

**CITY OF IOLA, KANSAS**

Independent Auditors' Report and  
Financial Statement with  
Supplementary Information

For the Year Ended December 31, 2014

**CITY OF IOLA, KANSAS**

For the Year Ended December 31, 2014

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For the Year Ended December 31, 2014

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

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of Iola, Kansas

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

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

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

***Auditors' Responsibility***

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

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

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

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

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

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

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

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

**Opinion on Regulatory Basis of Accounting**

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

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2013 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2014 basic financial statement upon which we rendered an unmodified opinion dated April 17, 2014. The 2013 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2013 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statement. The 2013 comparative information was subjected to the auditing procedures applied in the audit of the 2013 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to

prepare the 2013 basic financial statement or to the 2013 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 comparative information is fairly stated in all material respects in relation to the 2013 basic financial statement as a whole, on the basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2015, on our consideration of the City of Iola, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 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 of Iola, Kansas' internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
June 4, 2015

CITY OF IOLA, KANSAS

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

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add		Cash Balance December 31, 2014
					Encumbrances and Accounts Payable	Encumbrances and Accounts Payable	
General Fund	\$ 387,424.69	\$ 6,088,669.92	\$ 5,885,063.80	\$ 591,030.81	\$ 128,600.43	\$	\$ 719,631.24
Special Purpose Funds:							
Industrial	115,735.03	43,951.84	25,907.53	133,779.34	26.21		133,805.55
Library	-	205,914.59	205,914.59	-	-		-
Special Parks and Recreation	118,010.98	429,165.27	378,144.29	169,031.96	9,824.59		178,856.55
Special Alcohol Programs	606.58	-	-	606.58	-		606.58
Tourism and Convention	15,587.02	78,486.41	68,247.19	25,826.24	-		25,826.24
Special Highway	274,100.01	146,474.82	-	420,574.83	-		420,574.83
Equipment Reserve	1,442,502.53	1,322,902.54	55,176.00	2,710,229.07	-		2,710,229.07
Emergency Rescue	175,456.00	18,375.49	193,831.49	-	-		-
Capital Project Funds:							
Comprehensive Street Program	3,435.37	200,036.93	-	203,472.30	-		203,472.30
Major Projects	1,199,167.62	847,212.42	854,120.79	1,192,259.25	10,050.63		1,202,309.88
Housing Grant	2,376.37	6,288.00	8,664.37	-	-		-
Business Funds:							
Electric Utility	2,579,976.67	9,283,721.47	10,993,677.66	870,020.48	367,214.26		1,237,234.74
Water Utility	266,251.98	1,854,813.19	1,934,700.65	186,364.52	25,343.04		211,707.56
Gas Utility	710,216.12	3,885,379.28	3,673,191.44	922,403.96	124,506.39		1,046,910.35
Solid Waste Utility	68,706.33	241,547.00	223,388.37	86,864.96	4,603.74		91,468.70
Wastewater Utility	465,653.22	1,862,599.87	1,659,775.51	668,477.58	3,171.07		671,648.65
Storm Water Fees	103,343.32	72,498.00	2,131.05	173,710.27	-		173,710.27
Stores	29,963.05	376,879.14	362,088.83	44,753.36	2,724.19		47,477.55
Employee Health Insurance	510,299.67	639,632.66	672,289.93	477,642.40	-		477,642.40
Trust Funds:							
Wm. Green Trust	41,842.91	-	1,541.41	40,301.50	-		40,301.50
Joseph and Mary Wolf Memorial	15,039.86	3,140.48	2,033.44	16,146.90	-		16,146.90
Total Primary Government (Excluding Agency Funds)	\$ 8,525,695.33	\$ 27,607,689.32	\$ 27,199,888.34	\$ 8,933,496.31	\$ 676,064.55	\$	\$ 9,609,560.86

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

CITY OF IOLA, KANSAS

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

	<u>2014</u>
Total Cash to be accounted for:	<u>\$ 9,609,560.86</u>
Composition of Cash:	
Utility Cash on Hand.....	\$ 2,400.00
General Petty Cash on Hand.....	500.00
Checking Accounts:	
General Account .....	9,624,160.00
IMP Boat Account .....	<u>4,068.01</u>
Total Cash	9,631,128.01
Agency Funds per Schedule 3	<u>(21,567.15)</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 9,609,560.86</u>

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

## CITY OF IOLA, KANSAS

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

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Reporting Entity

The City of Iola is a municipal corporation governed by an elected nine-member council. This financial statement presents the City of Iola.

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

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

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

#### Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Iola, Kansas, for the year of 2014:

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

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

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

Regulatory Basis Fund Types (Continued)

Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

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

Trust fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

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

Basis of Accounting – Regulatory Basis of Accounting

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America*

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

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

Property Taxes

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

Pension Plan

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

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

### Special Assessments

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

### Reimbursed Expenses

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

### Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended December 31, 2014, the City amended the General Fund, Tourism and Convention Fund, Emergency Rescue Fund, Electric Utility Fund, Gas Utility Fund, and Wastewater Utility Fund.

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

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

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

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

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

Compliance with Kansas Statutes

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

**3. DEPOSITS AND INVESTMENTS**

K.S.A 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main branch or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the 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.

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

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2014.

At year-end, the City's carrying amount of deposits was \$9,628,228.01 and the bank balance was \$9,748,460.34. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$250,790.62 was covered by FDIC insurance, and \$9,497,669.72 was collateralized with securities held by the pledging financial institution's agents in the City's name.

**4. LONG-TERM DEBT**

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

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds Paid by Utility Receipts: Series 2012	1.5-2.75%	September 27, 2012	\$ 7,550,000.00	August 1, 2025	\$ 6,795,000.00	\$ -	\$ (535,000.00)	\$ 6,260,000.00	\$ 140,822.50
Revolving Loans Kansas Water Pollution Control 1618	2.51%	September 1, 2008	2,727,942.00	September 1, 2028	2,094,077.13	-	(121,380.47)	1,972,696.66	51,804.43
Kansas Water Pollution Control 1932	2.11%	February 25, 2013	785,000.00	September 1, 2033	276,980.00	391,413.62	(40,833.11)	627,560.51	7,483.05
<b>Total Contractual Indebtedness</b>					<b>\$ 9,166,057.13</b>	<b>\$ 391,413.62</b>	<b>\$ (697,213.58)</b>	<b>\$ 8,860,257.17</b>	<b>\$ 200,109.98</b>

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

Issue	2015	2016	2017	2018	2019	2020-2024	2025-2029	2030-2033	Total
<b>Principal</b>									
General Obligation Bonds Paid by Utility Receipts: Series 2012	\$ 550,000.00	\$ 560,000.00	\$ 565,000.00	\$ 575,000.00	\$ 585,000.00	\$ 3,120,000.00	\$ 305,000.00	\$ -	\$ 6,260,000.00
Revolving Loans Kansas Water Pollution Control 1618	124,446.24	127,589.45	130,812.03	134,116.03	137,503.46	741,400.14	576,829.31	-	1,972,696.66
Kansas Water Pollution Control 1932	32,597.23	33,288.65	33,994.75	34,715.82	35,452.19	188,864.90	209,763.18	175,490.17	627,560.51
<b>Total Principal Payments</b>	<b>707,043.47</b>	<b>720,878.10</b>	<b>729,806.78</b>	<b>743,831.85</b>	<b>757,955.65</b>	<b>4,050,265.04</b>	<b>1,091,592.49</b>	<b>175,490.17</b>	<b>8,860,257.17</b>
<b>Interest</b>									
General Obligation Bonds Paid by Utility Receipts: Series 2012	130,122.50	119,122.50	110,722.50	102,247.50	92,185.00	270,175.00	8,387.50	-	832,962.50
Revolving Loans Kansas Water Pollution Control 1618	48,738.66	45,595.45	42,372.87	39,068.87	35,681.44	124,524.36	29,317.84	-	365,299.49
Kansas Water Pollution Control 1932	15,718.93	15,027.51	14,321.41	13,600.34	12,863.97	52,715.90	34,817.62	8,861.52	167,927.20
<b>Total Interest Payments</b>	<b>194,580.09</b>	<b>179,745.46</b>	<b>167,416.78</b>	<b>154,916.71</b>	<b>140,730.41</b>	<b>447,415.26</b>	<b>72,522.96</b>	<b>8,861.52</b>	<b>1,366,189.19</b>
<b>Total Principal and Interest</b>	<b>\$901,623.56</b>	<b>\$ 900,623.56</b>	<b>\$ 897,223.56</b>	<b>\$ 898,748.56</b>	<b>\$ 898,686.06</b>	<b>\$ 4,497,680.30</b>	<b>\$ 1,164,115.45</b>	<b>\$ 184,351.69</b>	<b>\$ 10,226,446.36</b>

**5. INDUSTRIAL REVENUE BONDS**

The City has entered into various agreements to induce businesses to locate or expand operations in Iola, Kansas. In connection therewith, the City has issued industrial revenue bonds (IRB's) which require the businesses to make lease payments to trust accounts sufficient to pay debt service on the IRB's. The City is under no obligation to pay the IRB debt, which is to be paid from the lease payments made by the related businesses. At December 31, 2014, there were eight industrial revenue bond issues with principal balances due totaling \$4,179,406.98.

**6. OPERATING LEASES**

The City has entered into an operating leases for a postage machine. Rent expense for the year ended December 31, 2014, was \$324.00. Under the current lease agreement, the future minimum rental payments are as follows:

2015	\$ 324.00
2016	324.00
2017	324.00
2018	162.00

**7. DEFINED BENEFIT PENSION PLAN**

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

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERs member-employee contribution rates. Effective July 1, 2009, KPERs has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERs member-employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The City's employer contribution to KPERs for the year ending December 31, 2014 was \$469,611.14 equal to the statutory required contributions for the year.

**8. ECONOMIC DEPENDENCY**

During 2014, the City collected 10.46% of its electric utility revenues and 9.54% of its gas utility revenues from Gates Rubber Company. The City also collected 9.98% of its electric utility revenues and 9.70% of its gas utility revenues from Russell Stover Candies.

**9. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS**

*Other Post Employment Benefits*

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

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

*Compensated Absences*

Regular full time employees who work 2,080 hours per year (except meter reader) may accumulate up to 200 hours of vacation based upon the following schedule:

<u>Years of Employment</u>	<u>Accrued Vacation Time</u>	<u>Hours Accrued Per Pay Period</u>
1 - 9	10 days per year	3.08
10 - 19	15 days per year	4.62
20 and Over	20 days per year	6.15

Non-exempt Police Department employees who work 2,184 hours per year may accumulate up to 212.50 hours of vacation based upon the following schedule:

<u>Years of Employment</u>	<u>Accrued Vacation Time</u>	<u>Hours Accrued Per Pay Period</u>
1 - 9	10 days per year	3.27
10 - 19	15 days per year	4.92
20 and Over	20 days per year	6.89

Non-exempt Fire Department employees who work 2,920 hours per year may accumulate up to 360 hours of vacation based upon the following schedule:

<u>Years of Employment</u>	<u>Accrued Vacation Time</u>	<u>Hours Accrued Per Pay Period</u>
1 - 9	144 hours per year	5.54
10 - 19	216 hours per year	8.31
20 and Over	288 hours days per year	11.07

Any accumulation in excess of the maximum must be used or it will be forfeited. Upon termination of employment, an employee will be paid for accrued but unused vacation time.

Regular full time employees who work 2,080 hours per year accrue 3.08 hours of sick leave for each 80 hour pay period worked up to a maximum of 10 days or 80 hours per year. These employees may accumulate up to 960 hours of sick time.

Non-exempt Police Department employees who work 2184 hours per year accrue 3.23 hours of sick leave for each pay period worked up to a maximum of 84 hours per year. These employees may accumulate up to 1,020hours of sick time.

Regular full time employees who work 2,920 hours per year accrue 5.50 hours of sick leave for each pay period worked up to a maximum of 144 hours per year. These employees may accumulate up to 1365 hours of sick time.

Meter Reader is a salaried position and is exempt from sick, vacation, personal, holiday, jury duty, and bereavement leave.

**9. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS** (Continued)

*Compensated Absences (Continued)*

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

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

In accordance with the above criteria, the City has estimated a liability for annual leave which has been earned, but not taken, by City employees. The estimated liability for accrued annual leave at December 31, 2014, was \$245,994.22. The City has not estimated a liability for sick leave earned, but not taken, by City employees, as the amounts cannot be reasonably estimated.

**10. RISK MANAGEMENT**

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

The City has established a Health Insurance Fund. The purpose of this fund is to provide for an employee welfare benefit plan for health insurance. Contributions from eligible employees and the City are deposited in the name of the plan, subject to withdrawal for purposes of paying approved claims and expenses. The City has contracted with Blue Cross Blue Shield of Kansas to be the claims supervisor. The supervisor reviews all claims for allowability and issues monthly reports to the City. The City has a stop-gap policy which pays any aggregate claims over \$50,000.00.

**11. CAPITAL PROJECTS**

At year end, capital projects authorizations, with approved change orders, compared with expenditures from inception are as follows:

<u>PROJECT NAME</u>	<u>EXPENDITURES TO DATE</u>	<u>PROJECT AUTHORIZATION</u>	<u>EXPECTED COMPLETION DATE</u>
State Street Sidewalk	\$ 50,690.42	\$ 80,000.00	2015
MOPAC Rail Trail	153,493.02	200,000.00	2015
Catalyst Wartsilla	546,853.23	550,000.00	2014
Wastewater Improvement	1,402,534.89	1,553,000.00	2015

**12. INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Equipment Reserve	K.S.A. 12-1,117	\$ 159,588.00
Major Project	Comprehensive Street Program	K.S.A. 12-1,118	200,000.00
Electric Utility	General	K.S.A. 12-825d	1,125,000.00
Electric Utility	Special Parks and Recreation	K.S.A. 12-825d	230,000.00
Electric Utility	Stores	K.S.A. 12-825d	33,334.00
Electric Utility	Equipment Reserve	K.S.A. 12-825d	1,101,500.00
Water Utility	General	K.S.A. 12-825d	200,000.00
Water Utility	Equipment Reserve	K.S.A. 12-825d	2,500.00
Water Utility	Stores	K.S.A. 12-825d	33,332.50
Wastewater Utility	General	K.S.A. 12-825d	84,000.00
Wastewater Utility	Equipment Reserve	K.S.A. 12-825d	12,500.00
Wastewater Utility	Stores	K.S.A. 12-825d	33,332.50
Solid Waste Utility	General	K.S.A. 12-825d	36,000.00
Solid Waste Utility	Equipment Reserve	K.S.A. 12-825d	30,000.00
Gas Utility	Special Parks and Recreation	K.S.A. 12-825d	63,000.00
Gas Utility	General	K.S.A. 12-825d	540,000.00
Gas Utility	Equipment Reserve	K.S.A. 12-825d	16,250.00
Gas Utility	Stores	K.S.A. 12-825d	33,333.00

Residual transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
Emergency Rescue	General	K.S.A. 12-825d	\$ 193,831.49

**13. SUBSEQUENT EVENTS**

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

## **SUPPLEMENTARY INFORMATION**

**CITY OF IOLA, KANSAS**

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

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures		Variance - Over (Under)
				Charged to Current Year Budget	Current Year Budget	
General Fund	\$ 6,474,230.00	\$ 189,824.83	\$ 6,664,054.83	\$ 5,885,063.80	\$	(778,991.03)
Special Purpose Funds:						
Industrial	140,602.00	-	140,602.00	25,907.53		(114,694.47)
Library	212,131.00	-	212,131.00	205,914.59		(6,216.41)
Special Parks and Recreation	535,882.00	-	535,882.00	378,144.29		(157,737.71)
Tourism and Convention	70,000.00	-	70,000.00	68,247.19		(1,752.81)
Equipment Reserve	132,499.00	-	132,499.00	55,176.00		(77,323.00)
Special Highway	140,000.00	-	140,000.00	-		(140,000.00)
Emergency Rescue	193,832.00	-	193,832.00	193,831.49		(0.51)
Business Funds:						
Electric Utility	12,438,237.00	-	12,438,237.00	10,993,677.66		(1,444,559.34)
Water Utility	2,060,007.00	-	2,060,007.00	1,934,700.65		(125,306.35)
Gas Utility	4,649,983.00	-	4,649,983.00	3,673,191.44		(976,791.56)
Solid Waste Utility	242,626.00	-	242,626.00	223,388.37		(19,237.63)
Wastewater Utility	1,853,808.00	-	1,853,808.00	1,659,775.51		(194,032.49)
Storm Water Fees	45,000.00	-	45,000.00	2,131.05		(42,868.95)
Stores	427,700.00	-	427,700.00	362,088.83		(65,611.17)
Employee Health Insurance	704,900.00	-	704,900.00	672,289.93		(32,610.07)

**CITY OF IOLA, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
<b>Taxes and Shared Receipt</b>				
Ad Valorem Property Tax	\$ 948,364.71	\$ 936,858.33	\$ 991,992.00	\$ (55,133.67)
Delinquent Tax	20,164.44	21,013.57	17,000.00	4,013.57
Motor Vehicle Tax	138,728.07	136,446.38	139,207.00	(2,760.62)
Rental Motor Vehicle Tax	233.61	202.02	-	202.02
Recreational Vehicle Tax	1,171.19	1,027.48	1,400.00	(372.52)
16/20M Truck Tax	2,402.89	1,728.39	1,200.00	528.39
Payments in Lieu of Taxes	4,562.08	4,733.50	4,000.00	733.50
County Sales Tax	873,055.13	973,691.86	882,300.00	91,391.86
Franchise Taxes	100,664.02	87,960.46	100,000.00	(12,039.54)
Special Assessments	1,137.50	4,138.75	6,000.00	(1,861.25)
<b>Intergovernmental</b>				
Highway Connecting Links	21,297.31	21,311.99	21,000.00	311.99
Local Alcoholic Liquor Tax	11,931.53	11,675.62	10,000.00	1,675.62
Federal Grants - Click Step	1,031.36	689.63	-	689.63
Federal Grants - Bunker Gear	106,995.00	33,062.00	-	33,062.00
Federal Grants - SAFER	120,620.72	127,233.08	100,000.00	27,233.08
Federal Grants - Vests	-	2,277.84	2,000.00	277.84
State Grants - FEMA	2,000.00	-	-	-
County Grants - Taser	-	-	6,000.00	(6,000.00)
<b>Licenses and Permits</b>				
Licenses, Permits & Fees	23,921.49	18,843.51	15,000.00	3,843.51
<b>Charges for Services</b>				
Storm Water Utility	261.76	13.36	-	13.36
Late Fee Penalties	85,364.54	78,620.63	75,000.00	3,620.63
Dog Tags	2,645.00	2,500.50	3,000.00	(499.50)
Impound Fees	4,227.07	5,109.00	-	5,109.00
Cemetery Lot Sales	17,675.00	3,985.00	15,000.00	(11,015.00)
Cemetery Grave Openings	20,040.00	11,870.00	-	11,870.00
Rural Fire Contracts	70,775.44	74,379.44	65,000.00	9,379.44
Ambulance Surcharge	-	97,550.39	40,000.00	57,550.39
EMS County Surcharge	-	886,000.00	760,000.00	126,000.00
<b>Fines, Forfeitures and Penalties</b>				
Fines	112,167.36	111,357.14	100,000.00	11,357.14
<b>Use of Money and Property</b>				
Interest Income	896.18	2,557.50	3,000.00	(442.50)
Rental Receipts	10,799.45	8,210.00	8,000.00	210.00

**CITY OF IOLA, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts (Continued)</b>				
Other Receipts				
Donations	\$ 12,504.00	\$ 6,543.20	\$ 500.00	\$ 6,043.20
Miscellaneous	40,359.54	48,423.03	3,000.00	45,423.03
Reimbursed Expense	198,217.93	189,824.83	185,000.00	4,824.83
Operating Transfers from:				
Electric Utility Fund	1,080,000.00	1,125,000.00	1,365,000.00	(240,000.00)
Water Utility Fund	200,000.00	200,000.00	200,000.00	-
Wastewater Utility Fund	84,000.00	84,000.00	204,000.00	(120,000.00)
Solid Waste Utility Fund	36,000.00	36,000.00	36,000.00	-
Gas Utility Fund	540,000.00	540,000.00	580,000.00	(40,000.00)
Residual Transfer from Emergency Rescue Fund	-	193,831.49	218,000.00	(24,168.51)
<b>Total Receipts</b>	<b>4,894,214.32</b>	<b>6,088,669.92</b>	<b>\$ 6,157,599.00</b>	<b>\$ (68,929.08)</b>
<b>Expenditures</b>				
City Clerk Department				
Personal Services	325,293.83	316,219.49	\$ 328,462.00	\$ (12,242.51)
Contractual Services	96,877.89	130,641.89	135,398.00	(4,756.11)
Commodities	46,958.76	60,440.93	54,200.00	6,240.93
Capital Outlay	2,092.84	3,159.75	2,500.00	659.75
Police Department				
Personal Services	970,030.99	986,631.63	1,048,251.00	(61,619.37)
Contractual Services	75,789.68	75,408.91	89,385.00	(13,976.09)
Commodities	50,084.71	57,669.76	58,900.00	(1,230.24)
Capital Outlay	45,044.49	31,696.79	36,400.00	(4,703.21)
Street and Alley Department				
Personal Services	414,750.23	429,271.11	435,701.00	(6,429.89)
Contractual Services	44,574.22	31,595.14	69,850.00	(38,254.86)
Commodities	267,224.68	216,689.25	289,625.00	(72,935.75)
Capital Outlay	8,500.00	57.02	-	57.02
Parks Department				
Personal Services	313,285.24	316,415.55	330,528.00	(14,112.45)
Contractual Services	13,093.92	19,371.80	14,575.00	4,796.80
Commodities	43,918.72	38,825.70	49,500.00	(10,674.30)
Capital Outlay	-	11,649.55	11,750.00	(100.45)
911 Dispatch Department				
Personal Services	-	0.15	-	0.15
Contractual Services	314.44	-	-	-

**CITY OF IOLA, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Fire/EMS Department				
Personal Services	\$ 840,954.91	\$ 1,846,614.89	\$ 1,984,150.00	\$ (137,535.11)
Contractual Services	25,241.29	108,554.93	145,900.00	(37,345.07)
Commodities	48,038.98	127,984.93	149,700.00	(21,715.07)
Capital Outlay	109,182.05	44,515.23	47,000.00	(2,484.77)
City Administrator Department				
Personal Services	230,351.15	236,358.05	265,621.00	(29,262.95)
Contractual Services	23,612.04	16,484.17	22,050.00	(5,565.83)
Commodities	10,417.09	9,135.01	14,700.00	(5,564.99)
Code Enforcement Department				
Personal Services	108,421.51	113,692.74	130,966.00	(17,273.26)
Contractual Services	52,561.11	49,864.37	57,750.00	(7,885.63)
Commodities	14,490.36	18,986.03	40,000.00	(21,013.97)
Capital Outlay	16,754.35	-	1,500.00	(1,500.00)
City Council Department				
Contractual Services	120,471.79	88,673.29	107,800.00	(19,126.71)
Commodities	397.97	75.68	150.00	(74.32)
Municipal Court Department				
Personal Services	62,015.81	63,472.64	75,200.00	(11,727.36)
Contractual Services	65,203.90	85,299.90	89,350.00	(4,050.10)
Commodities	12,620.15	10,496.70	4,000.00	6,496.70
Library Department				
Personal Services	181,440.51	179,422.82	190,530.00	(11,107.18)
Contractual Services	-	100.00	-	100.00
Operating Transfers to				
Equipment Reserve Fund	94,150.50	159,588.00	192,838.00	(33,250.00)
Total Certified Budget			6,474,230.00	(589,166.20)
Adjustments for Qualifying Budget Credits			189,824.83	(189,824.83)
Total Expenditures	4,734,160.11	5,885,063.80	\$ 6,664,054.83	\$ (778,991.03)
Receipts Over(Under) Expenditures	160,054.21	203,606.12		
Unencumbered Cash, Beginning	227,370.48	387,424.69		
Unencumbered Cash, Ending	\$ 387,424.69	\$ 591,030.81		

**CITY OF IOLA, KANSAS**  
**INDUSTRIAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 30,927.26	\$ 31,325.19	\$ 33,172.00	\$ (1,846.81)
Delinquent Tax	654.69	686.31	500.00	186.31
Motor Vehicle Tax	4,519.42	4,450.23	4,540.00	(89.77)
Rental Motor Vehicle Tax	7.60	6.60	-	6.60
Recreational Vehicle Tax	38.15	33.52	46.00	(12.48)
16/20M Truck Tax	77.92	56.40	64.00	(7.60)
Payments in Lieu of Taxes	148.77	158.29	-	158.29
Use of Money and Property				
Rental Receipts	7,200.00	7,200.00	3,000.00	4,200.00
Interest Income	31.51	35.30	-	35.30
<b>Total Receipts</b>	<b>43,605.32</b>	<b>43,951.84</b>	<b>\$ 41,322.00</b>	<b>\$ 2,629.84</b>
<b>Expenditures</b>				
General Government				
Contractual Services	919.88	1,738.91	\$ 16,200.00	\$ (14,461.09)
Commodities	41,530.12	24,168.62	124,000.00	(99,831.38)
Neighborhood Revitalization Rebate	-	-	402.00	(402.00)
<b>Total Expenditures</b>	<b>42,450.00</b>	<b>25,907.53</b>	<b>\$ 140,602.00</b>	<b>\$ (114,694.47)</b>
Receipts Over(Under) Expenditures	1,155.32	18,044.31		
Unencumbered Cash, Beginning	114,579.71	115,735.03		
Unencumbered Cash, Ending	<b>\$ 115,735.03</b>	<b>\$ 133,779.34</b>		

**CITY OF IOLA, KANSAS**  
**LIBRARY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 174,481.00	\$ 175,554.85	\$ 185,897.00	\$ (10,342.15)
Delinquent Tax	3,656.91	3,845.73	-	3,845.73
Motor Vehicle Tax	25,164.01	25,084.03	25,613.00	(528.97)
Rental Motor Vehicle Tax	41.98	37.10	-	37.10
Recreational Vehicle Tax	212.42	188.85	259.00	(70.15)
16/20M Truck Tax	423.49	316.98	362.00	(45.02)
Payments in Lieu of Taxes	839.34	887.05	-	887.05
<b>Total Receipts</b>	<b>204,819.15</b>	<b>205,914.59</b>	<b>\$ 212,131.00</b>	<b>\$ (6,216.41)</b>
<b>Expenditures</b>				
Culture and Recreation				
Library Appropriations	204,818.58	205,914.59	\$ 210,000.00	\$ (4,085.41)
Neighborhood Revitalization Rebate	-	-	2,131.00	(2,131.00)
<b>Total Expenditures</b>	<b>204,818.58</b>	<b>205,914.59</b>	<b>\$ 212,131.00</b>	<b>\$ (6,216.41)</b>
Receipts Over(Under) Expenditures	0.57	-		
Unencumbered Cash, Beginning	(0.57)	-		
Unencumbered Cash, Ending	\$ -	\$ -		

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipt				
Local Alcoholic Liquor Tax	\$ 11,931.51	\$ 11,675.64	\$ 10,194.00	\$ 1,481.64
Charges for Services				
Program Fees	100,310.15	116,485.65	132,450.00	(15,964.35)
Use of Money and Property				
Rental Receipts	550.00	1,250.00	1,500.00	(250.00)
Other Receipts				
Donations	7,785.00	6,753.98	104,000.00	(97,246.02)
Operating Transfers from:				
Electric Utility Fund	240,000.00	230,000.00	230,000.00	-
Gas Utility Fund	73,000.00	63,000.00	63,000.00	-
<b>Total Receipts</b>	<u>433,576.66</u>	<u>429,165.27</u>	<u>\$ 541,144.00</u>	<u>\$ (111,978.73)</u>
<b>Expenditures</b>				
Culture and Recreation				
Personal Services	212,120.89	227,978.71	\$ 250,882.00	\$ (22,903.29)
Contractual Services	24,488.44	38,667.62	135,200.00	(96,532.38)
Commodities	100,959.48	111,497.96	149,800.00	(38,302.04)
Capital Outlay	8,965.00	-	-	-
<b>Total Expenditures</b>	<u>346,533.81</u>	<u>378,144.29</u>	<u>\$ 535,882.00</u>	<u>\$ (157,737.71)</u>
Receipts Over(Under) Expenditures	87,042.85	51,020.98		
Unencumbered Cash, Beginning	<u>30,968.13</u>	<u>118,010.98</u>		
Unencumbered Cash, Ending	<u>\$ 118,010.98</u>	<u>\$ 169,031.96</u>		

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Local Alcoholic Liquor Tax	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	\$ -	\$ -
Expenditures				
Culture and Recreation				
Alcohol Programs	-	-	\$ -	\$ -
Total Expenditures	-	-	\$ -	\$ -
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	606.58	606.58		
Unencumbered Cash, Ending	\$ 606.58	\$ 606.58		

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Transient Guest Tax	\$ 56,895.80	78,480.58	\$ 78,500.00	\$ (19.42)
Use of Money and Property				
Interest Income	4.30	5.83	-	5.83
Total Receipts	56,900.10	78,486.41	\$ 78,500.00	\$ (13.59)
Expenditures				
General Government				
Contractual Services	49,643.64	68,247.19	\$ 70,000.00	\$ (1,752.81)
Total Expenditures	49,643.64	68,247.19	\$ 70,000.00	\$ (1,752.81)
Receipts Over(Under) Expenditures	7,256.46	10,239.22		
Unencumbered Cash, Beginning	8,330.56	15,587.02		
Unencumbered Cash, Ending	\$ 15,587.02	\$ 25,826.24		

**CITY OF IOLA, KANSAS**  
**SPECIAL HIGHWAY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Taxes and Shared Receipt				
Motor Fuel Tax	\$ 143,444.54	\$ 146,365.68	\$ 148,150.00	\$ (1,784.32)
Use of Money and Property				
Interest Income	72.29	109.14	150.00	(40.86)
<b>Total Receipts</b>	<u>143,516.83</u>	<u>146,474.82</u>	<u>\$ 148,300.00</u>	<u>\$ (1,825.18)</u>
<b>Expenditures</b>				
General Government				
Contractual Services	140,000.00	-	\$ 140,000.00	\$ (140,000.00)
<b>Total Expenditures</b>	<u>140,000.00</u>	<u>-</u>	<u>\$ 140,000.00</u>	<u>\$ (140,000.00)</u>
Receipts Over(Under) Expenditures	3,516.83	146,474.82		
Unencumbered Cash, Beginning	<u>270,583.18</u>	<u>274,100.01</u>		
Unencumbered Cash, Ending	<u>\$ 274,100.01</u>	<u>\$ 420,574.83</u>		

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Use of Money and Property				
Interest Income	\$ 59.53	\$ 564.54	\$ 80.00	\$ 484.54
Operating Transfers from:				
General Fund	94,150.50	159,588.00	152,838.00	6,750.00
Emergency Rescue Fund	-	-	40,000.00	(40,000.00)
Solid Waste Utility Fund	30,000.00	30,000.00	30,000.00	-
Electric Utility Fund	1,109,000.00	1,101,500.00	1,101,500.00	-
Water Utility Fund	45,000.00	2,500.00	2,500.00	-
Gas Utility Fund	63,749.00	16,250.00	16,250.00	-
Wastewater Utility Fund	-	12,500.00	12,500.00	-
<b>Total Receipts</b>	<u>1,341,959.03</u>	<u>1,322,902.54</u>	<u>\$ 1,355,668.00</u>	<u>\$ (32,765.46)</u>
<b>Expenditures</b>				
General Government				
Capital Outlay	6,000.00	55,176.00	\$ 132,499.00	\$ (77,323.00)
<b>Total Expenditures</b>	<u>6,000.00</u>	<u>55,176.00</u>	<u>\$ 132,499.00</u>	<u>\$ (77,323.00)</u>
Receipts Over(Under) Expenditures	1,335,959.03	1,267,726.54		
Unencumbered Cash, Beginning	106,543.50	1,442,502.53		
Unencumbered Cash, Ending	<u>\$ 1,442,502.53</u>	<u>\$ 2,710,229.07</u>		

**CITY OF IOLA, KANSAS**  
**EMERGENCY RESCUE FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Allen County Appropriations	\$ 80,000.00	\$ -	\$ -	\$ -
Charges for Services				
Transport Fees	238,365.69	18,375.49	18,376.00	(0.51)
Total Receipts	318,365.69	18,375.49	\$ 18,376.00	\$ (0.51)
Expenditures				
Emergency Services				
Personal Services	300,393.08	-	\$ -	\$ -
Contractual Services	14,348.16	-	-	-
Commodities	32,157.84	-	-	-
Capital Outlay	2,931.95	-	-	-
Residual Transfers to General Fund	-	193,831.49	193,832.00	(0.51)
Total Expenditures	349,831.03	193,831.49	\$ 193,832.00	\$ (0.51)
Receipts Over(Under) Expenditures	(31,465.34)	(175,456.00)		
Unencumbered Cash, Beginning	206,921.34	175,456.00		
Unencumbered Cash, Ending	\$ 175,456.00	\$ -		

**CITY OF IOLA, KANSAS**  
**COMPREHENSIVE STREET PROGRAM FUND**  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ -	\$ 36.93
Operating Transfers from Major Projects Fund	-	200,000.00
Total Receipts	-	200,036.93
Expenditures		
Capital Projects		
Contractual Services	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	200,036.93
Unencumbered Cash, Beginning	3,435.37	3,435.37
Unencumbered Cash, Ending	\$ 3,435.37	\$ 203,472.30

**CITY OF IOLA, KANSAS**  
**MAJOR PROJECTS FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Receipt		
Federal Grants - Rail Trail	\$ 16,435.46	\$ -
Highway Connecting Links	139,277.50	-
County Sales Tax	678,020.92	710,869.96
Other Receipts		
Donations - Playground	-	127,419.00
Miscellaneous	-	4,873.46
Reimbursed Expense	10,712.24	4,050.00
Total Receipts	<u>844,446.12</u>	<u>847,212.42</u>
Expenditures		
Capital Projects		
Contractual Services	543,123.06	654,120.79
Operating Transfers to Comprehensive Street Program Fund	-	200,000.00
Total Expenditures	<u>543,123.06</u>	<u>854,120.79</u>
Receipts Over(Under) Expenditures	301,323.06	(6,908.37)
Unencumbered Cash, Beginning	<u>897,844.56</u>	<u>1,199,167.62</u>
Unencumbered Cash, Ending	<u><u>\$ 1,199,167.62</u></u>	<u><u>\$ 1,192,259.25</u></u>

**CITY OF IOLA, KANSAS**  
**HOUSING GRANT FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants	\$ 182,291.00	\$ 6,288.00
Other Receipts		
Receipts from Owners	3,800.00	-
Total Receipts	<u>186,091.00</u>	<u>6,288.00</u>
Expenditures		
Capital Projects		
Contractual Services	189,590.01	8,664.37
Total Expenditures	<u>189,590.01</u>	<u>8,664.37</u>
Receipts Over(Under) Expenditures	(3,499.01)	(2,376.37)
Unencumbered Cash, Beginning	<u>5,875.38</u>	<u>2,376.37</u>
Unencumbered Cash, Ending	<u>\$ 2,376.37</u>	<u>\$ -</u>

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Charges for Services				
Electric Charges	\$ 10,062,347.11	\$ 9,239,633.53	\$ 12,122,050.00	\$ (2,882,416.47)
Connection Fees	7,450.00	8,540.00	8,500.00	40.00
Meter Installations	1,050.00	925.00	-	925.00
Use of Money and Property				
Sale of Assets	-	7,200.00	-	7,200.00
Interest Income	825.55	388.10	500.00	(111.90)
Rentals Crops and Poles	11,241.46	11,241.46	12,000.00	(758.54)
Other Receipts				
Miscellaneous	180,750.97	13,293.38	20,000.00	(6,706.62)
Reimbursed Expense	-	2,500.00	-	2,500.00
<b>Total Receipts</b>	<b>10,263,665.09</b>	<b>9,283,721.47</b>	<b>\$ 12,163,050.00</b>	<b>\$ (2,879,328.53)</b>
<b>Expenditures</b>				
Generation and Distribution				
Personal Services	811,329.12	759,434.48	\$ 851,803.00	\$ (92,368.52)
Contractual Services	6,526,969.22	6,612,300.44	7,962,600.00	(1,350,299.56)
Commodities	214,069.88	283,011.47	394,000.00	(110,988.53)
Capital Outlay	144,369.96	849,097.27	500,000.00	349,097.27
Operating Transfers to:				
General Fund	1,080,000.00	1,125,000.00	1,365,000.00	(240,000.00)
Equipment Reserve Fund	1,109,000.00	1,101,500.00	1,101,500.00	-
Stores Fund	33,334.00	33,334.00	33,334.00	-
Special Parks and Recreation Fund	240,000.00	230,000.00	230,000.00	-
<b>Total Expenditures</b>	<b>10,159,072.18</b>	<b>10,993,677.66</b>	<b>\$ 12,438,237.00</b>	<b>\$ (1,444,559.34)</b>
Receipts Over(Under) Expenditures	104,592.91	(1,709,956.19)		
Unencumbered Cash, Beginning	2,475,383.76	2,579,976.67		
Unencumbered Cash, Ending	<b>\$ 2,579,976.67</b>	<b>\$ 870,020.48</b>		

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Charges for Services				
Water Charges	\$ 1,769,720.01	\$ 1,819,880.38	\$ 2,038,581.00	\$ (218,700.62)
Connection Fee	5,792.25	7,365.00	5,000.00	2,365.00
Late Fees	27,900.00	26,884.29	26,000.00	884.29
Other Receipts				
Miscellaneous	201,903.95	683.52	2,600.00	(1,916.48)
<b>Total Receipts</b>	<b>2,005,316.21</b>	<b>1,854,813.19</b>	<b>\$ 2,072,181.00</b>	<b>\$ (217,367.81)</b>
<b>Expenditures</b>				
Treatment and Distribution				
Personal Services	438,577.85	457,390.75	\$ 467,816.00	\$ (10,425.25)
Contractual Services	161,625.75	200,561.82	909,825.00	(709,263.18)
Commodities	356,987.01	341,635.78	361,200.00	(19,564.22)
Capital Outlay	109,734.42	23,457.30	85,333.00	(61,875.70)
Debt Service				
Principal	525,000.00	535,000.00	-	535,000.00
Interest	151,322.50	140,822.50	-	140,822.50
Operating Transfers to:				
General Fund	200,000.00	200,000.00	200,000.00	-
Equipment Reserve Fund	45,000.00	2,500.00	2,500.00	-
Stores Fund	25,000.00	33,332.50	33,333.00	(0.50)
<b>Total Expenditures</b>	<b>2,013,247.53</b>	<b>1,934,700.65</b>	<b>\$ 2,060,007.00</b>	<b>\$ (125,306.35)</b>
Receipts Over(Under) Expenditures	(7,931.32)	(79,887.46)		
Unencumbered Cash, Beginning	274,183.30	266,251.98		
Unencumbered Cash, Ending	<u>\$ 266,251.98</u>	<u>\$ 186,364.52</u>		

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Charges for Services				
Gas Charges	\$ 3,090,480.01	\$ 3,708,528.87	\$ 4,000,000.00	\$ (291,471.13)
Connection Fee	5,495.00	6,110.00	5,200.00	910.00
Other Receipts				
Miscellaneous	80.80	170,740.41	170,740.00	0.41
<b>Total Receipts</b>	<b>3,096,055.81</b>	<b>3,885,379.28</b>	<b>\$ 4,175,940.00</b>	<b>\$ (290,560.72)</b>
<b>Expenditures</b>				
Operating Expenditures				
Personal Services	263,362.88	271,695.96	\$ 286,500.00	\$ (14,804.04)
Contractual Services	2,053,092.38	2,648,304.37	3,568,150.00	(919,845.63)
Commodities	54,594.38	62,894.73	65,750.00	(2,855.27)
Capital Outlay	23,098.34	37,713.38	37,000.00	713.38
Operating Transfers to:				
General Fund	540,000.00	540,000.00	580,000.00	(40,000.00)
Special Parks and Recreation Fund	73,000.00	63,000.00	63,000.00	-
Equipment Reserve Fund	63,749.00	16,250.00	16,250.00	-
Stores Fund	33,333.00	33,333.00	33,333.00	-
<b>Total Expenditures</b>	<b>3,104,229.98</b>	<b>3,673,191.44</b>	<b>\$ 4,649,983.00</b>	<b>\$ (976,791.56)</b>
Receipts Over(Under) Expenditures	(8,174.17)	212,187.84		
Unencumbered Cash, Beginning	718,390.29	710,216.12		
Unencumbered Cash, Ending	<b>\$ 710,216.12</b>	<b>\$ 922,403.96</b>		

**CITY OF IOLA, KANSAS**  
**SOLID WASTE UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Solid Waste Fees	\$ 242,888.38	\$ 241,523.79	\$ 260,000.00	\$ (18,476.21)
Use of Money and Property				
Interest Income	16.23	23.21	60.00	(36.79)
Total Receipts	<u>242,904.61</u>	<u>241,547.00</u>	<u>\$ 260,060.00</u>	<u>\$ (18,513.00)</u>
Expenditures				
Collections				
Personal Services	130,286.56	130,921.54	\$ 144,326.00	\$ (13,404.46)
Contractual Services	6,886.23	8,334.86	7,000.00	1,334.86
Commodities	25,562.53	18,131.97	25,300.00	(7,168.03)
Capital Outlay	-	-	-	-
Operating Transfers to:				
General Fund	36,000.00	36,000.00	36,000.00	-
Equipment Reserve Fund	30,000.00	30,000.00	30,000.00	-
Total Expenditures	<u>228,735.32</u>	<u>223,388.37</u>	<u>\$ 242,626.00</u>	<u>\$ (19,237.63)</u>
Receipts Over(Under) Expenditures	14,169.29	18,158.63		
Unencumbered Cash, Beginning	<u>54,537.04</u>	<u>68,706.33</u>		
Unencumbered Cash, Ending	<u>\$ 68,706.33</u>	<u>\$ 86,864.96</u>		

**CITY OF IOLA, KANSAS**  
**WASTEWATER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Intergovernmental				
Federal Grants - EPA	\$ 96,030.00	\$ 612,111.49	\$ 1,003,525.00	\$ (391,413.51)
Charges for Services				
Wastewater Charges	860,047.04	856,747.17	900,000.00	(43,252.83)
Use of Money and Property				
Loan Proceeds	276,980.00	391,413.62	-	391,413.62
Interest Income	39.86	156.67	100.00	56.67
Other Receipts				
Miscellaneous	-	2,170.92	2,171.00	(0.08)
<b>Total Receipts</b>	<u>1,233,096.90</u>	<u>1,862,599.87</u>	<u>\$ 1,905,796.00</u>	<u>\$ (43,196.13)</u>
<b>Expenditures</b>				
Collection and Treatment				
Personal Services	194,335.16	153,392.61	\$ 168,455.00	\$ (15,062.39)
Contractual Services	44,015.34	40,720.17	312,920.00	(272,199.83)
Commodities	31,242.43	26,745.72	35,000.00	(8,254.28)
Capital Outlay	328,929.94	1,087,583.45	1,087,600.00	(16.55)
Debt Service				
Principal	118,390.24	162,213.58	-	162,213.58
Interest	54,794.66	59,287.48	-	59,287.48
Operating Transfers to:				
General Fund	84,000.00	84,000.00	204,000.00	(120,000.00)
Equipment Reserve Fund	-	12,500.00	12,500.00	-
Stores Fund	33,333.00	33,332.50	33,333.00	(0.50)
<b>Total Expenditures</b>	<u>889,040.77</u>	<u>1,659,775.51</u>	<u>\$ 1,853,808.00</u>	<u>\$ (194,032.49)</u>
Receipts Over(Under) Expenditures	344,056.13	202,824.36		
Unencumbered Cash, Beginning	<u>121,597.09</u>	<u>465,653.22</u>		
Unencumbered Cash, Ending	<u>\$ 465,653.22</u>	<u>\$ 668,477.58</u>		

**CITY OF IOLA, KANSAS**  
**STORM WATER FEES FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Storm Water Fees	\$ 73,560.86	\$ 72,498.00	\$ 70,000.00	\$ 2,498.00
Total Receipts	73,560.86	72,498.00	\$ 70,000.00	\$ 2,498.00
Expenditures				
General Government				
Contractual Services	495.54	2,131.05	\$ 45,000.00	\$ (42,868.95)
Total Expenditures	495.54	2,131.05	\$ 45,000.00	\$ (42,868.95)
Receipts Over(Under) Expenditures	73,065.32	70,366.95		
Unencumbered Cash, Beginning	30,278.00	103,343.32		
Unencumbered Cash, Ending	\$ 103,343.32	\$ 173,710.27		

**CITY OF IOLA, KANSAS**  
**STORES FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Internal Service Charges	\$ 236,910.85	\$ 243,412.14	\$ 300,000.00	\$ (56,587.86)
Other Receipts				
Miscellaneous	-	135.00	-	135.00
Operating Transfers from:				
Water Utility Fund	25,000.00	33,332.50	33,333.00	(0.50)
Gas Utility Fund	33,333.00	33,333.00	33,333.00	-
Electric Utility Fund	33,334.00	33,334.00	33,334.00	-
Wastewater Utility Fund	33,333.00	33,332.50	33,333.00	(0.50)
Total Receipts	<u>361,910.85</u>	<u>376,879.14</u>	<u>\$ 433,333.00</u>	<u>\$ (56,453.86)</u>
Expenditures				
General Government				
Personal Services	97,532.00	100,160.30	\$ 99,535.00	\$ 625.30
Contractual Services	11,944.46	14,846.34	16,565.00	(1,718.66)
Commodities	252,409.88	244,582.19	311,600.00	(67,017.81)
Capital Outlay	-	2,500.00	-	2,500.00
Total Expenditures	<u>361,886.34</u>	<u>362,088.83</u>	<u>\$ 427,700.00</u>	<u>\$ (65,611.17)</u>
Receipts Over(Under) Expenditures	24.51	14,790.31		
Unencumbered Cash, Beginning	<u>29,938.54</u>	<u>29,963.05</u>		
Unencumbered Cash, Ending	<u>\$ 29,963.05</u>	<u>\$ 44,753.36</u>		

**CITY OF IOLA, KANSAS**  
**EMPLOYEE HEALTH INSURANCE FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Use of Money and Property				
Interest Income	\$ 91.51	\$ 132.70	\$ 200.00	\$ (67.30)
Other Receipts				
Reimbursed Expense	701,298.14	639,499.96	830,000.00	(190,500.04)
Total Receipts	701,389.65	639,632.66	\$ 830,200.00	\$ (190,567.34)
Expenditures				
General Government				
Contractual	509,074.06	672,289.93	\$ 704,900.00	\$ (32,610.07)
Total Expenditures	509,074.06	672,289.93	\$ 704,900.00	\$ (32,610.07)
Receipts Over(Under) Expenditures	192,315.59	(32,657.27)		
Unencumbered Cash, Beginning	317,984.08	510,299.67		
Unencumbered Cash, Ending	\$ 510,299.67	\$ 477,642.40		

**CITY OF IOLA, KANSAS**  
**WM. GREEN TRUST FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ -	\$ -
Total Receipts	-	-
Expenditures		
Commodities	514.03	1,541.41
Total Expenditures	514.03	1,541.41
Receipts Over(Under) Expenditures	(514.03)	(1,541.41)
Unencumbered Cash, Beginning	42,356.94	41,842.91
Unencumbered Cash, Ending	\$ 41,842.91	\$ 40,301.50

**CITY OF IOLA, KANSAS**  
**JOSEPH AND MARY WOLF MEMORIAL FUND**  
Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2014

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 2,265.76	\$ 3,140.48
Total Receipts	2,265.76	3,140.48
Expenditures		
Commodities	841.66	2,033.44
Total Expenditures	841.66	2,033.44
Receipts Over(Under) Expenditures	1,424.10	1,107.04
Unencumbered Cash, Beginning	13,615.76	15,039.86
Unencumbered Cash, Ending	\$ 15,039.86	\$ 16,146.90

**CITY OF IOLA, KANSAS**  
**AGENCY FUNDS**  
 Schedule of Receipts and Disbursements  
 Regulatory Basis  
 For the Year Ended December 31, 2014

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Clean Up Fund	\$ 4,066.59	\$ 1.42	\$ -	\$ 4,068.01
Community Involvement Task Force	5,784.78	15,921.49	3,532.39	18,173.88
Fire Insurance Proceeds	11,220.39	7,302.08	12,900.58	5,621.89
Special Law Enforcement	1,122.14	606.50	-	1,728.64
Kansas Sales Tax	(20,926.11)	335,334.75	324,299.77	(9,891.13)
Police Calendar Fund	-	3,500.00	1,634.14	1,865.86
	<u>\$ 1,267.79</u>	<u>\$ 362,666.24</u>	<u>\$ 342,366.88</u>	<u>\$ 21,567.15</u>

**CITY OF IOLA, KANSAS**  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2014

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH IDENTIFYING NUMBER	FEDERAL CFDA NUMBER	CASH RECEIPTS	DISBURSE- MENTS/ EXPENDITURES
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
Direct Grant				
Assistance to Firefighters Grant Program	N/A	97.044	\$ 33,062.00	\$ 10,462.00
Staffing for Adequate Fire and Emergency Response (SAFER) - Hiring	N/A	97.044	127,233.08	168,843.49
		Total 97.044	160,295.08	179,305.49
Total U.S. Department of Homeland Security			160,295.08	179,305.49
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>				
Direct Grant				
COPS Hiring Program	N/A	16.710	-	1,860.99
Bulletproof Vest Partnership		16.607	2,277.84	1,635.31
Total U.S. Department of Justice			2,277.84	3,496.30
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>				
Direct Grant				
Congressionally Mandated Projects	N/A	66.202	612,111.49	560,017.10
Total Environmental Protection Agency			612,111.49	560,017.10
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
Passed through the Kansas Department of Transportation				
CLICK Step Special Enforcement Program	OP-1163-14	20.600	689.63	689.63
Total U.S. Department of Transportation			689.63	689.63
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
Passed through the Kansas Department of Commerce				
Community Development Block Grant	10-HR-028	14.228	6,288.00	-
Total U.S. Department of Housing and Urban Development			6,288.00	-
TOTAL ALL PROGRAMS			\$ 781,662.04	\$ 743,508.52

Note to the Schedule of Expenditures of Federal Awards:

Federal expenditures are recorded on the accrual basis of accounting, which records expenses when the goods or services are received, and not necessarily when paid.

(M) - Tested as a Major Program

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

**INDEPENDENT AUDITORS' 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**

Honorable Mayor and City Council  
City of Iola, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the City of Iola, Kansas, as of and for the year ended December 31, 2014, and the related notes to the financial statement, which collectively comprise City of Iola, Kansas' basic financial statement, and have issued our report thereon dated June 4, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, we considered City of Iola, Kansas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of City of Iola, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of City of Iola, Kansas' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statement 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 charged with governance.

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Iola, Kansas' financial statement are free from 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*.

**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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
June 4, 2015

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

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

Honorable Mayor and City Council  
City of Iola, Kansas

**Report on Compliance for Each Major Federal Program**

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

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Iola, Kansas' 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Iola, Kansas' 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 of City of Iola, Kansas' compliance.

***Opinion on Each Major Federal Program***

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

**Report on Internal Control over Compliance**

Management of City of Iola, Kansas, 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 City of Iola, Kansas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Iola, Kansas' 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 charged with governance.

Our consideration of 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. 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.

**Purpose of this Report**

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



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
June 4, 2015

**CITY OF IOLA, KANSAS**

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2014

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

The auditors' report expresses an adverse opinion on the financial statements of City of Iola, Kansas in accordance with generally accepted accounting principles and an unmodified opinion on the regulatory basis of accounting.

**Internal Control over Financial Reporting:**

Material weakness(es) identified?	_____	Yes	___X___	No
Significant deficiencies identified that are not considered to be a material weakness?	_____	Yes	___X___	No
Non compliance or other matters required to be reported under <i>Government Auditing Standards</i>	_____	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 a material weaknesses?	_____	Yes	___X___	No

The auditors' report on compliance for the major federal award programs for City of Iola, Kansas expresses an unmodified opinion.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____	Yes	___X___	No
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Identification of major programs:

**Environmental Protection Agency**

Congressionally Mandated Projects – CFDA No. 66.202

The threshold for distinguishing Types A and B programs was \$300,000.00.

Auditee qualified as a low risk auditee?	_____	Yes	___X___	No
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**CITY OF IOLA, KANSAS**

Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2014

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**II. FINANCIAL STATEMENT FINDINGS**

None

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**CITY OF IOLA, KANSAS**

Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2014

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**None**