/K-18, which includes a new intersection and stop lights at Rucker Road and Golden Belt, a new diversion diamond interchange at I-70, a new interchange and bridge at K-18 and US-77, and widening of US-77 through Junction City. The City will also be utilizing Federal Exchange Funds for street improvements on Goldenbelt Drive and other streets.

The City was awarded a KDOT Grant to establish a walking path along K-18 on the new K-18 and US-77 interchange as part of these US-77 improvements. This will provide a critical pedestrian link for Junction City residents west of US-77. Due to changes in KDOT scheduling, this project will not be started until 2017.

## **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 completed the FEMA grant projects in 2015.

The City received an FAA grant for updating the Airport Master Plan, which will be completed in 2016. The City was awarded an \$11 million KDHE Revolving Loan for improvements to its two wastewater plants with construction beginning in 2016 and projected to end in 2017 or 2018.

## **FINANCIAL PICTURE**

The City's assessed property valuation continues to be stable. 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 took advantage of low interest rates and refinanced bonds that could be called for such purpose and refinanced its Certificate of Participation loan. 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 dollar needs for street repairs and improvements. The City continues to look for new revenue sources and ways to fund street improvements.

The City completed 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. The City was awarded an \$11 million dollar KDHE Wastewater Revolving Loan for improvements at the two wastewater treatment plants and has applied for a \$13 million KDHE Water Revolving Loan for water

plant improvements. A storm water utility rate increase is to be determined. Multiple capital projects for storm water are needed and will move forward once the rate plan has been finalized and adopted.

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 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 continue to review all options for new revenue sources. The City adopted Sunday liquor sales in April, 2015 as one new revenue source. 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 and 2015. The final reports provided 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 was presented to the City Commission for final adoption in 2015. The planning efforts will then be incorporated into the development of multi-year budgets.

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, over the long-term, 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 \$19,542,334 and \$20,927,652 on December 31, 2015 as compared to December 31, 2010, of \$2,924,346. 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. Previously in the municipal court, the problem of multiple users in one cash drawer was resolved with the opening of a new Municipal Court Building with adequate space for individual cash drawers. 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 in the KERIT workers' compensation risk pool for workers' compensation coverage. All City deposits were insured per standards and code 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 financial statements 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,

A handwritten signature in cursive script, appearing to read "Allen J. Dinkel".

Allen J. Dinkel, City Manager



## INDEPENDENT AUDITOR'S REPORT

Mayor and City Commissioners  
City of Junction City, Kansas

### **Report of the Financial Statements**

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, 2015, 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 Dorothy Bramlage Public Library (the Library), which represent 11 percent, 15 percent and 48 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 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. The financial statements of the Dorothy Bramlage Public Library were not audited in accordance with *Government Auditing Standards*.

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 89 percent, 85 percent and 52 percent of the assets, net position, and revenues, respectively, of the City's aggregate discretely presented component units.

[www.mizehouser.com](http://www.mizehouser.com) ■ mhco@mizehouser.com

534 S Kansas Ave, Suite 700 ■ Topeka, KS 66603-3465 ■ 785.233.0536 p ■ 785.233.1078 f

534 S Kansas Ave, Suite 400 ■ Topeka, KS 66603-3454 ■ 785.234.5573 p ■ 785.234.1037 f

7101 College Blvd, Suite 900 ■ Overland Park, KS 66210-1984 ■ 913.451.1882 p ■ 913.451.2211 f

211 E Eighth Suite A ■ Lawrence, KS 66044-2771 ■ 785.842.8844 p ■ 785.842.9049 f

## **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, 2015, 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 governmental activities, 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, 2015, 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.

## **Emphasis of Matter**

### *Change in Accounting Principal*

As described in Note 3 to the financial statements, the City implemented GASB 68 during the current year. As a result of the implementation, a restatement was made to the net position for the proportionate share of the City's net pension liability at December 31, 2014. Our opinion is not modified with respect to this matter.

### *Prior Period Restatement*

As discussed in Note 3 to the financial statements, certain errors as of December 31, 2014, were discovered by management of the City during the current year. Accordingly, these amounts have been restated in the December 31, 2015, financial statements now presented and adjustments have been made to net position to correct the error. Our opinion is not modified with respect to these matters.

## **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, the schedule of funding progress on page 53, the schedule of the City's proportionate share of the net pension liability on page 54, and the schedule of City contributions on page 54 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 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the 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 28, 2016, 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 28, 2016

**CITY OF JUNCTION CITY, KANSAS**  
**Management's Discussion and Analysis**  
**(Unaudited)**

**December 31, 2015**

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, 2015. 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 i – vi of this report and the City's financial statements which begin on page 12.

**Financial Highlights**

- The assets of the City exceeded its liabilities at the close of 2015 by \$79,160,457 (net position) in the governmental activities.
- The City's governmental funds reported combined ending fund balances of \$14,254,276
- The fund balance for the general fund increased by \$249,405. This amount is the result of 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 position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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.

### **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.

## 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 position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$79,160,457 at the close of 2015. The City's net position increased by \$5,217,348. The governmental activities increased by \$3,912,665. The business type activities increased by \$1,304,683.

### City of Junction City Government-Wide Financial Statements

	Governmental Activities		Business-type Activities	
	2014	2015	2014	2015
Current assets	\$ 70,432,490	\$ 69,999,636	\$ 8,852,433	\$ 9,674,310
Capital assets	82,632,888	90,068,843	64,468,743	64,629,569
Deferred outflows of resources	<u>-</u>	<u>1,462,928</u>	<u>-</u>	<u>87,581</u>
Total assets and deferred outflows	<u>\$ 153,065,378</u>	<u>\$ 161,531,407</u>	<u>\$ 73,321,176</u>	<u>\$ 74,391,460</u>
Current liabilities	\$ 11,316,454	\$ 12,143,591	\$ 2,764,076	\$ 3,098,477
Long-term liabilities	117,530,526	120,356,398	12,520,679	11,850,312
Deferred inflows of resources	<u>8,311,710</u>	<u>9,212,065</u>	<u>-</u>	<u>101,567</u>
Total liabilities and deferred inflows	<u>\$ 137,158,690</u>	<u>\$ 141,712,054</u>	<u>\$ 15,284,755</u>	<u>\$ 15,050,356</u>
Net position:				
Net investment in capital assets	\$ [42,071,227]	\$ [26,982,525]	\$ 49,249,853	\$ 50,335,663
Restricted	47,133,957	45,298,451	-	-
Unrestricted	<u>10,843,958</u>	<u>1,503,427</u>	<u>8,786,568</u>	<u>9,005,441</u>
Total net assets	<u>\$ 15,906,688</u>	<u>\$ 19,819,353</u>	<u>\$ 58,036,421</u>	<u>\$ 59,341,104</u>

By far the largest portion of the City's net position reflects its net investments in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment). 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.

A portion of the City's net position, \$45,298,451, represents resources that are subject to external restrictions on how they may be used. There was a decrease of \$1,835,506 in restricted net position reported in connection with the City's governmental activities.

**Changes in Net Position**

	City of Junction City Changes in Net Position			
	Governmental Activities		Business-type Activities	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Revenues:				
Program revenues				
Charges for services	\$ 3,553,426	\$ 3,841,165	\$ 12,069,472	\$ 12,681,333
Operating grants and contributions	3,168,858	11,265,285	-	-
Capital grants and contributions	996,975	982,671	-	-
General revenues				
Property taxes	9,628,455	9,641,838	-	-
Sales taxes	10,918,894	10,746,724	-	-
Franchise taxes	1,967,710	1,829,821	-	-
Other	4,411,900	2,633,987	223,350	410,852
Total revenue	<u>34,646,218</u>	<u>40,941,491</u>	<u>12,292,822</u>	<u>13,092,185</u>
Expenses:				
General government	2,564,763	2,583,982	-	-
Public safety	10,515,859	8,543,841	-	-
Public works	5,348,714	6,522,980	-	-
Culture and recreation	2,927,200	1,895,285	-	-
Economic development	1,823,290	1,257,753	-	-
Public health and sanitation	2,160,507	2,560,853	-	-
Interest on long-term debt	5,524,717	4,629,537	-	-
Payments on other obligations	98,604	98,382	-	-
Water and sewer	-	-	7,455,346	7,596,112
Stormwater	-	-	546,754	545,779
Sanitation	-	-	1,016,260	1,072,567
Total expenses	<u>30,963,654</u>	<u>28,092,613</u>	<u>9,018,360</u>	<u>9,214,458</u>
Change in net position				
before transfers	3,682,564	12,848,878	3,274,462	3,877,727
Transfers	<u>1,522,500</u>	<u>1,505,000</u>	<u>[1,522,500]</u>	<u>[1,505,000]</u>
Change in net position	<u>5,205,064</u>	<u>14,353,878</u>	<u>1,751,962</u>	<u>2,372,727</u>
Net position, beginning of year as previously stated	10,357,816	15,906,688	56,144,574	58,036,421
Prior period adjustment	<u>343,808</u>	<u>[10,441,213]</u>	<u>139,885</u>	<u>[1,068,044]</u>
Net position, beginning of year restated	<u>10,701,624</u>	<u>5,465,475</u>	<u>56,284,459</u>	<u>56,968,377</u>
Net position, end of year	<u>\$ 15,906,688</u>	<u>\$ 19,819,353</u>	<u>\$ 58,036,421</u>	<u>\$ 59,341,104</u>

## **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 2015, unreserved fund balance of the general fund was \$5,728,814.

### 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 2015 amounted to \$7,840,253; the Storm Water Fund's unrestricted net position was \$196,165 and the non-major proprietary fund was \$969,023. The only non-major proprietary fund is the Solid Waste Fund. The total change in net position from 2014 to 2015 for the Water and Sewer Fund was an increase of \$1,530,188, a decrease of \$361,037 for the Storm Water Fund and an increase of \$135,532 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 2012, but threatens to be decreased by federal reduction in forces.

The City's revenues have remained stable for the last three years. Sales tax revenue in 2015 was \$6,986,183.34. 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. However, in 2013 single family home construction dropped to 47 new homes and 1 duplex project; in 2014 there were 20 single family home construction projects and 1 duplex project; and in 2015 there were 32 single family home construction projects and no duplex project. This was offset with an increase in residential remodel projects that had averaged 280 projects per year to 368 in 2014 and 386 in 2015. The total number building permits issued in 2015 was 1,174 as compared to a three-year average of 1,367.

The City did form the Junction City Land Bank in 2014 and in 2015 accepted ownership of 940 lots that had not sold at tax sales to bring developable lots back into the market. The Land Bank has sold, to date, 12 lots, which should increase the homes being built in 2015 and 2016.

## 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, 2015, amounts to \$154,698,412 (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	
	2014	2015	2014	2015
Construction in progress	\$ 353,505	\$ 1,447,853	\$ 931,053	\$ 1,579,634
Land	13,900,622	22,817,562	442,563	442,563
Buildings	20,457,381	20,408,344	25,219,140	25,219,140
Machinery and equipment	96,520,838	96,531,537	9,818,522	10,185,759
Infrastructure	12,389,574	13,139,845	75,332,656	76,477,101
Less: accumulated depreciation	<u>[60,989,032]</u>	<u>[64,276,298]</u>	<u>[47,275,191]</u>	<u>[49,274,628]</u>
Total capital assets, net	<u>\$ 82,632,888</u>	<u>\$ 90,068,843</u>	<u>\$ 64,468,743</u>	<u>\$ 64,629,569</u>

### Long-Term Debt

At the end of 2015, the City had total bonded debt outstanding of \$109,195,664 backed by full faith and credit of the city, no temporary notes, and \$16,268,806 of State of Kansas Revolving Loan fund debt. 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; 2014-47.666; and 2015-47.667
3. Requested and received by a vote of the citizens, a one cent sales tax restricted for debt payments.

4. Worked with Standard & Poor's 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 City's largest employer.
7. Worked with legislative delegations to extend debt limit revisions for Junction City and was successful in 2012 legislature. Also requested assistance from congressional delegates to lessen the local burden created by Fort Riley.
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.
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 have been made, in full and on time, since the 2010 financial crisis.

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

### **Outstanding Debt**

#### **General Obligation, Revenue and State of Kansas Revolving Loans**

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

	Governmental Activities		Business-type Activities	
	2014	2015	2014	2015
General obligation bonds	\$ 54,967,596	\$ 52,055,296	\$ 7,826,597	6,748,608
Special assessment debt	53,050,057	50,391,760	-	-
State of KS revolving loans	11,877,072	10,935,283	5,832,674	5,333,523
Certificates of participation	2,570,000	1,795,000	-	-
Notes payable	431,277	339,185	-	-
Capital lease obligations	1,808,113	1,534,844	628,566	632,140
<b>Total</b>	<b><u>\$ 124,704,115</u></b>	<b><u>\$ 117,051,368</u></b>	<b><u>\$ 14,287,837</u></b>	<b><u>\$ 12,714,271</u></b>

The City's total debt decreased by a net amount of \$9,226,313 during 2015.

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, 2015 is \$12,241,167, as 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 by email at [cheryl.beatty@jcks.com](mailto:cheryl.beatty@jcks.com)

CITY OF JUNCTION CITY, KANSAS

STATEMENT OF NET POSITION  
December 31, 2015

	Primary Government			Component Unit	
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Dorothy Bramlage Public Library	Spirit of '76 (unaudited)
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
Current assets:					
Cash and investments	\$ 12,349,419	\$ 8,578,233	\$ 20,927,652	\$ 1,193,278	\$ 3,234
Receivables (net of allowance for uncollectibles)					
Accounts	1,182,760	1,607,985	2,790,745	-	2,812,879
Taxes	10,398,696	-	10,398,696	-	-
Special assessments	45,781,631	-	45,781,631	-	-
Interest	23,204	18,127	41,331	-	-
Internal balances	260,035	[530,035]	[270,000]	-	-
Inventory	3,891	-	3,891	-	-
Property investment held for sale	-	-	-	-	7,173,677
Total current assets	<u>69,999,636</u>	<u>9,674,310</u>	<u>79,673,946</u>	<u>1,193,278</u>	<u>9,989,790</u>
Noncurrent assets:					
Capital assets, nondepreciable					
Land	22,817,562	442,563	23,260,125	-	-
Construction in progress	1,447,853	1,579,635	3,027,488	-	-
Capital assets, depreciable	130,079,726	111,882,000	241,961,726	-	-
Less: Accumulated depreciation	[64,276,298]	[49,274,629]	[113,550,927]	-	-
Total noncurrent assets	<u>90,068,843</u>	<u>64,629,569</u>	<u>154,698,412</u>	<u>-</u>	<u>-</u>
Total assets	<u>160,068,479</u>	<u>74,303,879</u>	<u>234,372,358</u>	<u>1,193,278</u>	<u>9,989,790</u>
Deferred outflows of resources:					
Pension - contributions subsequent to the measurement date	715,863	60,672	776,535	-	-
Pension - differences between expected and actual experience	81,692	-	81,692	-	-
Pension - changes in proportion	665,373	26,909	692,282	-	-
Total deferred outflows of resources	<u>1,462,928</u>	<u>87,581</u>	<u>1,550,509</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 161,531,407</u>	<u>\$ 74,391,460</u>	<u>\$ 235,922,867</u>	<u>\$ 1,193,278</u>	<u>\$ 9,989,790</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
Current liabilities:					
Accounts payable	\$ 1,013,333	\$ 555,852	\$ 1,569,185	\$ 1,671	\$ -
Accrued payroll	404,599	27,667	432,266	-	-
Interest payable	1,592,888	147,657	1,740,545	-	-
Meter deposits payable	-	441,322	441,322	-	-
Unearned revenue	44,720	-	44,720	-	-
Current portion of compensated absences payable	1,383,711	58,836	1,442,547	-	-
Current portion of loans payable	978,503	514,917	1,493,420	-	-
Current portion of notes payable	94,174	-	94,174	-	-
Current portion of general obligation bonds payable	3,135,969	1,107,989	4,243,958	-	-
Current portion of special assessments bonds payable	2,729,331	-	2,729,331	-	-
Current portion of certificate of participation	250,000	-	250,000	-	-
Current portion of capital lease payable	516,363	244,237	760,600	-	-
Total current liabilities	<u>12,143,591</u>	<u>3,098,477</u>	<u>15,242,068</u>	<u>1,671</u>	<u>-</u>
Noncurrent liabilities:					
Net pension liability	10,802,329	1,003,184	11,805,513	-	-
Net OPEB Obligation	207,041	-	207,041	-	-
Loans payable	9,956,780	4,818,606	14,775,386	-	3,367,017
Notes payable	245,011	-	245,011	-	-
General obligation bonds payable	48,919,327	5,640,619	54,559,946	-	-
Special assessments bonds payable	47,662,429	-	47,662,429	-	-
Certificates of participation payable	1,545,000	-	1,545,000	-	-
Capital lease payable	1,018,481	387,903	1,406,384	-	-
Total non-current liabilities	<u>120,356,398</u>	<u>11,850,312</u>	<u>132,206,710</u>	<u>-</u>	<u>3,367,017</u>
Total liabilities	<u>132,499,989</u>	<u>14,948,789</u>	<u>147,448,778</u>	<u>1,671</u>	<u>3,367,017</u>
Deferred Inflows of Resources					
Unavailable revenue - property taxes	8,501,077	-	8,501,077	-	-
Pension - differences between expected and actual experience	202,222	28,402	230,624	-	-
Pension - net differences between projected and actual earnings on plan investments	356,312	39,056	395,368	-	-
Pension - changes of assumptions	115,377	14,022	129,399	-	-
Pension - changes in proportion	37,077	20,087	57,164	-	-
Total deferred inflows of resources	<u>9,212,065</u>	<u>101,567</u>	<u>9,313,632</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>\$ 141,712,054</u>	<u>\$ 15,050,356</u>	<u>\$ 156,762,410</u>	<u>\$ 1,671</u>	<u>\$ 3,367,017</u>
Net Position					
Net investment in capital assets	\$ [26,982,525]	\$ 50,335,663	\$ 23,353,138	\$ -	\$ -
Restricted for:					
Revolving funds	749,409	-	749,409	-	-
Equipment	360,299	-	360,299	-	-
Debt service	44,188,743	-	44,188,743	-	-
Unrestricted	1,503,427	9,005,441	10,508,868	1,191,607	6,622,773
Total net position	<u>\$ 19,819,353</u>	<u>\$ 59,341,104</u>	<u>\$ 79,160,457</u>	<u>\$ 1,191,607</u>	<u>\$ 6,622,773</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, 2015

	Program Revenues				Net [Expenses] Revenue and Changes in Net Assets			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Public Library	Spirit of '76 (Unaudited)
					Total Governmental Activities	Total Business-type Activities			
<b>Governmental activities:</b>									
General government	\$ 2,583,982	\$ 2,545,381	\$ 10,360,491	\$ -	\$ 10,321,890	\$ -	\$ 10,321,890	\$ -	\$ -
Public safety	8,543,841	949,881	247,623	-	[7,346,337]	-	[7,346,337]	-	-
Public works	6,522,980	345,903	657,171	982,671	[4,537,235]	-	[4,537,235]	-	-
Culture and recreation	1,895,285	-	-	-	[1,895,285]	-	[1,895,285]	-	-
Economic development	1,257,753	-	-	-	[1,257,753]	-	[1,257,753]	-	-
Public health and sanitation	2,560,853	-	-	-	[2,560,853]	-	[2,560,853]	-	-
Payments on other obligations (see note)	98,382	-	-	-	[98,382]	-	[98,382]	-	-
Interest on long-term debt	4,629,537	-	-	-	[4,629,537]	-	[4,629,537]	-	-
<b>Total governmental activities</b>	<b>28,092,613</b>	<b>3,841,165</b>	<b>11,265,285</b>	<b>982,671</b>	<b>[12,003,492]</b>	<b>-</b>	<b>[12,003,492]</b>	<b>-</b>	<b>-</b>
<b>Business-type activities:</b>									
Water and Sewer	7,596,112	10,375,233	-	-	-	2,779,121	2,779,121	-	-
Stormwater	545,779	771,705	-	-	-	225,926	225,926	-	-
Sanitation	1,072,567	1,534,395	-	-	-	461,828	461,828	-	-
<b>Total business-type activities</b>	<b>9,214,458</b>	<b>12,681,333</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,466,875</b>	<b>3,466,875</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 37,307,071</b>	<b>\$ 16,522,498</b>	<b>\$ 11,265,285</b>	<b>\$ 982,671</b>	<b>[12,003,492]</b>	<b>3,466,875</b>	<b>[8,536,617]</b>	<b>-</b>	<b>-</b>
<b>Component units:</b>									
Dorothy Bramlage Public Library	\$ 976,014	\$ -	\$ 936,946	\$ -	-	-	-	[39,068]	-
Spirit of '76	4,646,137	498,610	-	525,417	-	-	-	-	[3,622,110]
<b>Total component units</b>	<b>\$ 5,622,151</b>	<b>\$ 498,610</b>	<b>\$ 936,946</b>	<b>\$ 525,417</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>[39,068]</b>	<b>[3,622,110]</b>
<b>General Revenues:</b>									
Property tax					9,641,838	-	9,641,838	-	-
Sales tax					10,746,724	-	10,746,724	-	-
Franchise tax					1,829,821	-	1,829,821	-	-
Payments in lieu of tax					14,335	-	14,335	-	-
Use of money or property					770,359	23,177	793,536	-	150
Miscellaneous					1,849,293	387,675	2,236,968	-	-
Transfers, net					1,505,000	[1,505,000]	-	-	-
<b>Subtotal general revenues</b>					<b>26,357,370</b>	<b>[1,094,148]</b>	<b>25,263,222</b>	<b>-</b>	<b>150</b>
<b>Change in net position</b>					<b>14,353,878</b>	<b>2,372,727</b>	<b>16,726,605</b>	<b>[39,068]</b>	<b>[3,621,960]</b>
<b>Net position - beginning</b>					<b>15,906,688</b>	<b>58,036,421</b>	<b>73,943,109</b>	<b>1,230,675</b>	<b>10,244,733</b>
<b>Prior period adjustment</b>					<b>[10,441,213]</b>	<b>[1,068,044]</b>	<b>[11,509,257]</b>	<b>-</b>	<b>-</b>
<b>Net position - beginning, restated</b>					<b>5,465,475</b>	<b>56,968,377</b>	<b>62,433,852</b>	<b>1,230,675</b>	<b>10,244,733</b>
<b>Net position - ending</b>					<b>\$ 19,819,353</b>	<b>\$ 59,341,104</b>	<b>\$ 79,160,457</b>	<b>\$ 1,191,607</b>	<b>\$ 6,622,773</b>

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

CITY OF JUNCTION CITY, KANSAS

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2015

	<u>General</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Land Bank</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and investments	\$ 3,828,304	\$ 340,148	\$ 3,140,428	\$ 101,213	\$ 4,939,326	\$ 12,349,419
Receivables (net)						
Accounts	694,936	-	-	-	487,824	1,182,760
Taxes	5,279,990	-	3,838,620	-	1,280,086	10,398,696
Special assessments	-	-	45,781,631	-	-	45,781,631
Inventory	3,891	-	-	-	-	3,891
Accrued interest	7,960	723	6,648	-	7,873	23,204
Due from other funds	67,607	-	303,625	-	363,144	734,376
<b>Total assets</b>	<b>\$ 9,882,688</b>	<b>\$ 340,871</b>	<b>\$ 53,070,952</b>	<b>\$ 101,213</b>	<b>\$ 7,078,253</b>	<b>\$ 70,473,977</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 277,619	\$ 260	\$ 5,300	\$ 31	\$ 660,838	\$ 944,048
Retainage payable	69,285	-	-	-	-	69,285
Due to other funds	20,000	386,734	-	-	67,607	474,341
Accrued liabilities	404,599	-	-	-	-	404,599
Unearned revenue	-	-	-	-	44,720	44,720
<b>Total liabilities</b>	<b>771,503</b>	<b>386,994</b>	<b>5,300</b>	<b>31</b>	<b>773,165</b>	<b>1,936,993</b>
<b>Deferred inflows of resources:</b>						
Unavailable revenue - property taxes	3,382,371	-	3,838,620	-	1,280,086	8,501,077
Unavailable revenue - special assessments	-	-	45,781,631	-	-	45,781,631
<b>Total deferred inflows of resources</b>	<b>3,382,371</b>	<b>-</b>	<b>49,620,251</b>	<b>-</b>	<b>1,280,086</b>	<b>54,282,708</b>
<b>Fund balance:</b>						
Restricted	-	-	3,445,401	-	4,941,711	8,387,112
Committed	-	-	-	101,182	83,291	184,473
Unassigned	5,728,814	[46,123]	-	-	-	5,682,691
<b>Total fund balances</b>	<b>5,728,814</b>	<b>[46,123]</b>	<b>3,445,401</b>	<b>101,182</b>	<b>5,025,002</b>	<b>14,254,276</b>
<b>Total liabilities, deferred inflows of Resources and fund balances</b>	<b>\$ 9,882,688</b>	<b>\$ 340,871</b>	<b>\$ 53,070,952</b>	<b>\$ 101,213</b>	<b>\$ 7,078,253</b>	<b>\$ 70,473,977</b>

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, 2015

Total Governmental Fund Balances		\$ 14,254,276
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
The cost of capital assets is	154,345,141	
Accumulated depreciation is	<u>[64,276,298]</u>	90,068,843
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
		45,781,631
Pension contributions are reported as an expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position.		
		1,462,928
Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position.		
		[710,988]
The following liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Compensated absences	[1,383,711]	
Net pension liability	[10,802,329]	
Net OPEB obligation	[207,041]	
Notes payable	[339,185]	
Loans payable	[10,935,283]	
General obligation bonds payable	[52,055,296]	
Special assessment bonds payable	[50,391,760]	
Certificates of participation payable	[1,795,000]	
Capital lease payable	[1,534,844]	
Accrued interest on the bonds	<u>[1,592,888]</u>	<u>[131,037,337]</u>
Net Position of Governmental Activities		<u>\$ 19,819,353</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, 2015

	<u>General</u>	<u>Capital Improvements</u>	<u>Debt Service</u>	<u>Land Bank</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes						
Property	\$ 2,967,206	\$ 2,294	\$ 4,800,660	\$ -	\$ 1,871,678	\$ 9,641,838
Sales	6,947,796	-	3,798,928	-	-	10,746,724
Franchise	1,829,821	-	-	-	-	1,829,821
Payment in lieu	14,335	-	-	-	-	14,335
Charges for services	2,545,381	-	-	-	-	2,545,381
Intergovernmental	922,545	-	-	8,855,110	1,487,630	11,265,285
Licenses and permits	345,903	-	-	-	-	345,903
Fines and fees	949,881	-	-	-	-	949,881
Special assessments	-	-	2,339,693	-	-	2,339,693
Use of money and property	173,553	-	71,913	-	524,893	770,359
Miscellaneous	496,378	102,999	664,774	92,360	728,778	2,085,289
<b>Total revenues</b>	<b>17,192,799</b>	<b>105,293</b>	<b>11,675,968</b>	<b>8,947,470</b>	<b>4,612,979</b>	<b>42,534,509</b>
<b>EXPENDITURES</b>						
Current						
General government	1,342,021	-	-	8,846,288	966,128	11,154,437
Public safety	8,459,728	-	-	-	1,666,823	10,126,551
Public works	2,451,447	729,701	-	-	373,086	3,554,234
Public health and sanitation	2,854,895	-	-	-	-	2,854,895
Culture and recreation	1,787,812	-	-	-	42,961	1,830,773
Economic development	450,270	-	257,274	-	550,209	1,257,753
Miscellaneous	157,574	35,742	144,290	-	-	337,606
Debt service						
Principal	-	-	12,238,600	-	380,000	12,618,600
Interest and other charges	294,647	-	5,335,176	-	58,373	5,688,196
Payments on contractual obligations	-	-	98,382	-	-	98,382
<b>Total expenditures</b>	<b>17,798,394</b>	<b>765,443</b>	<b>18,073,722</b>	<b>8,846,288</b>	<b>4,037,580</b>	<b>49,521,427</b>
Excess [deficiency] of revenues over [under] expenditures	<u>[605,595]</u>	<u>[660,150]</u>	<u>[6,397,754]</u>	<u>101,182</u>	<u>575,399</u>	<u>[6,986,918]</u>
Other financing sources [uses]						
Bond proceeds	-	-	5,667,850	-	-	5,667,850
Transfers in	1,055,000	200,000	850,000	-	-	2,105,000
Transfers [out]	<u>[200,000]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[400,000]</u>	<u>[600,000]</u>
<b>Total other financing sources [uses]</b>	<b>855,000</b>	<b>200,000</b>	<b>6,517,850</b>	<b>-</b>	<b>[400,000]</b>	<b>7,172,850</b>
<b>Net change in fund balance</b>	<b>249,405</b>	<b>[460,150]</b>	<b>120,096</b>	<b>101,182</b>	<b>175,399</b>	<b>185,932</b>
Fund balance - Beginning of year	5,479,409	414,027	3,325,305	-	4,837,632	14,056,373
Prior period adjustment	-	-	-	-	11,971	11,971
Fund balance - Beginning of year, restated	<u>5,479,409</u>	<u>414,027</u>	<u>3,325,305</u>	<u>-</u>	<u>4,849,603</u>	<u>14,068,344</u>
Fund balance - End of year	<u>\$ 5,728,814</u>	<u>\$ [46,123]</u>	<u>\$ 3,445,401</u>	<u>\$ 101,182</u>	<u>\$ 5,025,002</u>	<u>\$ 14,254,276</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, 2015

Total Net Change In Fund Balances - Governmental Funds \$ 185,932

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.

Loss on sale of assets	[63,361]	
Capital outlays	11,150,275	
Depreciation expense	<u>[3,650,959]</u>	7,435,955

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.

138,384

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.

[1,357,022]

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		[98,574]
Other post employment benefits		[6,339]

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.

General obligation debt proceeds	[3,872,850]
Capital lease proceeds	[223,636]
Certificates of participation proceeds	[1,795,000]

Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities.

402,795

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	6,785,150
Special assessment debt	2,658,297
Notes	92,092
Loans	941,789
Capital leases	496,905
Certificates of participation	<u>2,570,000</u>

Changes In Net Position of Governmental Activities \$ 14,353,878

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, 2015

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Taxes	\$ 11,876,663	\$ 11,859,121	\$ 11,859,121	\$ 17,542
Charges for services	2,376,994	2,247,960	2,247,960	129,034
Intergovernmental	922,545	1,265,000	1,265,000	[342,455]
Licenses and permits	345,903	275,000	275,000	70,903
Fines and fees	949,881	1,065,000	1,065,000	[115,119]
Use of money and property	170,954	17,500	17,500	153,454
Miscellaneous	496,378	435,000	435,000	61,378
Total revenues	<u>17,139,318</u>	<u>17,164,581</u>	<u>17,164,581</u>	<u>[25,263]</u>
Expenditures				
City manager	944,432	876,216	876,216	[68,216]
Building maintenance	162,246	201,091	201,091	38,845
Information systems	235,342	194,702	194,702	[40,640]
Airport	53,424	96,532	96,532	43,108
Court	455,859	464,958	464,958	9,099
Ambulance	2,854,895	3,043,103	3,043,103	188,208
Animal shelter	111,545	-	-	[111,545]
Codes enforcement	382,555	391,747	391,747	9,192
County inspection	12,767	-	-	[12,767]
Police	5,409,111	5,611,653	5,611,653	202,542
Fire	2,483,214	2,651,134	2,651,134	167,920
Parks	640,441	727,338	727,338	86,897
Recreation	645,301	917,392	917,392	272,091
Spin city	221,805	-	-	[221,805]
Streets	2,398,022	2,825,526	2,825,526	427,504
Engineering	54,949	83,316	83,316	28,367
Opera house	131,493	162,757	162,757	31,264
Swimming pools	147,819	172,922	172,922	25,103
Misc	157,574	275,000	275,000	117,426
Debt principal	-	456,471	456,471	456,471
Interest	294,647	-	-	[294,647]
Total expenditures	<u>17,797,441</u>	<u>19,151,858</u>	<u>19,151,858</u>	<u>1,354,417</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[658,123]</u>	<u>[1,987,277]</u>	<u>[1,987,277]</u>	<u>1,329,154</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, 2015

	<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	\$ 1,055,000	\$ 1,140,000	\$ 1,140,000	\$ [85,000]
Transfer [out]	<u>[200,000]</u>	<u>[200,000]</u>	<u>[200,000]</u>	<u>-</u>
Total other financing sources [uses]	<u>855,000</u>	<u>940,000</u>	<u>940,000</u>	<u>[85,000]</u>
Net change in fund balance	<u>196,877</u>	<u>\$ [1,047,277]</u>	<u>\$ [1,047,277]</u>	<u>\$ 1,244,154</u>
Budgetary basis				
Fund balance, beginning	2,927,531			
Budgetary basis fund balance, ending	3,124,408			
GAAP adjustments:				
Accounts receivable	694,936			
Taxes receivable	5,279,990			
Accrued interest receivable	7,960			
Inventory	3,891			
Deferred revenue	<u>[3,382,371]</u>			
Fund balance, ending	<u>\$ 5,728,814</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget Positive [Negative]
		Original	Final	[Negative]
Revenues				
Taxes	\$ 2,294	\$ -	\$ -	\$ 2,294
Miscellaneous	<u>103,761</u>	<u>200,000</u>	<u>102,000</u>	<u>1,761</u>
Total revenues	<u>106,055</u>	<u>200,000</u>	<u>102,000</u>	<u>4,055</u>
Expenditures				
Contractual	729,701	208,000	950,000	220,299
Capital outlay	35,742	-	-	[35,742]
Miscellaneous	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Total expenditures	<u>765,443</u>	<u>358,000</u>	<u>1,100,000</u>	<u>334,557</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[659,388]</u>	<u>[158,000]</u>	<u>[998,000]</u>	<u>338,612</u>
Other financing sources [uses]				
Transfers in	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Total other financing sources [uses]	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
Net change in fund balances	[459,388]	<u>\$ [158,000]</u>	<u>\$ [798,000]</u>	<u>\$ 338,612</u>
Budgetary basis				
Fund balance, beginning	<u>412,542</u>			
Budgetary basis				
Fund balance, ending	[46,846]			
GAAP adjustments:				
Accrued interest receivable	<u>723</u>			
Fund balance, ending	<u>\$ [46,123]</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, 2015

	Business-Type Activities: Enterprise Funds			
	Water and Sewer	Stormwater	Nonmajor Proprietary Funds	Total Enterprise Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Current assets:				
Cash and investments	\$ 7,292,839	\$ 182,016	\$ 1,103,378	\$ 8,578,233
Receivables (net of allowances for uncollectibles)				
Accounts	1,338,618	115,957	153,410	1,607,985
Accrued interest	15,424	380	2,323	18,127
Total current assets	<u>8,646,881</u>	<u>298,353</u>	<u>1,259,111</u>	<u>10,204,345</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable capital assets:				
Land	442,563	-	-	442,563
Construction in progress	1,579,635	-	-	1,579,635
Depreciable capital assets:				
Capital assets	97,780,503	12,637,922	1,463,575	111,882,000
Less: accumulated depreciation	<u>[46,924,722]</u>	<u>[1,662,936]</u>	<u>[686,971]</u>	<u>[49,274,629]</u>
Total noncurrent assets	<u>52,877,979</u>	<u>10,974,986</u>	<u>776,604</u>	<u>64,629,569</u>
Total assets	<u>61,524,860</u>	<u>11,273,339</u>	<u>2,035,715</u>	<u>74,833,914</u>
Deferred outflows of resources:				
Pension - contributions subsequent to the measurement date	41,867	4,901	13,904	60,672
Pension - changes in proportion	18,563	2,176	6,170	26,909
Total deferred outflows of resources	<u>60,430</u>	<u>7,077</u>	<u>20,074</u>	<u>87,581</u>
Total assets and deferred outflows of resources	<u>\$ 61,585,290</u>	<u>\$ 11,280,416</u>	<u>\$ 2,055,789</u>	<u>\$ 74,921,495</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>				
Current liabilities:				
Accounts payable	\$ 497,198	\$ 19,999	\$ 38,655	\$ 555,852
Accrued payroll	19,621	-	8,046	27,667
Interest payable	147,657	-	-	147,657
Meter deposits payable	441,322	-	-	441,322
Due to other funds	530,035	-	-	530,035
Current portion of compensated absences payable	48,593	-	10,243	58,836
Current portion of loans payable	514,917	-	-	514,917
Current portion of capital lease payable	44,110	-	200,127	244,237
Current portion of general obligation bonds payable	1,107,989	-	-	1,107,989
Total current liabilities	<u>3,351,442</u>	<u>19,999</u>	<u>257,071</u>	<u>3,628,512</u>
Noncurrent liabilities:				
Net pension liability	692,187	81,059	229,938	1,003,184
Loans payable	4,818,606	-	-	4,818,606
Capital lease payable	74,500	-	313,403	387,903
General obligation bonds payable	5,640,619	-	-	5,640,619
Total noncurrent liabilities	<u>11,225,912</u>	<u>81,059</u>	<u>543,341</u>	<u>11,850,312</u>
Total liabilities	<u>14,577,354</u>	<u>101,058</u>	<u>800,412</u>	<u>15,478,824</u>
Deferred inflows of resources:				
Pension - differences between expected and actual experience	19,597	2,294	6,511	28,402
Pension - net differences between projected and actual earnings on plan investments	26,948	3,155	8,953	39,056
Pension - changes of assumptions	9,675	1,133	3,214	14,022
Pension - changes in proportion	13,860	1,625	4,602	20,087
Total deferred inflows of resources	<u>70,080</u>	<u>8,207</u>	<u>23,280</u>	<u>101,567</u>
Total liabilities and deferred inflows of resources	<u>\$ 14,647,434</u>	<u>\$ 109,265</u>	<u>\$ 823,692</u>	<u>\$ 15,580,391</u>
<b>Net Position</b>				
Net investment in capital assets	\$ 39,097,603	\$ 10,974,986	\$ 263,074	\$ 50,335,663
Unrestricted	<u>7,840,253</u>	<u>196,165</u>	<u>969,023</u>	<u>9,005,441</u>
Total net position	<u>\$ 46,937,856</u>	<u>\$ 11,171,151</u>	<u>\$ 1,232,097</u>	<u>\$ 59,341,104</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, 2015

	Business-Type Activities: Enterprise Funds			
	Water and Sewer	Stormwater	Nonmajor Proprietary Funds	Total Enterprise Funds
Operating revenue				
Charges for services	\$ 10,375,233	\$ 771,705	\$ 1,534,395	\$ 12,681,333
Miscellaneous	281,319	106,279	77	387,675
Total operating revenues	<u>10,656,552</u>	<u>877,984</u>	<u>1,534,472</u>	<u>13,069,008</u>
Operating expenses				
Personnel services	1,127,191	132,374	375,105	1,634,670
Contractual services	4,028,508	173,732	424,847	4,627,087
Commodities	379,872	-	128,070	507,942
Depreciation and amortization	1,602,231	239,673	144,545	1,986,449
Total operating expense	<u>7,137,802</u>	<u>545,779</u>	<u>1,072,567</u>	<u>8,756,148</u>
Operating income [loss]	<u>3,518,750</u>	<u>332,205</u>	<u>461,905</u>	<u>4,312,860</u>
Nonoperating revenues [expenses]				
Interest income	19,900	[155]	3,432	23,177
Interest expense	[458,310]	-	-	[458,310]
Total nonoperating revenues [expenses]	<u>[438,410]</u>	<u>[155]</u>	<u>3,432</u>	<u>[435,133]</u>
Income [loss] before transfers	<u>3,080,340</u>	<u>332,050</u>	<u>465,337</u>	<u>3,877,727</u>
Transfers from [to] other funds				
Transfers [out]	[970,000]	[450,000]	[85,000]	[1,505,000]
Total transfers	<u>[970,000]</u>	<u>[450,000]</u>	<u>[85,000]</u>	<u>[1,505,000]</u>
Change in net position	<u>2,110,340</u>	<u>[117,950]</u>	<u>380,337</u>	<u>2,372,727</u>
Net position, beginning	45,407,668	11,532,188	1,096,565	58,036,421
Prior period adjustment	[580,152]	[243,087]	[244,805]	[1,068,044]
Net position, beginning, restated	<u>44,827,516</u>	<u>11,289,101</u>	<u>851,760</u>	<u>56,968,377</u>
Net position, ending	<u>\$ 46,937,856</u>	<u>\$ 11,171,151</u>	<u>\$ 1,232,097</u>	<u>\$ 59,341,104</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, 2015

	Business-Type Activities: Enterprise Funds			
	Water and Sewer	Stormwater	Nonmajor Proprietary Funds	Total Enterprise Funds
Cash flows from operating activities				
Cash received from customers and users	\$ 10,096,178	\$ 833,212	\$ 1,530,943	\$ 12,460,333
Cash paid to suppliers of goods and services	[4,083,470]	[179,910]	[554,560]	[4,817,940]
Cash paid to employees	[1,159,136]	[136,485]	[383,562]	[1,679,183]
Other operating receipts	281,319	106,279	77	387,675
Net cash provided by [used in] operating activities	<u>5,134,891</u>	<u>623,096</u>	<u>592,898</u>	<u>6,350,885</u>
Cash flows from capital and related financing activities				
Purchase and construction of capital assets	[1,415,456]	[528,140]	[203,679]	[2,147,275]
Principal payments - capital lease	[43,085]	-	[157,020]	[200,105]
Proceeds - capital lease	-	-	203,679	203,679
Principal payments - general obligation bonds	[1,077,989]	-	-	[1,077,989]
Interest payments	[475,869]	-	-	[475,869]
Principal payments - loans payable	[499,151]	-	-	[499,151]
Net cash provided by [used in] capital and related financing activities	<u>[3,511,550]</u>	<u>[528,140]</u>	<u>[157,020]</u>	<u>[4,196,710]</u>
Cash flows from noncapital financing activities				
Transfers [out]	[970,000]	[450,000]	[85,000]	[1,505,000]
Net cash provided by [used in] noncapital financing activities	<u>[970,000]</u>	<u>[450,000]</u>	<u>[85,000]</u>	<u>[1,505,000]</u>
Cash flows from investing activities				
Interest received	15,986	395	2,408	18,789
Net cash provided by [used in] investing activities	<u>15,986</u>	<u>395</u>	<u>2,408</u>	<u>18,789</u>
Net increase [decrease] in cash and cash equivalent	669,327	[354,649]	353,286	667,964
Cash and cash equivalents, beginning	<u>6,623,512</u>	<u>536,665</u>	<u>750,092</u>	<u>7,910,269</u>
Cash and cash equivalents, ending	<u>\$ 7,292,839</u>	<u>\$ 182,016</u>	<u>\$ 1,103,378</u>	<u>\$ 8,578,233</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, 2015

	Business-Type Activities: Enterprise Funds			
	Water and Sewer	Stormwater	Nonmajor Proprietary Funds	Total Enterprise Funds
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities				
Operating income [loss]	\$ 3,518,750	\$ 332,205	461,905	\$ 4,312,860
Net cash provided by [used in] operating activities				
Depreciation expense	1,602,231	239,673	144,545	1,986,449
[Increase] decrease in accounts receivable	[207,580]	61,507	[3,452]	[149,525]
[Increase] decrease in deferred outflows	[18,309]	[2,144]	[6,082]	[26,535]
Increase [decrease] in meter deposits payable	[71,475]	-	-	[71,475]
Increase [decrease] in accounts payable	324,910	[6,178]	[1,643]	317,089
Increase [decrease] in accrued payroll	1,408	-	[26,168]	[24,760]
Increase [decrease] in accrued compensated absences	1,749	-	156	1,905
Increase [decrease] in net pension liability	61,980	7,258	20,589	89,827
Increase [decrease] in deferred inflows	[78,773]	[9,225]	3,048	[84,950]
Net cash provided by [used in] operating activities	<u>\$ 5,134,891</u>	<u>\$ 623,096</u>	<u>\$ 592,898</u>	<u>\$ 6,350,885</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, 2015

	Agency Funds
Assets	
Cash	\$ 23,148
Due from other funds	<u>270,000</u>
Total assets	<u>\$ 293,148</u>
Liabilities	
Due to others	<u>\$ 293,148</u>
Total liabilities	<u>\$ 293,148</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, 2015

**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 Dorothy Bramlage 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 Dorothy Bramlage 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, 2015

**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 land bank fund accounts for proceeds received from the sale of land bank properties.

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, 2015

**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 percentage of cash balance at year-end. 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, 2015

**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, 2015

**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, 2015

**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. The City reports changes in the net pension liability proportion, differences between expected and actual experience and pension contributions subsequent to the measurement date as deferred outflows of resources in the governmental activities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government funds report unavailable revenues from two sources: property taxes and special assessments. The government-wide statements of net position report the unavailable revenue for property taxes, differences between expected and actual experience, net differences between projected and actual earnings on plan investments, changes of assumptions and changes in proportion.

**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, 2015

**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
	<u>General</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Land Bank</u>		
Fund Balances:						
Restricted for:						
Economic development	\$ -	\$ -	\$ -	\$ -	\$ 1,410,864	\$ 1,410,864
Public works	-	-	-	-	1,171,753	1,171,753
Public safety	-	-	-	-	2,359,296	2,359,296
Debt payments	-	-	3,445,401	-	[202]	3,445,199
Committed for:						
Employee benefits	-	-	-	-	82,608	82,608
Capital improvements	-	-	-	101,182	-	101,182
Culture and recreation	-	-	-	-	683	683
Unassigned:	<u>5,728,814</u>	<u>[46,123]</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,682,691</u>
Total Fund Balances	<u>\$ 5,728,814</u>	<u>\$ [46,123]</u>	<u>\$ 3,445,401</u>	<u>\$ 101,182</u>	<u>\$ 5,025,002</u>	<u>\$ 14,254,276</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, 2015

**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, CDBG Revolving Loans, Federal Equitable Sharing, 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 2015 budget was not amended.

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, 2015

**3. Restatement of Equity**

In 2015, it was determined that an adjustment to beginning revolving loans receivable and employee benefits cash was required. The effects of the adjustments are as follows:

	Employee <u>Benefits</u>	CDBG Revolving <u>Loans</u>
Fund balance - December 31, 2015	\$ 106,518	\$ 727,748
Prior Period Adjustment	<u>6,545</u>	<u>5,426</u>
Fund balance - December 31, 2015, restated	<u>\$ 113,063</u>	<u>\$ 733,174</u>

On January 1, 2015, the City changed its method of accounting to adopt Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. The effects of the adoption and the adjustments listed in the above table are as follows:

	Governmental <u>Activities</u>	Business-type <u>Activities</u>
Net position - December 31, 2015	\$ 15,906,688	\$ 58,036,421
Prior period adjustment	<u>[10,441,213]</u>	<u>[1,068,044]</u>
Net position - December 31, 2015, restated	<u>\$ 5,465,475</u>	<u>\$ 56,968,377</u>

**4. Deposits and Investments**

As of December 31, 2015, 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	\$ 2,076,754	S&P AAAf/S1+
Agency Securities	Various	3,930,508	Various
Municipal Bonds	Various	<u>3,043,575</u>	Various
Total Fair Value		<u>\$ 9,050,837</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.

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

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

*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, 2015, is as follows:

Investment Type	Percentage of Investments
State of Kansas Municipal Investment Pool	23%
Agency Securities	43%
Municipal Bonds	34%

*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, 2015.

At December 31, 2015, The City's carrying amount of deposits were \$11,900,445 and the bank balance was \$12,174,593. The bank balance was held by two banks, resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance and the balance of \$11,674,593 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, 2015, the City had invested \$2,076,754 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, 2015

**5. Capital Assets**

Capital asset activity for the year ended December 31, 2015 was as follows:

	December 31, 2014		Restated December 31, 2014			December 31, 2015 Balance
	Balance	Restatement	Balance	Increases	Decreases	
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 13,900,622	\$ -	\$ 13,900,622	\$ 8,939,110	\$ 22,170	\$ 22,817,562
Construction in progress	<u>353,505</u>	<u>-</u>	<u>353,505</u>	<u>1,105,047</u>	<u>10,699</u>	<u>1,447,853</u>
Total capital assets not being depreciated	<u>14,254,127</u>	<u>-</u>	<u>14,254,127</u>	<u>10,044,157</u>	<u>32,869</u>	<u>24,265,415</u>
Capital assets being depreciated:						
Buildings and improvements	20,457,381	-	20,457,381	-	49,037	20,408,344
Machinery and equipment	96,520,838	-	96,520,838	10,699	-	96,531,537
Infrastructure	<u>12,389,574</u>	<u>-</u>	<u>12,389,574</u>	<u>1,106,118</u>	<u>355,847</u>	<u>13,139,845</u>
Total capital assets being depreciated	<u>129,367,793</u>	<u>-</u>	<u>129,367,793</u>	<u>1,116,817</u>	<u>404,884</u>	<u>130,079,726</u>
Less accumulated depreciation for:						
Buildings and improvements	10,059,899	-	10,059,899	416,120	7,846	10,468,173
Machinery and equipment	8,786,178	-	8,786,178	545,509	355,847	8,975,840
Infrastructure	<u>42,142,955</u>	<u>-</u>	<u>42,142,955</u>	<u>2,689,330</u>	<u>-</u>	<u>44,832,285</u>
Total accumulated depreciation	<u>60,989,032</u>	<u>-</u>	<u>60,989,032</u>	<u>3,650,959</u>	<u>363,693</u>	<u>64,276,298</u>
Total capital assets being depreciated, net	<u>68,378,761</u>	<u>-</u>	<u>68,378,761</u>	<u>[2,534,142]</u>	<u>41,191</u>	<u>65,803,428</u>
Governmental activities capital assets, net	\$ <u>82,632,888</u>	\$ <u>-</u>	\$ <u>82,632,888</u>	\$ <u>7,510,015</u>	\$ <u>74,060</u>	\$ <u>90,068,843</u>

CITY OF JUNCTION CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2015

**5. Capital Assets (Continued)**

	December 31, 2014		Restated December 31, 2014			December 31, 2015
	<u>Balance</u>	<u>Restatement</u>	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Business-type activities:						
Capital assets not being depreciated:						
Land	\$ 442,563	\$ -	\$ 442,563	\$ -	\$ -	\$ 442,563
Construction in progress	<u>931,053</u>	<u>-</u>	<u>931,053</u>	<u>1,238,743</u>	<u>590,161</u>	<u>1,579,635</u>
Total capital assets not being depreciated	<u>1,373,616</u>	<u>-</u>	<u>1,373,616</u>	<u>1,238,743</u>	<u>590,161</u>	<u>2,022,198</u>
Capital assets being depreciated:						
Buildings and improvements	25,219,140	-	25,219,140	-	-	25,219,140
Machinery and equipment	9,818,525	-	9,818,525	367,234	-	10,185,759
Infrastructure	<u>75,332,656</u>	<u>-</u>	<u>75,332,656</u>	<u>1,144,445</u>	<u>-</u>	<u>76,477,101</u>
Total capital assets being depreciated	<u>110,370,321</u>	<u>-</u>	<u>110,370,321</u>	<u>1,511,679</u>	<u>-</u>	<u>111,882,000</u>
Less accumulated depreciation for:						
Buildings and improvements	8,687,208	-	8,687,208	416,458	-	9,103,666
Machinery and equipment	7,427,909	-	7,427,909	298,009	-	7,725,918
Infrastructure	<u>31,160,076</u>	<u>-</u>	<u>31,160,076</u>	<u>1,284,969</u>	<u>-</u>	<u>32,445,045</u>
Total accumulated depreciation	<u>47,275,193</u>	<u>-</u>	<u>47,275,193</u>	<u>1,999,436</u>	<u>-</u>	<u>49,274,629</u>
Total capital assets being depreciated, net	<u>63,095,128</u>	<u>-</u>	<u>63,095,128</u>	<u>[487,757]</u>	<u>-</u>	<u>62,607,371</u>
Business-type activities capital assets, net	<u>\$ 64,468,744</u>	<u>\$ -</u>	<u>\$ 64,468,744</u>	<u>\$ 750,986</u>	<u>\$ 590,161</u>	<u>\$ 64,629,569</u>

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

Governmental activities:	
General government	\$ 431,476
Public safety	310,727
Public works	2,831,728
Parks and recreation	<u>77,028</u>
Total depreciation expense - governmental activities	<u>\$ 3,650,959</u>
Business-type activities:	
Water and Sewer	\$ 1,615,218
Stormwater	239,673
Nonmajor	<u>144,545</u>
Total depreciation expense - business type activities	<u>\$ 1,999,436</u>

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

**6. Defined Benefit Pension Plan**

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

- Public employees, which includes:
  - State/School employees
  - Local employees
  - Police and Firemen
  - Judges

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

Those employees participating in the Pension Plan for the City are included in the Local employees group and the Police and Firemen group.

KPERs issues a stand-alone comprehensive annual financial report, which is available on the KPERs website at [www.kpers.org](http://www.kpers.org).

*Benefits.* Benefits are established by statute and may only be changed by the State Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85. Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

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

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

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

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

**6. Defined Benefit Pension Plan (Continued)**

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

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

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.0% of total payroll for the fiscal year ended June 30, 2015.

The actuarially determined employer contribution rates (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rate are as follows:

	Actuarial <u>Employer Rate</u>	Statutory Employer <u>Capped Rate</u>
Local employees	9.48%	9.48%
Police and Firemen	21.36%	21.36%

Member contribution rates as a percentage of eligible compensation for the fiscal year 2015 are 5.00% or 6.00% for Local employees and 7.15% for Police and Firemen.

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

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

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

The allocation percentages for the City's share of the collective pension amounts as of December 31, 2015, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended December 31, 2015.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2015, the City's proportion for the Local employees group was 0.217%, which was an increase of .006% from its proportion measured at June 30, 2014. At June 30, 2015, the City's proportion for the Police and Firemen group was 1.233%, which was an increase of .074% from its proportion measured at June 30, 2014.

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

**6. Defined Benefit Pension Plan (Continued)**

At December 31, 2015 and 2014, the City reported a liability of \$11,805,513 and \$10,200,868, respectively, for its total proportionate share of the net pension liability for Local employees and Police and Firemen groups.

*Actuarial Assumptions.* The total pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015, using the following actuarial assumptions:

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

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, with adjustments to better match actual experience. Separate tables apply for males and females as well as each group (State, School, Local, KP&F and Judges).

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2012.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset</u>	<u>Long-Term Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	47.00%	6.30%
Fixed Income	13.00%	0.80%
Yield driven	8.00%	4.20%
Real Return	11.00%	1.70%
Real estate	11.00%	5.40%
Alternatives	8.00%	9.40%
Short-term investments	<u>2.00%</u>	-0.50%
	<u>100.00%</u>	

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

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

**6. Defined Benefit Pension Plan (Continued)**

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

	<u>1% Decrease (7.00%)</u>	<u>Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Local	\$ 4,050,724	\$ 2,853,521	\$ 1,838,527
Police & Firemen	<u>12,999,857</u>	<u>8,951,992</u>	<u>5,532,929</u>
Total	<u>\$ 17,050,581</u>	<u>\$ 11,805,513</u>	<u>\$ 7,371,456</u>

*Pension Expense.* For the year ended December 31, 2015, the City recognized Local pension expense of \$189,482 and Police and Firemen pension expense of \$949,383, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for Local and Police and Firemen groups from the following sources:

<u>Local</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between actual and expected experience	\$ -	\$ 80,777
Net differences between projected and actual earnings on investments	-	111,078
Changes in assumptions	-	39,881
Changes in proportion	<u>76,557</u>	<u>57,164</u>
Total	<u>\$ 76,557</u>	<u>\$ 288,900</u>

<u>Police &amp; Firemen</u>	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between actual and expected experience	\$ 81,692	\$ 149,847
Net differences between projected and actual earnings on investments	-	284,290
Changes in assumptions	-	89,518
Changes in proportion	<u>615,725</u>	<u>-</u>
Total	<u>\$ 697,417</u>	<u>\$ 523,655</u>

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2015

**6. Defined Benefit Pension Plan (Continued)**

\$776,535 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended <u>December 31,</u>	Local		Police & Firemen		<u>Total</u>
	[Inflows]	Outflows	[Inflows]	Outflows	
	<u>Amount</u>		<u>Amount</u>		
2016	\$	[85,043]	\$	[73,161]	\$ [158,204]
2017		[85,043]		[73,161]	[158,204]
2018		[85,043]		[73,161]	[158,204]
2019		40,340		356,100	396,440
2020		2,446		37,145	39,591
Total	\$	<u>[212,343]</u>	\$	<u>173,762</u>	\$ <u>[38,581]</u>

**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 2015, the City contributed \$22,216 to the plan.

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

**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 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 following table presents 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.

Annual required contribution	\$ 33,503
Interest on Net OPEB Obligation	4,014
Adjustment to Annual Required Contribution	<u>[8,961]</u>
Annual OPEB cost (expense)	28,556
Benefit payments	<u>22,216</u>
Change in net OPEB obligation	6,339
Net OPEB obligation - beginning of year	<u>200,702</u>
Net OPEB obligation - end of year	<u><u>\$ 207,041</u></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	Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>	Percentage of Annual OPEB Cost <u>Contributed</u>
December 31, 2013	\$ 60,152	\$ 13,800	\$ 200,702	22.94%
December 31, 2014	-	-	200,702	0.00%
December 31, 2015	28,556	22,216	207,041	77.80%

*Funded Status and Funding Progress.* As of January 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$366,284. 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 \$366,284. The covered payroll (annual payroll of active employees covered by the plan) was \$8,943,209 and the ratio of the UAAL to the covered payroll was 4.1% 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, 2015

**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, 2015 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, 2015, industrial revenue bonds of \$21,931,435 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 Capgemini, Inc. and the Junction City Opera House. The City has guaranteed IRB's in the form of grant payments with outstanding balances as of December 31, 2015 of \$3,376,951.

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2015

**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			Balance December 31, 2015	Amounts
	January 1, 2015	Additions	Reductions		Due Within One Year
General obligation bonds	\$ 55,075,819	\$ 3,815,000	\$ 6,779,792	\$ 52,111,027	\$ 3,130,611
Less: unamortized bond discount	[434,084]	-	[26,046]	[408,038]	[26,045]
Plus: unamortized bond premium	325,861	57,850	31,404	352,307	31,403
Special assessment debt					
with government commitment	53,050,057	-	2,658,297	50,391,760	2,729,331
KDOT Loans Payable	11,877,072	-	941,789	10,935,283	978,503
Certificates of Participation	2,570,000	1,795,000	2,570,000	1,795,000	250,000
Capital leases payable	1,808,113	223,636	496,905	1,534,844	516,363
Notes payable	431,277	-	92,092	339,185	94,174
Compensated absences	1,285,137	1,383,711	1,285,137	1,383,711	1,383,711
Net other postemployment benefit obligation	200,702	28,555	22,216	207,041	-
	<u>\$ 126,189,954</u>	<u>\$ 7,303,752</u>	<u>\$ 14,851,586</u>	<u>\$ 118,642,120</u>	<u>\$ 9,088,051</u>

Business-Type Activities

Business-Type Activities	Balance			Balance December 31, 2015	Amounts
	January 1, 2015	Additions	Reductions		Due Within One Year
General obligation bonds	\$ 7,775,000	\$ -	\$ 1,065,000	\$ 6,710,000	\$ 1,095,000
Plus: unamortized bond premium	51,597	-	12,989	38,608	12,989
Revolving loans payable	5,832,674	-	499,151	5,333,523	514,917
Capital leases payable	628,566	203,679	200,105	632,140	244,237
Compensated absences	56,931	58,836	56,931	58,836	58,836
	<u>\$ 14,344,768</u>	<u>\$ 262,515</u>	<u>\$ 1,834,176</u>	<u>\$ 12,773,107</u>	<u>\$ 1,925,979</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, 2015

**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, 2015 are comprised of the following issues:

	Interest <u>Rates</u>	Original <u>Issue</u>	Final Maturity <u>Date</u>	Outstanding December 31, <u>2015</u>
General Obligation Bonds:				
Governmental activities:				
Series 2007-DP	4.00% to 5.00%	9,039,606	9/1/2027	\$ 6,536,271
Series 2008-DQ	4.00% to 4.50%	1,320,000	9/1/2028	1,100,000
Series 2008-DR	5.75% to 6.00%	10,265,000	9/1/2028	8,090,000
Series 2008-DS	4.125%	382,000	9/15/2028	281,649
Series 2008-DT	5.25%	1,995,000	9/1/2024	1,376,138
Series 2009-DU	3.00% to 5.00%	4,222,060	9/1/2014	3,318,652
Series 2010-DW	2.00% to 4.50%	32,681,738	9/1/2031	12,763,463
Series 2010-DX	2.40% to 6.20%	5,690,000	9/1/2031	4,004,854
Series 2011A	4.50% to 5.00%	4,017,074	9/1/2034	3,835,000
Series 2011C	5.00% to 5.75%	410,000	9/1/2026	410,000
Series 2013A	2.00% to 3.00%	8,247,988	9/1/2024	6,580,000
Series 2015A	2.25% to 3.00%	3,815,000	9/1/2025	<u>3,815,000</u>
				<u>52,111,027</u>
Business-type activities:				
Series 2007-DP	4.00% to 5.00%	4,205,000	9/1/2027	3,035,000
Series 2008-DQ	4.00% to 4.50%	1,950,000	9/1/2028	1,455,000
Series 2009-DV	3.00% to 4.00%	5,864,793	9/1/2017	1,395,000
Series 2011B	5.50%	847,465	9/1/2036	<u>825,000</u>
				<u>6,710,000</u>
				<u>\$ 58,821,027</u>

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2015

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

**General Obligation Bonds**

The future annual requirements for general obligation bonds outstanding as of December 31, 2015 are as follows:

Year Ending December 31,	Governmental Activities	Business Type Activities	Total
2016	\$ 5,401,487	\$ 1,416,895	\$ 6,818,382
2017	5,621,764	1,146,608	6,768,372
2018	6,039,054	537,168	6,576,222
2019	5,696,336	537,847	6,234,183
2020	5,378,644	533,135	5,911,779
2021 - 2025	24,994,950	2,685,030	27,679,980
2026 - 2030	14,852,286	1,361,531	16,213,817
2031 - 2035	3,333,351	673,912	4,007,263
2036	-	396,222	396,221
Total Principal and Interest	71,317,872	9,288,348	80,606,219
Total Interest	19,262,576	2,539,740	21,802,316
Total Principal	<u>\$ 52,055,296</u>	<u>\$ 6,748,608</u>	<u>\$ 58,803,903</u>

The City issued series 2015A General Obligation Refunding Bonds in the amount of \$3,815,000 on September 10, 2015 to refund \$3,785,000 of the City's Series DO General Obligation Bonds. The transaction resulted in an economic gain of \$256,904 and a reduction of \$304,641 in future debt payments. The interest rate on the bonds is 2.25% to 3.00% and has a final maturity of September 1, 2025.

**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, 2015 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Outstanding December 31, 2015
Special Assessment Bonds:				
Governmental activities:				
Series 2007-DP	4.00% to 5.00%	\$ 15,185,394	9/1/2027	\$ 10,753,729
Series 2009-DU	3.00% to 5.00%	30,057,940	9/1/2029	23,626,348
Series 2010-DW	2.00% to 4.50%	17,984,037	9/1/2031	15,081,537
Series 2010-DX	2.40% to 6.20%	1,073,596	9/1/2031	<u>930,146</u>
				<u>\$ 50,391,760</u>

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2015

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

**Special Assessment Bonds (Continued)**

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

	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
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	3,180,712	1,785,480
2021 - 2025	18,107,186	6,714,949
2026 - 2030	16,582,189	2,272,807
2031	<u>987,233</u>	<u>44,181</u>
	<u>\$ 50,391,760</u>	<u>\$ 19,132,275</u>

**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 \$5,703,766.

The City entered into a lease agreement to purchase an Ambulance and Sanitation Truck on July 21, 2015 for a total balance of \$427,315. The lease has an interest rate of 1.86% with a final maturity date of September 1, 2020.

The following is a schedule of future minimum lease payments for capital leases as of December 31, 2015:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 516,363	\$ 40,190	\$ 244,237	\$ 13,166
2017	416,487	24,703	156,158	6,714
2018	332,243	13,572	93,831	4,100
2019	223,256	4,177	95,569	2,362
2020	<u>46,494</u>	<u>650</u>	<u>42,346</u>	<u>592</u>
	<u>\$ 1,534,844</u>	<u>\$ 83,291</u>	<u>\$ 632,140</u>	<u>\$ 26,934</u>

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

**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 \$164,331 were made in 2015, leaving a total outstanding balance of \$1,116,047 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 \$38,478 were made in 2015, leaving a total outstanding balance of \$295,973 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 \$286,279 were made in 2015, leaving a total outstanding balance of \$3,714,471 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 \$10,063 were made in 2015, leaving a total outstanding balance of \$207,032 which is shown as a liability in the water/sewer fund.

During 2015, 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 \$11,094,000 to finance a wastewater treatment project. The loan is being repaid over twenty years at an interest rate of 2.27%. No draws have been made on the loan as of December 31, 2015.

During 2015, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Water Supply Loan Fund. The agreement enables the City to borrow \$13,235,000 to finance improvements to the water system. The loan has an interest rate of 2.22%. No draws have been made on the loan as of December 31, 2015.

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 \$297,433 were made in 2015, leaving a total outstanding balance of \$493,474. The loan is shown as a liability in the governmental activities column of the statement of net position.

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 \$228,134 were made in 2015, leaving a total outstanding balance of \$3,542,556. The loan is shown as a liability in the governmental activities column of the statement of net position. The debt service requirements to the maturity date will not be determinable until the final draws have been made.

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

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

**Revolving Loans Payable (Continued)**

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 \$214,656 were made in 2015, leaving a total outstanding balance of \$3,288,482. The loan is shown as a liability in the governmental activities column of the statement of net position. 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 \$158,773 were made in 2015, leaving a total outstanding balance of \$2,817,808. The loan is shown as a liability in the governmental activities column of the statement of net position.

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 \$4,532 were made in 2015, leaving a total outstanding balance of \$83,636. The loan is shown as a liability in the governmental activities column of the statement of net position.

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 \$20,246 were made in 2015, leaving a total outstanding balance of \$376,013. The loan is shown as a liability in the governmental activities column of the statement of net position.

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 \$18,015 were made in 2015, leaving a total outstanding balance of \$333,314. The loan is shown as a liability in the governmental activities column of the statement of net position.

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

Year Ending	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
December 31,				
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	782,306	302,715	583,286	88,093
2021 - 2025	4,402,576	1,022,527	2,123,429	216,993
2026 - 2030	2,414,996	174,274	467,330	15,927
Total	<u>\$ 10,935,283</u>	<u>\$ 3,023,606</u>	<u>\$ 5,333,523</u>	<u>\$ 846,654</u>

CITY OF JUNCTION CITY, KANSAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2015

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

**Certificates of Participation**

The City issued series 2015 Certificates of Participation in the amount of \$1,795,000 on September 9, 2015 to refund series 2007 Certificates of Participation. The transactions resulted in an economic gain of \$226,975 and a reduction of \$203,980 in future debt payments. The interest rate on the certificates is 0.35% to 2.00% and has a final maturity of December 31, 2022.

Future maturities of the certificates of participation are as follows:

	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 250,000	\$ 20,986
2017	250,000	20,588
2018	255,000	18,713
2019	255,000	16,163
2020	260,000	13,230
2021 - 2022	<u>525,000</u>	<u>14,890</u>
	<u>\$ 1,795,000</u>	<u>\$ 104,568</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. 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 \$92,092 were made in 2015 leaving an outstanding balance of \$339,185. This balance is shown as a liability in the government wide governmental activities statement.

Future maturities of the note payable are as follows:

	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 94,174	\$ 7,188
2017	96,347	5,016
2018	98,547	2,815
2019	<u>50,117</u>	<u>564</u>
	<u>\$ 339,185</u>	<u>\$ 15,584</u>

CITY OF JUNCTION CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2015

**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, 2015, 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, 2015 was \$45,781,631.

**12. Interfund Transactions**

Interfund transfers for the year ended December 31, 2015, consisted of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory Authority</u>
General	Capital Improvements	\$ 200,000	K.S.A. 12-1,118
Water and Sewer	General	970,000	K.S.A. 12-825d
Sanitation	General	85,000	K.S.A. 12-825d
Stormwater	Debt Service	450,000	K.S.A. 12-825d
Special Highway	Debt Service	400,000	Annual Budget
		<u>\$ 2,105,000</u>	
		<u>Due to</u>	<u>Due from</u>
		<u>Other Funds</u>	<u>Other funds</u>
General Fund		\$ 20,000	\$ 67,607
Capital Improvement Fund		386,734	-
Olivia Farms Development Fund		-	270,000
Debt Service Fund		-	303,625
Other Governmental Funds		67,607	363,144
Water and Sewer Fund		<u>530,035</u>	<u>-</u>
		<u>\$ 1,004,376</u>	<u>\$ 1,004,376</u>

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

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

CITY OF JUNCTION CITY, KANSAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 December 31, 2015

OTHER POST-EMPLOYMENT BENEFITS

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%
1/1/2015	-	366,284	366,284	0.0%	8,943,209	4.10%

CITY OF JUNCTION CITY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2015

KPERS PENSION PLAN

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

	Local <u>12/31/15</u>	Police and Firemen <u>12/31/15</u>
City's proportion of the net pension liability	0.217%	1.233%
City's proportionate share of the net pension liability	\$ 2,853,521	\$ 8,951,992
City's covered-employee payroll	\$ 3,570,008	\$ 5,367,327
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	79.93%	166.79%
Plan fiduciary net position as a percentage of the total pension liability	71.98%	74.60%

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

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

	Local <u>12/31/15</u>	Police and Firemen <u>12/31/15</u>
Contractually required contribution	\$ 346,460	\$ 1,214,737
Contributions in relation to the contractually required contribution	<u>346,460</u>	<u>1,214,737</u>
Contribution deficiency [excess]	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 3,654,639	\$ 5,686,971
Contributions as a percentage of covered employee payroll	9.48%	21.36%

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

This page intentionally left blank.

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.

CDBG 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.

Federal Equitable Sharing Fund – To account for forfeiture of assets received by the City in connection with criminal prosecutions under federal law.

CITY OF JUNCTION CITY, KANSAS  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 December 31, 2015

	<u>Economic Development</u>	<u>Employee Benefits</u>	<u>Library</u>
<b>ASSETS</b>			
Cash and investments	\$ 626,159	\$ 83,511	\$ -
Receivables			
Property tax	177,925	-	746,433
Accounts	34,000	-	-
Accrued interest	1,320	153	-
Due from other funds	-	-	-
Total assets	<u>\$ 839,404</u>	<u>\$ 83,664</u>	<u>\$ 746,433</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 24	\$ 1,056	\$ -
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	<u>24</u>	<u>1,056</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	<u>177,925</u>	<u>-</u>	<u>746,433</u>
Total deferred inflows of resources	<u>177,925</u>	<u>-</u>	<u>746,433</u>
Fund balance:			
Restricted	661,455	-	-
Committed	-	<u>82,608</u>	<u>-</u>
Total fund balance [deficit]	<u>661,455</u>	<u>82,608</u>	<u>-</u>
Total liabilities, deferred inflows of Resources and fund balances	<u>\$ 839,404</u>	<u>\$ 83,664</u>	<u>\$ 746,433</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, 2015

	<u>Special Highway</u>	<u>Fire Equipment</u>	<u>Drug and Alcohol</u>	<u>Sundown Salute</u>
<b>ASSETS</b>				
Cash and investments	\$ 908,382	\$ 359,533	\$ 103,050	\$ 810
Receivables				
Property tax	-	355,728	-	-
Accounts	-	-	-	313
Accrued interest	1,909	766	219	-
Due from other funds	<u>343,144</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,253,435</u>	<u>\$ 716,027</u>	<u>\$ 103,269</u>	<u>\$ 1,123</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 31,068	\$ -	\$ 2,330	\$ 440
Due to other funds	-	-	-	-
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>31,068</u>	<u>-</u>	<u>2,330</u>	<u>440</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	<u>-</u>	<u>355,728</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>355,728</u>	<u>-</u>	<u>-</u>
Fund balance:				
Restricted	1,222,367	360,299	100,939	-
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>683</u>
Total fund balance [deficit]	<u>1,222,367</u>	<u>360,299</u>	<u>100,939</u>	<u>683</u>
Total liabilities, deferred inflows of Resources and fund balances	<u>\$ 1,253,435</u>	<u>\$ 716,027</u>	<u>\$ 103,269</u>	<u>\$ 1,123</u>

<u>CDBG Revolving Loans</u>	<u>Grants</u>	<u>Rural Housing District</u>	<u>Law Enforcement Trust</u>	<u>Law Enforcement Training</u>	<u>Federal Equitable Sharing</u>	<u>Totals</u>
\$ 324,091	\$ -	\$ -	\$ 1,360,127	\$ 10,800	\$ 1,162,863	\$ 4,939,326
-	-	-	-	-	-	1,280,086
453,511	-	-	-	-	-	487,824
689	-	-	2,795	22	-	7,873
-	20,000	-	-	-	-	363,144
<u>\$ 778,291</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 1,362,922</u>	<u>\$ 10,822</u>	<u>\$ 1,162,863</u>	<u>\$ 7,078,253</u>
\$ 28,882	\$ 3,209	\$ -	\$ 10,543	\$ 450	\$ 582,836	\$ 660,838
-	67,405	202	-	-	-	67,607
-	-	-	44,720	-	-	44,720
<u>28,882</u>	<u>70,614</u>	<u>202</u>	<u>55,263</u>	<u>450</u>	<u>582,836</u>	<u>773,165</u>
-	-	-	-	-	-	1,280,086
-	-	-	-	-	-	1,280,086
749,409	[50,614]	[202]	1,307,659	10,372	580,027	4,941,711
-	-	-	-	-	-	83,291
<u>749,409</u>	<u>[50,614]</u>	<u>[202]</u>	<u>1,307,659</u>	<u>10,372</u>	<u>580,027</u>	<u>5,025,002</u>
<u>\$ 778,291</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 1,362,922</u>	<u>\$ 10,822</u>	<u>\$ 1,162,863</u>	<u>\$ 7,078,253</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, 2015

	<u>Economic Development</u>	<u>Employee Benefits</u>	<u>Library</u>
Revenues			
Taxes	\$ 253,562	\$ 2,544	\$ 802,756
Intergovernmental	-	-	-
Use of money and property	517,954	120	-
Miscellaneous	-	130,146	-
Total revenues	<u>771,516</u>	<u>132,810</u>	<u>802,756</u>
Expenditures			
General government	-	163,265	802,863
Public safety	-	-	-
Public works	-	-	-
Recreation	-	-	-
Economic development	550,209	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>550,209</u>	<u>163,265</u>	<u>802,863</u>
Excess [deficiency] of revenues over [under] expenditures	<u>221,307</u>	<u>[30,455]</u>	<u>[107]</u>
Other financing sources [uses]			
Transfer [out]	-	-	-
Total other financing sources [uses]	-	-	-
Net change in fund balance	<u>221,307</u>	<u>[30,455]</u>	<u>[107]</u>
Fund balances, beginning of the year	440,148	106,518	107
Prior period adjustment	-	6,545	-
Fund balances, beginning of the year, restated	<u>440,148</u>	<u>113,063</u>	<u>107</u>
Fund balance, end of year	<u>\$ 661,455</u>	<u>\$ 82,608</u>	<u>\$ -</u>

See independent auditor's report on the financial statements.

This page intentionally left blank.

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, 2015

	Special <u>Highway</u>	Fire <u>Equipment</u>	Drug and <u>Alcohol</u>	Sundown <u>Salute</u>
Revenues				
Taxes	\$ -	\$ 312,178	\$ 62,689	\$ -
Intergovernmental	657,171	-	-	-
Use of money and property	1,804	-	234	-
Miscellaneous	-	29	-	5,519
Total revenues	<u>658,975</u>	<u>312,207</u>	<u>62,923</u>	<u>5,519</u>
Expenditures				
General government	-	-	-	-
Public safety	-	950,736	81,129	-
Public works	321,453	-	-	-
Recreation	-	-	-	5,356
Economic development	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total Expenditures	<u>321,453</u>	<u>950,736</u>	<u>81,129</u>	<u>5,356</u>
Excess [deficiency] of revenues over [under] expenditures	<u>337,522</u>	<u>[638,529]</u>	<u>[18,206]</u>	<u>163</u>
Other financing sources [uses]				
Transfer [out]	<u>[400,000]</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources [uses]	<u>[400,000]</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>[62,478]</u>	<u>[638,529]</u>	<u>[18,206]</u>	<u>163</u>
Fund balances, beginning of the year	1,284,845	998,828	119,145	520
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning of the year, restated	<u>1,284,845</u>	<u>998,828</u>	<u>119,145</u>	<u>520</u>
Fund balance, end of year	<u>\$ 1,222,367</u>	<u>\$ 360,299</u>	<u>\$ 100,939</u>	<u>\$ 683</u>

<u>CDBG Revolving Loans</u>	<u>Grants</u>	<u>Rural Housing District</u>	<u>Law Enforcement Trust</u>	<u>Law Enforcement Training</u>	<u>Federal Equitable Sharing</u>	<u>Totals</u>
\$ -	\$ -	\$ 437,949	\$ -	\$ -	\$ -	\$ 1,871,678
-	247,623	-	-	-	582,836	1,487,630
950	-	200	3,404	36	191	524,893
15,285	-	-	561,810	15,989	-	728,778
<u>16,235</u>	<u>247,623</u>	<u>438,149</u>	<u>565,214</u>	<u>16,025</u>	<u>583,027</u>	<u>4,612,979</u>
-	-	-	-	-	-	966,128
-	43,438	-	576,453	12,067	3,000	1,666,823
-	51,633	-	-	-	-	373,086
-	37,605	-	-	-	-	42,961
-	-	-	-	-	-	550,209
-	-	380,000	-	-	-	380,000
-	-	58,373	-	-	-	58,373
<u>-</u>	<u>132,676</u>	<u>438,373</u>	<u>576,453</u>	<u>12,067</u>	<u>3,000</u>	<u>4,037,580</u>
<u>16,235</u>	<u>114,947</u>	<u>[224]</u>	<u>[11,239]</u>	<u>3,958</u>	<u>580,027</u>	<u>575,399</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[400,000]</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[400,000]</u>
<u>16,235</u>	<u>114,947</u>	<u>[224]</u>	<u>[11,239]</u>	<u>3,958</u>	<u>580,027</u>	<u>175,399</u>
727,748	[165,561]	22	1,318,898	6,414	-	4,837,632
5,426	-	-	-	-	-	11,971
<u>733,174</u>	<u>[165,561]</u>	<u>22</u>	<u>1,318,898</u>	<u>6,414</u>	<u>-</u>	<u>4,849,603</u>
<u>\$ 749,409</u>	<u>\$ [50,614]</u>	<u>\$ [202]</u>	<u>\$ 1,307,659</u>	<u>\$ 10,372</u>	<u>\$ 580,027</u>	<u>\$ 5,025,002</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, 2015

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Taxes	\$ 253,562	\$ 255,916	\$ 255,916	\$ [2,354]
Use of money and property	517,368	-	-	517,368
Miscellaneous	-	498,000	498,000	[498,000]
Total revenues	<u>770,930</u>	<u>753,916</u>	<u>753,916</u>	<u>17,014</u>
Expenditures				
Contractual services	170,900	527,500	527,500	356,600
Commodities	503	458,953	458,953	458,450
Neighborhood revitalization	-	15,030	15,030	15,030
Bond principal	233,111	-	-	[233,111]
Bond interest	145,695	-	-	[145,695]
Total expenditures	<u>550,209</u>	<u>1,001,483</u>	<u>1,001,483</u>	<u>451,274</u>
Net change in fund balances	220,721	<u>\$ [247,567]</u>	<u>\$ [247,567]</u>	<u>\$ 468,288</u>
Budgetary basis				
Fund balance, beginning	<u>439,414</u>			
Budgetary basis				
Fund balance, ending	660,135			
GAAP adjustments:				
Accrued interest receivable	<u>1,320</u>			
Fund balance, ending	<u>\$ 661,455</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, 2015

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Taxes	\$ 2,544	\$ -	\$ -	\$ 2,544
Use of money and property	157	-	-	157
Miscellaneous revenues	<u>143,075</u>	<u>125,000</u>	<u>125,000</u>	<u>18,075</u>
Total revenues	<u>145,776</u>	<u>125,000</u>	<u>125,000</u>	<u>20,776</u>
Expenditures				
Personnel services	8,000	155,000	155,000	147,000
Contractual services	<u>155,265</u>	<u>25,000</u>	<u>25,000</u>	<u>[130,265]</u>
Total expenditures	<u>163,265</u>	<u>180,000</u>	<u>180,000</u>	<u>16,735</u>
Net change in fund balances	[17,489]	<u>\$ [55,000]</u>	<u>\$ [55,000]</u>	<u>\$ 37,511</u>
Budgetary basis				
Fund balance, beginning	94,455			
Prior period adjustment	<u>6,545</u>			
Budgetary basis				
Fund balance, beginning, adjusted	<u>101,000</u>			
Budgetary basis				
Fund balance, ending	83,511			
GAAP adjustments:				
Accounts receivable	[1,056]			
Accrued interest receivable	<u>153</u>			
Fund balance, ending	<u>\$ 82,608</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, 2015

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Taxes	\$ 802,756	\$ 802,913	\$ 802,913	\$ [157]
Total revenues	<u>802,756</u>	<u>802,913</u>	<u>802,913</u>	<u>[157]</u>
Expenditures				
Contractual services	802,863	760,000	760,000	[42,863]
Neighborhood revitalization	<u>-</u>	<u>43,819</u>	<u>43,819</u>	<u>43,819</u>
Total expenditures	<u>802,863</u>	<u>803,819</u>	<u>803,819</u>	<u>956</u>
Net change in fund balances	[107]	<u>\$ [906]</u>	<u>\$ [906]</u>	<u>\$ 799</u>
Fund balance, beginning	<u>107</u>			
Fund balance, ending	<u>\$ -</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, 2015

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Intergovernmental	\$ 657,171	\$ 663,920	\$ 663,920	\$ [6,749]
Use of money and property	<u>1,978</u>	<u>-</u>	<u>-</u>	<u>1,978</u>
Total revenues	<u>659,149</u>	<u>663,920</u>	<u>663,920</u>	<u>[4,771]</u>
Expenditures				
Contractual services	<u>321,453</u>	<u>625,596</u>	<u>625,596</u>	<u>304,143</u>
Total expenditures	<u>321,453</u>	<u>625,596</u>	<u>625,596</u>	<u>304,143</u>
Excess [deficiency] of revenues over [under] expenditures	<u>337,696</u>	<u>38,324</u>	<u>38,324</u>	<u>299,372</u>
Other financing sources [uses]				
Transfer [out]	<u>[400,000]</u>	<u>[400,000]</u>	<u>[400,000]</u>	<u>-</u>
Total other financing sources [uses]	<u>[400,000]</u>	<u>[400,000]</u>	<u>[400,000]</u>	<u>-</u>
Net change in fund balances	[62,304]	<u>\$ [361,676]</u>	<u>\$ [361,676]</u>	<u>\$ 299,372</u>
Budgetary basis				
Fund balance, beginning	<u>1,282,762</u>			
Budgetary basis				
Fund balance, ending	1,220,458			
GAAP adjustments:				
Accrued interest receivable	<u>1,909</u>			
Fund balance, ending	<u>\$ 1,222,367</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, 2015

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Taxes	\$ 312,346	\$ 315,248	\$ 315,248	\$ [2,902]
Use of money and property	793	-	-	793
Miscellaneous revenues	30	-	-	30
Total revenues	<u>313,169</u>	<u>315,248</u>	<u>315,248</u>	<u>[2,079]</u>
Expenditures				
Commodities	679,240	70,000	70,000	[609,240]
Contractual	249,664	-	-	[249,664]
Capital outlay	-	529,840	1,033,840	1,033,840
Neighborhood revitalization	-	19,692	19,692	19,692
Interest expense	21,832	-	-	[21,832]
Total expenditures	<u>950,736</u>	<u>619,532</u>	<u>1,123,532</u>	<u>172,796</u>
Net change in fund balances	[637,567]	<u>\$ [304,284]</u>	<u>\$ [808,284]</u>	<u>\$ 170,717</u>
Budgetary basis				
Fund balance, beginning	<u>997,100</u>			
Budgetary basis				
Fund balance, ending	359,533			
GAAP adjustments:				
Accrued interest receivable	<u>766</u>			
Fund balance, ending	<u>\$ 360,299</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, 2015

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Taxes	\$ 62,689	\$ 75,991	\$ 75,991	\$ [13,302]
Use of money and property	<u>225</u>	<u>-</u>	<u>-</u>	<u>225</u>
Total revenues	<u>62,914</u>	<u>75,991</u>	<u>75,991</u>	<u>[13,077]</u>
Expenditures				
Personnel services	66,403	67,066	67,066	663
Commodities	-	20,000	20,000	20,000
Contractual services	<u>14,726</u>	<u>-</u>	<u>-</u>	<u>[14,726]</u>
Total expenditures	<u>81,129</u>	<u>87,066</u>	<u>87,066</u>	<u>5,937</u>
Net change in fund balances	[18,215]	<u>\$ [11,075]</u>	<u>\$ [11,075]</u>	<u>\$ [7,140]</u>
Budgetary basis				
Fund balance, beginning	<u>118,935</u>			
Budgetary basis				
Fund balance, ending	100,720			
GAAP adjustments:				
Accrued interest receivable	<u>219</u>			
Fund balance, ending	<u>\$ 100,939</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 TRUST FUND  
 For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Miscellaneous revenues	\$ 561,810	\$ 300,000	\$ 300,000	\$ 261,810
Use of money and property	<u>2,895</u>	<u>-</u>	<u>-</u>	<u>2,895</u>
Total revenues	<u>564,705</u>	<u>300,000</u>	<u>300,000</u>	<u>264,705</u>
Expenditures				
Personnel services	20,615	20,472	20,472	[143]
Commodities	473,501	250,000	250,000	[223,501]
Contractual services	2,029	50,000	50,000	47,971
Capital outlay	<u>80,308</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,169,692</u>
Total expenditures	<u>576,453</u>	<u>1,570,472</u>	<u>1,570,472</u>	<u>994,019</u>
Net change in fund balance	[11,748]	<u>\$ [1,270,472]</u>	<u>\$ [1,270,472]</u>	<u>\$ 1,258,724</u>
Budgetary basis				
Fund balance, beginning	<u>1,316,612</u>			
Budgetary basis				
Fund balance, ending	1,304,864			
GAAP adjustments:				
Accrued interest receivable	<u>2,795</u>			
Fund balance, ending	<u>\$ 1,307,659</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, 2015

	Actual	Budgeted Amounts		Variance with Final Budget
		Original	Final	Positive [Negative]
Revenues				
Taxes	\$ 4,800,660	\$ 4,793,820	\$ 4,793,820	\$ 6,840
Special assessments	2,339,693	2,200,000	2,200,000	139,693
Sales tax	3,798,928	3,650,000	3,650,000	148,928
Use of money and property	70,491	-	-	70,491
Bond proceeds	5,667,850	-	-	5,667,850
Miscellaneous revenues	664,774	60,000	60,000	604,774
Total revenues	<u>17,342,396</u>	<u>10,703,820</u>	<u>10,703,820</u>	<u>6,638,576</u>
Expenditures				
Debt service				
Principal	12,238,600	12,577,952	12,577,952	339,352
Interest and other charges	5,335,176	23,770	23,770	[5,311,406]
Payments on contractual obligations	98,382	-	-	[98,382]
Neighborhood revitalization	257,274	317,573	317,573	60,299
Other	144,290	-	-	[144,290]
Adjustment for qualifying budget credit	-	-	5,667,850	5,667,850
Total expenditures	<u>18,073,722</u>	<u>12,919,295</u>	<u>18,587,145</u>	<u>513,423</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[731,326]</u>	<u>[2,215,475]</u>	<u>[7,883,325]</u>	<u>7,151,999</u>
Other financing sources [uses]				
Transfer in	850,000	850,000	850,000	-
Total other financing sources	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>	<u>-</u>
Net change in fund balance	118,674	<u>\$ [1,365,475]</u>	<u>\$ [7,033,325]</u>	<u>\$ 7,151,999</u>
Budgetary basis				
Fund balance, beginning	<u>3,320,079</u>			
Budgetary basis				
Fund balance, ending	3,438,753			
GAAP adjustments:				
Accrued interest receivable	<u>6,648</u>			
Fund balance, ending	<u>\$ 3,445,401</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, 2015

	<u>Sanitation</u>	<u>Total Nonmajor Proprietary Funds</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
Current assets:		
Cash and investments	\$ 1,103,378	\$ 1,103,378
Receivables (net of allowance for uncollectibles)		
Accounts	153,410	153,410
Accrued interest	2,323	2,323
Total current assets	<u>1,259,111</u>	<u>1,259,111</u>
Capital assets:		
Depreciable capital assets:		
Capital assets	1,463,575	1,463,575
Less: accumulated depreciation	<u>[686,971]</u>	<u>[686,971]</u>
Total capital assets	<u>776,604</u>	<u>776,604</u>
Total assets	<u>2,035,715</u>	<u>2,035,715</u>
Deferred outflows of resources:		
Pension - contributions subsequent to the measurement date	13,904	13,904
Pension - changes in proportion	<u>6,170</u>	<u>6,170</u>
Total deferred outflows of resources	<u>20,074</u>	<u>20,074</u>
Total assets and deferred outflows of resources	<u>\$ 2,055,789</u>	<u>\$ 2,055,789</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
Liabilities:		
Current liabilities		
Accounts payable	\$ 38,655	\$ 38,655
Accrued payroll	8,046	8,046
Current portion of compensated absences payable	10,243	10,243
Current portion of leases payable	<u>200,127</u>	<u>200,127</u>
Total current liabilities	<u>257,071</u>	<u>257,071</u>
Noncurrent liabilities:		
Compensated absences payable		
Net pension liability	229,938	229,938
Leases payable	<u>313,403</u>	<u>313,403</u>
Total noncurrent liabilities	<u>543,341</u>	<u>543,341</u>
Total liabilities	<u>800,412</u>	<u>800,412</u>
Deferred inflows of resources		
Pension - differences between expected and actual experience	6,511	6,511
Pension - net difference between projected and actual earnings on plan investments	8,953	8,953
Pension - changes of assumptions	3,214	3,214
Pension - changes in proportion	<u>4,602</u>	<u>4,602</u>
Total deferred inflows of resources	<u>23,280</u>	<u>23,280</u>
Total liabilities and deferred inflows of resources	<u>\$ 823,692</u>	<u>\$ 823,692</u>
Net Position		
Net investment in capital assets	\$ 263,074	\$ 263,074
Unrestricted	<u>969,023</u>	<u>969,023</u>
Total net position	<u>\$ 1,232,097</u>	<u>\$ 1,232,097</u>

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, 2015

	Sanitation	Total Nonmajor Proprietary Funds
Operating revenues		
Charges for services	\$ 1,534,395	\$ 1,534,395
Miscellaneous	77	77
Total operating revenues	<u>1,534,472</u>	<u>1,534,472</u>
Operating expenses		
Personal services	375,105	375,105
Commodities	128,070	128,070
Contractual services	424,847	424,847
Depreciation	144,545	144,545
Total operating expenses	<u>1,072,567</u>	<u>1,072,567</u>
Operating income [loss]	<u>461,905</u>	<u>461,905</u>
Nonoperating revenues [expenses]		
Interest income	3,432	3,432
Interest expense	-	-
Total nonoperating revenues [expenses]	<u>3,432</u>	<u>3,432</u>
Income [loss] before transfers	<u>465,337</u>	<u>465,337</u>
Transfers from [to] other funds		
Transfers [out]	<u>[85,000]</u>	<u>[85,000]</u>
Total transfers	<u>[85,000]</u>	<u>[85,000]</u>
Change in net position	<u>380,337</u>	<u>380,337</u>
Net position, January 1	1,096,565	1,096,565
Prior period adjustment	<u>[244,805]</u>	<u>[244,805]</u>
Net position, January 1, beginning	<u>851,760</u>	<u>851,760</u>
Net position, December 31	<u>\$ 1,232,097</u>	<u>\$ 1,232,097</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, 2015

	Sanitation	Total Nonmajor Proprietary Funds
Cash flows from operating activities		
Cash received from customers and users	\$ 1,530,943	\$ 1,530,943
Cash paid to suppliers of goods and services	[554,560]	[554,560]
Cash paid to employees	[383,562]	[383,562]
Other operating receipts	<u>77</u>	<u>77</u>
Net cash provided by [used in] operating activities	<u>592,898</u>	<u>592,898</u>
 Cash flows from capital and related financing activities		
Proceeds - capital lease	203,679	203,679
Purchase and construction of capital assets	[203,679]	[203,679]
Principal payments - capital lease	<u>[157,020]</u>	<u>[157,020]</u>
Net cash provided by [used in] capital and related financing activities	<u>[157,020]</u>	<u>[157,020]</u>
 Cash flows from noncapital financing activities		
Transfer [out]	<u>[85,000]</u>	<u>[85,000]</u>
 Cash flows from investing activities		
Interest received	<u>2,408</u>	<u>2,408</u>
Net cash provided by [used in] investing activities	<u>2,408</u>	<u>2,408</u>
 Net increase [decrease] in cash and cash equivalents	353,286	353,286
 Cash and cash equivalents, beginning	<u>750,092</u>	<u>750,092</u>
 Cash and cash equivalents, ending	<u>\$ 1,103,378</u>	<u>\$ 1,103,378</u>

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, 2015

	Sanitation	Total Nonmajor Proprietary Funds
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities		
Operating income [loss]	\$ 461,905	\$ 461,905
Net cash provided by [used in] operating activities		
Depreciation expense	144,545	144,545
[Increase] decrease in accounts receivable	[3,452]	[3,452]
[Increase] decrease in deferred outflows	[6,082]	[6,082]
Increase [decrease] in accounts payable	[1,643]	[1,643]
Increase [decrease] in compensated absences	156	156
Increase [decrease] in net pension liability	20,589	20,589
Increase [decrease] in accrued payroll	3,048	3,048
Increase [decrease] in deferred inflows	[26,168]	[26,168]
Net cash provided by [used in] operating activities	\$ 592,898	\$ 592,898

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, 2015

	Trust and Agency Fund	Olivia Farms Development Fund	Insurance Disaster Fund	Total Agency Funds
ASSETS				
Cash	\$ 3,866	\$ -	\$ 19,282	\$ 23,148
Due from other funds	-	270,000	-	270,000
Total assets	<u>\$ 3,866</u>	<u>\$ 270,000</u>	<u>\$ 19,282</u>	<u>\$ 293,148</u>
Liabilities				
Due to others	\$ 3,866	\$ 270,000	\$ 19,282	\$ 293,148
Total liabilities	<u>\$ 3,866</u>	<u>\$ 270,000</u>	<u>\$ 19,282</u>	<u>\$ 293,148</u>

See independent auditor's report on the financial statements.

This page intentionally left blank.

CITY OF JUNCTION CITY, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS

For the Year Ended December 31, 2015

<u>Trust and Agency Fund</u> ASSETS	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
Cash and cash equivalents	\$ 521,341	\$ 65,904	\$ 583,379	\$ 3,866
Total assets	<u>\$ 521,341</u>	<u>\$ 65,904</u>	<u>\$ 583,379</u>	<u>\$ 3,866</u>

LIABILITIES

Due to others	\$ 521,341	\$ 65,904	\$ 583,379	\$ 3,866
Total liabilities	<u>\$ 521,341</u>	<u>\$ 65,904</u>	<u>\$ 583,379</u>	<u>\$ 3,866</u>

<u>Olivia Farms Development Fund</u> ASSETS	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
Due from other funds	\$ 270,000	\$ -	\$ -	\$ 270,000
Total assets	<u>\$ 270,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,000</u>

LIABILITIES

Due to other funds	\$ 270,000	\$ -	\$ -	\$ 270,000
Total liabilities	<u>\$ 270,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,000</u>

<u>Insurance Disaster Fund</u> ASSETS	Balance January 1, 2015	Additions	Deductions	Balance December 31, 2015
Cash and cash equivalents	\$ -	\$ 19,282	\$ -	\$ 19,282
Total assets	<u>\$ -</u>	<u>\$ 19,282</u>	<u>\$ -</u>	<u>\$ 19,282</u>

LIABILITIES

Due to others	\$ -	\$ 19,282	\$ -	\$ 19,282
Total liabilities	<u>\$ -</u>	<u>\$ 19,282</u>	<u>\$ -</u>	<u>\$ 19,282</u>

See independent auditor's report on the financial statements.

This page intentionally left blank.

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 Position by Component**  
**Last Ten Fiscal Years**  
(Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 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)	\$ (26,982,525)
Restricted	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	45,298,451
Unrestricted	(8,172,358)	(5,960,530)	(1,115,780)	955,894	3,481,307	8,472,499	10,048,563	10,177,293	10,843,958	1,503,427
Total governmental activities net position	\$ 4,416,499	\$ 6,008,832	\$ 5,761,466	\$ (2,127,477)	\$ (2,970,752)	\$ 3,730,436	\$ 8,096,317	\$ 10,357,816	\$ 15,906,688	\$ 19,819,353
<b>Business-type activities</b>										
Net investment in capital assets	\$ 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	\$ 50,335,663
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(484,993)	(271,769)	(485,171)	(539,480)	1,070,137	3,915,856	6,123,942	7,096,226	8,786,568	9,005,441
Total business-type activities net position	\$ 10,996,940	\$ 11,341,415	\$ 17,718,336	\$ 51,429,358	\$ 52,530,479	\$ 54,062,353	\$ 56,750,063	\$ 56,144,574	\$ 58,036,421	\$ 59,341,104
<b>Primary government</b>										
Net investment in capital assets	\$ 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	\$ 23,353,138
Restricted	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	45,298,451
Unrestricted	(8,657,351)	(6,232,299)	(1,600,951)	416,414	4,551,444	12,388,355	16,172,505	17,273,519	19,630,526	10,508,868
Total primary government net position	\$ 15,413,439	\$ 17,350,247	\$ 23,479,802	\$ 49,301,881	\$ 49,559,727	\$ 57,792,789	\$ 64,846,380	\$ 66,502,390	\$ 73,943,109	\$ 79,160,457

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

<b>EXPENSES</b>	<b>2006</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>2015</b>
<b>Governmental Activities</b>										
General government	\$ 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	\$ 2,583,982
Public safety	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	8,543,841
Public works	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	6,522,980
Culture and recreation	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	1,895,285
Economic Development	-	-	-	238,548	742,286	735,663	975,615	1,264,637	1,823,290	1,257,753
Public health and sanitation	-	-	-	-	1,134,918	1,803,687	2,034,862	2,053,932	2,160,507	2,560,853
Payments on other obligations (see note)	-	-	-	-	-	1,516,382	1,855,634	655,548	98,604	98,382
Interest long term debt	-	-	-	6,210,775	5,721,931	6,698,600	6,771,428	6,568,899	5,524,717	4,629,537
<b>Total governmental expenses</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>\$ 28,092,613</b>
<b>Business-type activities</b>										
Water/sewer	\$ 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	\$ 7,596,112
Rolling Meadows golf	523,165	543,841	548,355	555,128	477,042	332,836	-	-	-	-
Sanitation	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	1,072,567
Internal Services	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	253,430	246,341	408,349	462,200	498,018	546,754	545,779
Spin City	-	-	230,156	233,779	192,967	179,062	257,592	164,748	-	-
<b>Total business-type activities expenses</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>\$ 9,717,566</b>	<b>\$ 9,196,321</b>	<b>\$ 9,487,541</b>	<b>\$ 9,018,360</b>	<b>\$ 9,214,458</b>
<b>Total primary government expenses</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>\$ 37,307,071</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for Service	\$ 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	\$ 3,841,165
Intergovernmental	934,385	499,115	484,660	-	-	-	-	-	-	-
Operating grants and contributions	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	11,265,285
Other	1,407,233	1,896,914	451,597	33,674,775	-	-	-	-	-	-
Capital grants and contributions	5,960	4,385,178	5,749,283	-	4,875,055	6,432,843	2,518,706	481,939	996,975	982,671
<b>Total governmental activities program revenue</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>\$ 16,089,121</b>
<b>Business-type activities:</b>										
Charges for service										
Water/sewer	\$ 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	\$ 10,375,233
Rolling Meadows Golf	512,630	514,797	534,189	487,340	437,633	378,200	-	-	-	-
Sanitation	834,419	899,013	972,972	1,331,658	1,263,252	1,457,127	1,461,004	1,455,036	1,505,555	1,534,395
Storm water	-	-	-	464,447	722,161	836,450	781,779	780,995	855,654	771,705
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 program revenue</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>\$ 12,681,333</b>
<b>Total primary government program revenue</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>\$ 28,770,454</b>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (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)	\$ (12,003,492)
Business-type activities	199,819	344,475	415,736	304,576	954,763	1,624,493	2,936,948	2,226,530	3,051,112	3,466,875
<b>Total primary government net expenses</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>\$ (8,536,617)</b>
<b>Gen Revenues &amp; other Changes Net Assets</b>										
<b>Governmental activities:</b>										
Taxes										
Property taxes	\$ 5,245,456	\$ 6,397,274	\$ 6,733,809	\$ 8,309,953	\$ 8,892,436	\$ 9,027,993	\$ 9,937,633	\$ 9,470,337	\$ 9,668,455	\$ 9,641,838
Sales taxes	5,581,003	5,911,908	6,109,101	6,194,501	6,790,842	10,578,965	10,915,013	11,143,399	10,918,894	10,746,724
Franchise taxes	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	1,829,821
Motor vehicle taxes	790,008	881,400	744,210	-	-	-	-	-	-	-
Payment in lieu of property tax	-	-	-	26,026	18,080	15,537	16,406	14,137	13,052	14,335
Investment earnings	154,840	-	-	78,974	487,162	115,395	586,731	481,805	215,382	770,359
Gain on sale of capital assets	-	-	-	15,575	1,226,273	1,564,746	2,268,414	-	-	-
Miscellaneous	-	-	-	-	-	-	-	2,342,981	4,183,466	1,849,293
Transfers	438,262	-	1,950,000	1,122,955	159,000	389,185	1,452,824	1,522,500	1,522,500	1,505,000
<b>Total governmental activities</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>\$ 28,489,459</b>	<b>\$ 26,357,370</b>
<b>Business-type activities</b>										
Investment earnings	\$ -	\$ -	\$ -	\$ 212	\$ 305,358	\$ 296,566	\$ 408,889	\$ -	\$ 1,332	\$ 23,177
Miscellaneous	-	-	-	-	-	-	-	253,963	222,018	387,675
Transfers	(438,262)	-	(1,950,000)	(1,122,955)	(159,000)	(389,185)	(1,452,824)	(1,522,500)	(1,522,500)	(1,505,000)
<b>Total business-type activities</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>\$ (1,094,148)</b>
<b>Total primary government</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>\$ 27,190,309</b>	<b>\$ 25,263,222</b>
<b>Change in Net Assets</b>										
Governmental activities	\$ (1,263,080)	\$ 624,033	\$ (2,811,276)	\$ 26,161,148	\$ (843,078)	\$ 6,701,607	\$ 5,145,997	\$ 3,663,068	\$ 5,205,064	\$ 14,353,878
Business-type activities	(238,443)	344,475	(1,534,264)	(818,167)	1,101,121	1,531,874	1,893,013	957,993	1,751,962	2,372,727
<b>Total primary government</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>\$ 6,957,026</b>	<b>\$ 16,726,605</b>

**City of Junction City, Kansas**  
**Fund Balances - Governmental Funds**

**Last Ten Fiscal Years**  
(Modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,993,315	\$ 4,808,908	\$ 5,186,893	\$ 5,479,409	\$ 5,728,814
Reserved	1,036,113	1,713,029	1,205,385	-	-	-	-	-	-	-
Unreserved	375,742	98,778	101,189	962,602	1,190,569	-	-	-	-	-
<b>Total general fund</b>	<b>\$ 1,411,855</b>	<b>\$ 1,811,807</b>	<b>\$ 1,306,574</b>	<b>\$ 962,602</b>	<b>\$ 1,190,569</b>	<b>\$ 3,993,315</b>	<b>\$ 4,808,908</b>	<b>\$ 5,186,893</b>	<b>\$ 5,479,409</b>	<b>\$ 5,728,814</b>

**All Other Governmental Funds**

Reserved	\$ 5,571,794	\$ 9,358,890	\$ 951,261	\$ 463,353	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	5,051,315	5,223,204	6,522,254	8,055,770	8,387,112
Committed	-	-	-	-	-	28,704	297,329	717,710	521,194	184,473
Unassigned	-	-	-	-	-	(938,126)	(164,901)	-	-	(46,123)
Unreserved, reported to:										
Special revenue funds	236,844	(3,149,811)	309,477	(828,373)	605,269	-	-	-	-	-
Capital projects funds	5,985,502	290,572	(5,207,298)	1,355,127	(925,046)	-	-	-	-	-
Debt service funds	460	963,655	435,817	-	2,050,646	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 11,794,600</b>	<b>\$ 7,463,306</b>	<b>\$(3,510,743)</b>	<b>\$ 990,107</b>	<b>\$ 1,730,869</b>	<b>\$ 4,141,893</b>	<b>\$ 5,355,632</b>	<b>\$ 7,239,964</b>	<b>\$ 8,576,964</b>	<b>\$ 8,525,462</b>

**CITY OF JUNCTION CITY, KANSAS**  
**CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(Modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 12,936,838	\$ 14,662,708	\$ 15,480,091	\$ 16,231,050	\$ 17,508,564	\$ 21,392,486	\$ 22,702,744	\$ 22,510,610	\$ 22,528,108	\$ 22,232,718
Licenses and permits	852,683	756,896	300,193	357,056	338,229	372,856	335,164	269,865	215,096	345,903
Intergovernmental	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	11,265,285
Charges for service	906,029	558,398	916,784	869,244	1,250,530	1,688,547	2,096,503	2,133,342	2,244,575	2,545,381
Fines and fees	561,542	665,595	807,395	856,831	916,275	970,902	1,261,909	1,056,984	1,093,755	949,881
Special assessments	194,266	242,965	987,788	1,174,124	1,845,972	2,258,286	2,900,364	2,304,567	2,373,750	2,339,693
Use of money & propoerty	154,840	968,300	65,441	78,974	487,162	115,395	586,731	481,805	215,382	770,359
Miscellaneous	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	2,085,289
<b>Total revenues</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>\$ 37,827,795</b>	<b>\$ 42,534,509</b>
<b>Expenditures</b>										
General government	\$ 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	\$ 11,154,437
Public safety	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	10,126,551
Public works	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	3,554,234
Public health & sanitation	-	-	-	-	1,134,918	1,803,687	1,991,829	2,053,932	2,160,507	2,854,895
Culture & recreation	1,634,571	2,048,855	1,676,106	937,124	508,603	962,373	1,443,330	1,553,195	2,854,406	1,830,773
Economic development	-	-	-	238,548	742,137	735,663	975,615	1,264,637	1,823,290	1,257,753
Capital outlay	46,116,740	45,032,503	11,295,030	10,950,068	983,775	45,599	32,427	1,424	-	-
Debt service principal	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	12,618,600
Debt service interest & fees	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	5,688,196
Payment contractual obligations	-	-	-	-	-	1,516,382	1,855,634	655,548	98,604	98,382
Bond issuance costs	-	-	297,051	888,425	-	149,625	-	-	-	-
Miscellaneous	-	-	-	-	-	335,987	185,128	358,809	631,041	337,606
<b>Total Expenditures</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>\$ 49,521,427</b>
<b>Excess revenues over (under) expenditures</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>\$ 107,016</b>	<b>\$ (6,986,918)</b>
Other Financing Sources (Uses)										
Bonds issued	-	-	-	-	-	4,427,074	-	-	-	-
Capital Leases	-	-	-	671,138	-	-	-	-	8,247,988	5,667,850
Temporary note proceeds	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	448,262	-	1,950,000	6,673,895	232,000	1,100,000	1,857,306	1,522,918	1,722,500	2,105,000
Transfers out	(10,000)	-	-	(5,116,205)	(73,000)	(710,815)	(404,482)	(418)	(200,000)	(600,000)
Total other financing sources (uses)	\$ 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	\$ 7,172,850
<b>Net change in fund balances</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>\$ 1,629,516</b>	<b>\$ 185,932</b>
Debt service as a percentage of noncapital expenditures	9.82%	7.01%	12.20%	75.86%	68.84%	39.34%	40.05%	52.21%	34.09%	36.97%

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

Fiscal Year	Gallons of Water				Average Percent Unbilled	Gallons of Wastewater Treated		Total Direct Rate				
	Produced	Consumed	Unbilled	Water		East Plant	SW Plant	Water		Sewer		
								Base Rate (1)	Usage Rate (2)	Usage Rate (3)	Base Rate (4)	Usage Rate (5)
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	
2011	1,644,257,000	1,263,581,000	380,676,000	23.46%	618,104,000	298,639,000	\$ 15.51	\$ 2.00	\$ 2.30	\$ 25.50	\$ 1.90	
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	
2015	1,508,578,000	1,053,697,000	454,881,000	30.15%	552,069,000	332,744,000	\$ 18.27	\$ 2.22	\$ 2.55	\$ 26.90	\$ 2.00	
							\$ 19.36	\$ 2.51	\$ 2.89	\$ 30.27	\$ 2.26	

1/1 to 9/10  
9/10 to 12/31  
1/1 to 6/16  
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 and 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>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
<b>2015</b>	15	13	28

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

<b>Fiscal Year</b>	<b>WATER</b>		<b>WASTEWATER</b>		<b>TOTAL</b>	
	<b>RESIDENTIAL</b>	<b>COMMERCIAL</b>	<b>RESIDENTIAL</b>	<b>COMMERCIAL</b>	<b>WATER</b>	<b>WASTEWATER</b>
2006	6,734	680	6,734	680	7,414	7,414
2007	7,740	780	7,740	780	8,520	8,520
2008	8,195	742	8,195	742	8,937	8,937
2009	9,123	693	9,123	693	9,816	9,816
2010	8,810	782	8,547	767	9,592	9,314
2011	9,060	781	8,801	761	9,841	9,562
2012	9,915	878	8,781	812	10,793	9,593
2013	10,091	818	8,708	812	10,909	9,520
2014	10,141	835	8,767	813	10,976	9,575
2015	10,148	856	8,503	803	11,004	9,306

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

	2006	2007	2008	2009	2010*	2011	2012	2013	2014	2014	2015
\$	10.53	\$ 10.78	\$ 11.38	\$ 11.38	\$ 23.51	\$ 15.51	\$ 15.72	\$ 15.72	\$ 16.03	6/17 to 12/31	\$ 18.27
\$	85.17	\$ 87.21	\$ 92.09	\$ 92.09	\$ 105.19	\$ 97.19	\$ 98.55	\$ 98.55	\$ 100.52		\$ 114.55
\$	172.01	\$ 176.13	\$ 185.99	\$ 185.99	\$ 200.22	\$ 192.22	\$ 194.91	\$ 194.91	\$ 198.80		\$ 226.54
\$	256.08	\$ 262.22	\$ 276.90	\$ 276.90	\$ 292.22	\$ 284.22	\$ 288.19	\$ 288.19	\$ 293.95		\$ 334.97
\$	340.89	\$ 348.86	\$ 368.39	\$ 368.39	\$ 384.81	\$ 376.81	\$ 382.08	\$ 382.08	\$ 389.72		\$ 444.11
\$	429.41	\$ 439.71	\$ 464.33	\$ 464.33	\$ 481.90	\$ 473.90	\$ 480.53	\$ 480.53	\$ 490.14		\$ 558.54
\$	1.28	\$ 1.31	\$ 1.38	\$ 1.38	\$ 1.39	\$ 2.00	\$ 2.02	\$ 2.02	\$ 2.06		\$ 2.36
\$	1.61	\$ 1.64	\$ 1.73	\$ 1.73	\$ 1.75	\$ 2.30	\$ 2.33	\$ 2.33	\$ 2.37		\$ 2.72

\$	22.00	\$ 22.00	\$ 22.00	\$ 22.00	\$ 29.00	\$ 25.50	\$ 25.50	\$ 25.50	\$ 25.50	\$ 26.90	\$ 28.65
\$	0.90	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90	\$ 1.90	\$ 1.90	\$ 1.90	\$ 1.90	\$ 2.00	\$ 2.13

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

- Minimum charge, Not in excess of 200 cubic feet 1" meter or less
- Minimum charge, Not in excess of 200 cubic feet Over 1" and up to and including 1.5" meters
- Minimum charge, Not in excess of 200 cubic feet Over 1.5" and up to and including 2" meters
- Minimum charge, Not in excess of 200 cubic feet Over 2" and up to and including 3" meters
- Minimum charge, Not in excess of 200 cubic feet Over 3" and up to and including 4" meters
- Minimum charge, Not in excess of 200 cubic feet 4" meter and over
- 300 cubic feet to 1,000 cubic feet, per 100 cubic feet
- All above 1,000 cubic feet, per 100 cubic feet

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

- Minimum charge, not in excess of 200 cubic feet
- 300 cubic feet and above, per 100 cubic feet
- 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)  
 \$ .104 per pound BOD (biological oxygen demand)  
 \$ .117 per pound SS (suspended solids)

\$	-	\$ -	\$ -	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00
\$	-	\$ -	\$ -	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
\$	-	\$ -	\$ -	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00

**STORMWATER** - rates per month (3)

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

(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 ate increase beginning 9/10/10 to 12/31/10.

**CITY OF JUNCTION CITY, KANSAS**  
**TEN LARGEST UTILITY CUSTOMERS**  
**AS OF DECEMBER 31, 2015**

<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	\$236,619.28	4.99%	Armour Eckrich	\$586,224.47 11.39%
Geary Community Hospital	\$68,447.72	1.44%	Geary County Hospital	\$49,798.14 0.97%
Grandview Plaza	\$49,286.00	1.04%	Pen Enterprises	\$34,134.12 0.66%
Penn Enterprises	\$48,444.84	1.02%	Green Park Apartments	\$14,540.25 0.28%
Green Park Apartments	\$23,423.56	0.49%	Northwood American Lodging	\$12,767.54 0.25%
Rural Water District #1	\$19,618.28	0.41%	Junghans Agency	\$11,994.90 0.23%
Valley View Senior Life	\$19,320.44	0.41%	Champion Car Wash	\$11,047.05 0.21%
Northwood American Agency	\$18,542.94	0.39%	Cedar Point Car Wash	\$10,842.57 0.21%
Junghans Agency	\$17,562.32	0.37%	USD 476	\$10,829.79 0.21%
Champion Car Wash	<u>\$16,351.92</u>	<u>0.34%</u>	Sapp Brothers Car Wash	<u>\$10,307.94</u> <u>0.20%</u>
Subtotal (10 largest)	\$517,617.30	10.91%		\$752,486.77 14.62%
Balance from other customers	<u>\$4,227,172.18</u>	<u>89.09%</u>	Balance from other customers	<u>\$4,395,203.14</u> <u>85.38%</u>
Grand Total	<u>\$4,744,789.48</u>	<u>100.00%</u>	Grand Total	<u>\$5,147,689.91</u> <u>100.00%</u>

**City of Junction City, Kansas**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Estate	Personal Property	Utilities	Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed to Total Estimated Actual Value
2006	\$ 101,512,552	\$11,631,295	\$ 5,529,418	\$ 113,143,847	47.736	\$ 760,985,936	14.87%
2007	\$ 127,455,177	\$ 8,231,124	\$ 5,826,100	\$ 141,512,401	47.394	\$ 937,330,169	15.10%
2008	\$ 147,537,742	\$ 7,919,079	\$ 5,843,324	\$ 163,662,593	48.272	\$ 1,099,775,885	14.88%
2009	\$ 150,132,743	\$ 6,036,910	\$ 5,364,037	\$ 165,026,671	48.474	\$ 1,112,580,891	14.83%
2010	\$ 156,333,878	\$ 5,341,390	\$ 5,329,524	\$ 167,004,792	48.282	\$ 1,128,182,386	14.80%
2011	\$ 159,395,617	\$ 4,542,902	\$ 5,702,414	\$ 169,640,933	50.257	\$ 1,152,876,108	14.71%
2012	\$ 160,411,817	\$ 4,426,706	\$ 7,073,239	\$ 171,911,762	47.841	\$ 1,155,720,247	14.87%
2013	\$ 161,129,693	\$ 4,218,203	\$ 7,662,284	\$ 173,010,180	47.635	\$ 1,164,604,565	14.90%
2014	\$ 162,987,182	\$ 3,087,175	\$ 8,302,106	\$ 174,376,463	47.666	\$ 1,177,486,959	14.81%
2015	\$ 165,518,313	\$ 3,478,915	\$ 8,934,896	\$ 177,932,124	47.714	\$ 1,183,325,319	15.04%

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					USD 475	Geary County	State of Kansas	Total
Fiscal Year	Basic Rate	Debt Service	Library	Total Direct Rate				
<b>2006</b>	29.692	13.98	4.064	47.736	46.524	55.741	15	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
<b>2015</b>	21.98	21.545	4.189	47.714	43.525	67.478	1.5	160.217

Source: Geary County Clerk

# City of Junction City, Kansas

## Ten Largest Tax Payers

### Ten Year Comparison

2015		2006	
Rank	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
1	Westar Energy	\$ 5,863,389	3.30%
2	Bluffs Apartments	4,388,748	2.47%
3	FW Woolworth	3,905,190	2.19%
4	Armour-Eckrich	2,278,555	1.28%
5	Edwards, Richard	2,128,007	1.20%
6	Wal Mart Real Estate	2,005,926	1.13%
7	John Q Hammons	1,900,001	1.07%
8	Kansas Gas Service	1,587,058	0.89%
9	MDV Spartannash	1,385,076	0.78%
10	Bankers, Bank of	1,331,136	0.75%

Total Taxable Assessed Value in 2015	\$177,932,124
Total Taxable Assessed Value in 2006	\$118,673,671

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
<b>2006</b>	\$ 5,644,954	\$ 5,516,483	97.72%	\$ 240,065	\$ 5,756,548	101.98%	\$ 100,507	1.78%
<b>2007</b>	\$ 6,678,742	\$ 6,411,588	96.00%	\$ 131,510	\$ 6,543,098	97.97%	\$ 266,652	3.99%
<b>2008</b>	\$ 7,845,046	\$ 7,302,150	93.08%	\$ -	\$ 7,302,150	93.08%	\$ 499,159	6.36%
<b>2009</b>	\$ 7,946,869	\$ 7,434,184	93.55%	\$ 206,332	\$ 7,604,516	96.14%	\$ 443,429	5.58%
<b>2010</b>	\$ 8,036,437	\$ 7,593,081	94.48%	\$ 291,900	\$ 7,884,981	98.12%	\$ 443,149	5.51%
<b>2011**</b>	\$ 8,473,519	\$ 8,206,048	96.84%	\$ 720,804	\$ 8,926,852	105.35%	\$ 267,322	3.15%
<b>2012</b>	\$ 8,361,778	\$ 8,034,670	96.09%	\$ -	\$ 8,034,670	96.09%	\$ 278,919	3.34%
<b>2013</b>	\$ 8,381,011	\$ 8,027,870	95.79%	\$ 375,117	\$ 8,402,987	100.26%	\$ 315,106	3.76%
<b>2014</b>	\$ 8,562,672	\$ 7,983,131	93.23%	\$ 243,076	\$ 8,226,207	96.07%	\$ 583,424	6.81%
<b>2015</b>	\$ 8,722,531	\$ 8,022,142	91.97%	\$ 30,979	\$ 8,053,121	92.33%	\$ 692,484	7.94%

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 Net 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	K.D.H.E. Revolving Loan	Notes Payable	Capital Lease Obligations		
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
2015	\$ 52,055,296	\$ 50,391,760	\$ 10,935,283	\$ 1,534,844	\$ 339,185	\$ -	\$ 6,748,608	\$ 5,333,523	\$ -	\$ 632,140	\$ 127,970,639	\$ 5,231

Debt listed as of December 31  
July 1, 2014 estimated population from US Census = 24,465

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

**Legal Debt Margin Calculation for Fiscal**

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$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	\$72,017,789
Total Net Debt Applicable to Limit	\$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	\$56,091,866
Legal Debt Margin	\$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	\$15,925,923
Total net debt applicable to the limit as a percentage of debt limit	68%	97%	89%	98%	94%	99%	93%	90%	84%	78%

Total net debt applicable to the limit as a percentage of debt limit

(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 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>Percent of Actual Taxable Value of Property</b>	<b>Population**</b>	<b>Per Capita</b>
2006	\$ 18,410,000	\$ 460	\$ 18,409,540	\$ 118,673,671	15.51%	16,106	\$ 1,143
2007	\$ 41,270,000	\$ 963,655	\$ 40,306,345	\$ 141,512,401	28.48%	20,059	\$ 2,009
2008	\$ 53,762,000	\$ 435,817	\$ 53,326,183	\$ 163,662,593	32.58%	20,671	\$ 2,580
2009	\$ 60,225,000	\$ -	\$ 60,225,000	\$ 165,153,442	29.13%	21,931	\$ 2,746
2010	\$ 128,035,896	\$ -	\$ 128,035,896	\$ 167,004,792	76.67%	23,353	\$ 5,483
2011	\$ 123,993,559	\$ 2,290,853	\$ 121,702,706	\$ 169,325,891	71.87%	24,440	\$ 4,980
2012	\$ 120,207,668	\$ 2,085,600	\$ 118,122,068	\$ 171,911,762	74.70%	25,817	\$ 4,575
2013	\$ 117,842,419	\$ 2,949,451	\$ 114,892,968	\$ 173,010,180	66.41%	25,817	\$ 4,450
2014	\$ 108,950,876	\$ 3,016,451	\$ 105,934,425	\$ 174,367,463	60.75%	25,388	\$ 4,173
2015	\$ 103,967,787	\$ 3,131,394	\$ 100,836,393	\$ 177,932,124	56.67%	24,665	\$ 4,088

\*Cash As of December 31st

\*\*As of July 1 prior year from US Census Bureau

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

As of December 31, 2015

<b>Government Unit:</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable**</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Geary County	\$ 31,425,000	66.5%	\$ 20,897,625
U.S.D. #475 School District	<u>25,265,000</u>	66.5%	<u>\$ 16,801,225</u>
Total Estimated Overlapping Debt	\$ 56,690,000		\$ 37,698,850
<b>DIRECT DEBT</b>			
City of Junction City	<u>\$ 139,840,861</u>	100%	<u>\$ 139,840,861</u>
<b>DIRECT &amp; ESTIMATED OVERLAPPING DEBT</b>	<u>\$ 196,530,861</u>		<u>\$ 177,539,711</u>

Source: Office of Geary County Clerk

\*Numbers provided by County were for June 30, 2015

\*\*Per person within city limits based on July 1, 2015 estimated population.

Junction City = 24,621 Geary County = 37,030

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

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

<b>Fiscal Year</b>	<b>Utility Service Charges</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service Principal &amp; Interest</b>	<b>Coverage</b>
<b>2006</b>	\$ 6,112,332	\$ 4,062,138	\$ 2,050,194	\$ 1,379,923	149%
<b>2007</b>	\$ 7,152,798	\$ 5,110,181	\$ 2,042,617	\$ 1,448,373	141%
<b>2008</b>	\$ 6,939,622	\$ 4,427,980	\$ 2,511,642	\$ 1,608,536	156%
<b>2009</b>	\$ 7,665,298	\$ 6,131,616	\$ 1,533,682	\$ 1,915,830	80%
<b>2010</b>	\$ 8,009,136	\$ 7,712,856	\$ 1,974,702	\$ 1,678,422	118%
<b>2011</b>	\$ 8,719,225	\$ 5,180,850	\$ 3,538,375	\$ 896,655	395%
<b>2012*</b>	\$ 10,004,859	\$ 5,935,892	\$ 4,068,967	\$ 1,323,232	307%
<b>2013</b>	\$ 9,580,170	\$ 6,445,000	\$ 3,135,170	\$ 2,049,426	153%
<b>2014</b>	\$ 9,950,736	\$ 6,405,590	\$ 3,545,146	\$ 2,032,415	174%
<b>2015</b>	\$ 9,939,474	\$ 6,763,085	\$ 3,176,389	\$ 2,034,982	156%

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

**City of Junction City**  
**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>
2006	16,106	\$ 598,756,656	\$37,176	6,441	4.9	29.0
2007	20,059	\$ 869,577,709	\$43,351	6,784	3.9	n/a
2008	20,671	\$ 906,257,982	\$43,842	7,048	4.4	n/a
2009	21,931	\$ 954,371,327	\$43,517	6,983	3.4	30.4
2010	23,353	\$ 960,812,479	\$41,143	7,868	7.9	n/a
2011	24,440	\$ 1,070,936,360	\$43,819	8,151	6.7	n/a
2012	25,817	\$ 1,076,078,377	\$41,681	7,905	7.3	n/a
2013	25,817	\$ 1,091,336,224	\$42,272	8,089	6.9	26.6
2014	25,388	\$ 1,100,645,964	\$43,353	8,172	6.5	29.3
2015	24,665*	n/a	n/a	7,732	5.5	29

(1) US Census Bureau as of 7/1/2015

(2 & 3) US Census Bureau and US Bureau of Economic Analysis

(4) Unified School District #475, Geary County

(5) Home Facts

(6) Suburban Facts

## City of Junction City Principal Employers

	<u>2015</u> <u>Estimated</u> <u>Number of</u> <u>Employees</u>		<u>2006</u> <u>Estimated</u> <u>Number of</u> <u>Employees</u>
Fort Riley Civil Service Civilian employees	3,543	Fort Riley Civil Service Civilian employees	1,600
U.S.D. #475 School District	1,350	U.S.D. #475 School District	912
Foot Locker Distribution Center	533	Foot Locker Inc.	728
Smithfield Foods	412	ConAgra Foods	641
Geary Community Hospital	400	Geary Community Hospital	376
Advanced Call Center Technolo	350	Empire Today	302
City of Junction City	250	City of Junction City	187
Geary County	230	Kaw Valley Engineering	152
Dillons	230	Geary County	130
Century Link	115	Millenium Railcar	91

(1) Information Provided by Junction City/Geary County Economic Development  
Fort Riley spans two counties (Geary and Riley).

**City of Junction City, Kansas  
Full-time Employees by Department**

**Last Ten Fiscal Years**

	2006		2007		2008		2009		2010*		2011		2012**		2013		2014		2015	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
<b>Governmental Activities:</b>																				
<b>General Government</b>																				
General Administration	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	5	2.60
Human Resources	11	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	1	0.52
Information Services	5	2.5	5	2.49	4	1.89	4	1.81	2	1.27	1	0.64	1	0.53	1	0.54	2	1.05	2	1.04
Economic Development	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	0	0.00
Building Maintenance													3	1.60	3	1.61	3	1.58	3	1.56
<b>Public Safety</b>																				
Police Department	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	70	36.46
Fire/EMS Department	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	53	27.60
Codes/Inspection	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	5	2.60
Municipal Court													6	3.19	6	3.23	5	2.63	6	3.13
<b>Public Works</b>																				
Engineering	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	3	1.56
Self Help Housing	3	1.5	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	0	0.00
Streets	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	12	6.25
<b>Culture &amp; Recreation</b>																				
Recreation	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	1	0.52
Parks									7	4.43	7	4.46	6	3.19	6	3.23	6	3.16	6	3.13
Junction City Arts	0	0	0	0	2	0.94	2	0.91	0	0.00	0	0	0	0.00	0	0.00	0	0.00	0	0.00
Spin City	0	0	0	0	0	0	0	0	1	0.63	1	0.64	2	1.06	1	0.54	1	0.53	1	0.52
Rolling Meadows Golf Course	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	3	1.56
<b>Total for Gov't-type Activities</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>94.3</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>171</b>	<b>89.06</b>
<b>Business-type Activities</b>																				
Solid Waste	0		0		0		0		0		0		6	3.19	6	3.23	6	3.16	6	3.13
Storm Water	0		0		0		0		0		0		0		0		0		0	
Water/Sewer	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	14	7.29
<b>Total Business-type Activities</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>21</b>	<b>10.94</b>
<b>Total Full-time Employees</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>		<b>192</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. 2010-2015 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>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>General Government</b>										
Building Permits Issued	848	1,034	348	1,209	1,042	1,022	958	994	1,090	1,174
Building Inspections Conducted	11,415	16,712	13,547	8,322	7,987	4,675	4,572	3,637	3,700	4,340
<b>Police</b>										
Physical Arrests	1,662	1,797	2,069	2,086	2,321	2,444	2,396	1,708	2,431	3,032
Traffic Violations	9,142	9,101	10,848	7,332	7,867	7,724	8,232	6,314	6,678	5,743
<b>Fire</b>										
Fire Calls	1,014	1,079	1,235	1,736	1,693	1,625	1,712	1,683	1,559	1,691
Emergency Medical Service Calls	2,245	2,402	2,726	2,705	2,627	2,652	2,804	2,815	2,921	3,188
<b>Parks &amp; Recreation</b>										
Golf course (Rounds of Golf)	24,156	21,680	21,513	21,575	17,567	14,468	17,016	12,952	15,678	17,346
Golf course (Rounds per Special Events)	1,743	2,341	1,763	2,198	2,160	1,431	808	1,077	571	1,564
<b>Water</b>										
Average daily consumption (gallons x 1,000)	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	2,888,000
Peak daily consumption (gallons x 1000)	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	5,719,000
<b>Wastewater</b>										
East Plant Average daily sewage treatment (gallons)	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	1,513,000
SW Plant Average daily sewage treatment (gallons)	673,000	717,000	672,000	689,000	745,000	818,166	715,000	770,000	816,000	831,000

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

Function/Program:	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<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	124	124	149	149	149	149	149	149	149
Streetlights	1,438	1,438	1,438	1,615	1,615	1,615	1,615	1,615	1,615	1,615
Traffic Signals	13	15	15	15	19	18	18	18	18	18
<b><u>Parks &amp; Recreation</u></b>										
Public Parks	17	17	18	18	18	19	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	7	7	7	7	7
Tennis Courts	7	7	7	7	7	6	6	6	6	6
Community Centers	2	2	2	2	1*	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	123.3	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)	102.5	102.5	107	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	14.2	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, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>		
Airport Improvement Program	20.106	\$ 36,021
Passed Through Kansas Department of Transportation		
Highway Planning and Construction	20.205	27,567
Highway Safety Cluster:		
State and Community Highway Safety	20.600	14,393
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	<u>5,039</u>
Total U.S. Department of Transportation		<u>83,020</u>
 <u>U.S. Department of Housing and Urban Development</u>		
Passed Through Kansas Housing Resource Corp.		
Emergency Solutions Grant Program	14.231	<u>51,633</u>
Total U.S. Department of Housing and Urban Development		<u>51,633</u>
 <u>U.S. Environmental Protection Agency</u>		
Passed Through Kansas Department of Health and Environment		
Capitalization Grants for Clean Water State Revolving Funds	66.458	557,603
Capitalization Grants for Drinking Water State Revolving Funds	66.468	<u>585,479</u>
Total U.S. Environmental Protection Agency		<u>1,143,082</u>
 <u>U.S. Department of Justice</u>		
Bulletproof Vest Partnership Program	16.607	10,034
Edward Byrne Memorial Competitive Grant Program	16.803	<u>18,002</u>
Total U.S. Department of Justice		<u>28,036</u>
Total Expenditures of Federal Awards		<u>\$ 1,305,771</u>

CITY OF JUNCTION CITY, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2015

1. Organization

The City of Junction City, Kansas (the City), is the recipient of several federal awards. All federal awards received directly from federal agencies, as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activities of the City, and is presented using the modified accrual basis of accounting. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Guidance Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from those amounts presented in, or used in the presentation of, the financial statements.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in disallowed costs that would be material to the City's financial position at December 31, 2015.

5. Outstanding Loans

The City has outstanding loans under the EPA Capitalization Grant for Clean Water from the State Revolving Loan Fund, CFDA No. 66.458, totaling \$5,333,523 at December 31, 2015.

CITY OF JUNCTION CITY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
Year Ended December 31, 2015

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 the Uniform Guidance        Yes   X   No

Identification of major programs:

CFDA Number(s)  
66.468

Name of Federal Program or Cluster  
Capitalization Grants for Drinking  
Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?        Yes   X   No

CITY OF JUNCTION CITY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
December 31, 2015

**Section 2 – Financial Statement Findings**

**Summary Schedule of Current Year Audit Findings**

15-01 – 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.

## **Summary Schedule of Prior 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.

#### **Current Year Status**

Comment repeated as Finding 15-01

### **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.

#### **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, 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, 2015, 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 28, 2016. 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 finding 2015 – 1.

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*.

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.

*Mike Houser: Company PA*

Certified Public Accountants  
Lawrence, Kansas

June 28, 2016



MIZE & HOUSER  
COMPANY P.A.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2015. 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 federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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; the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Kansas Municipal Audit and Accounting Guide. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2015.

[www.mizehouser.com](http://www.mizehouser.com) ■ mhco@mizehouser.com

534 S Kansas Ave, Suite 700 ■ Topeka, KS 66603-3465 ■ 785.233.0536 p ■ 785.233.1078 f

534 S Kansas Ave, Suite 400 ■ Topeka, KS 66603-3454 ■ 785.234.5573 p ■ 785.234.1037 f

7101 College Blvd, Suite 900 ■ Overland Park, KS 66210-1984 ■ 913.451.1882 p ■ 913.451.2211 f

211 E Eighth Suite A ■ Lawrence, KS 66044-2771 ■ 785.842.8844 p ■ 785.842.9049 f

## 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Mike Houser: Company PA*

Certified Public Accountants  
Lawrence, Kansas

June 28, 2016