

CITY OF ASHLAND, KANSAS

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Ashland, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of the City of Ashland, Kansas as of and for the year ended December 31, 2017 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 A; 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on 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 A, the financial statement is prepared by the City of Ashland, 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 A 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 the City of Ashland, Kansas as of December 31, 2017, or changes in financial position and cash flows thereof for the year then ended.

Unmodified 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 balances of the City of Ashland, Kansas as of December 31, 2017, 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 A.

Other Matters

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Ashland, Kansas as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated August 28, 2017, which contained an unmodified opinion on the basic financial statement. The 2016 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2016 actual column (2016 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for the year ended December 31, 2017 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2016 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 2016 basic financial statement. The 2016 comparative information was subjected to the auditing procedures applied in the audit of the 2016 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 2016 basic financial statement or to the 2016 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 2016 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2016, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

September 19, 2018

CITY OF ASHLAND, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS

For the Year Ended December 31, 2017

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>
General fund:		
General	\$ 41,610	\$ -
Special purpose funds:		
Library	3,077	-
Special highway	1,925	-
Special parks and recreation	2,518	-
Non-budgeted special purpose funds:		
GS little house grant	-	-
Special equipment	32,216	-
CDBG housing grant	11,786	-
George Theis, Jr. memorial	706	-
Pool improvement	-	-
	<u>52,228</u>	<u>-</u>
Business funds:		
Water utility	131,989	-
Electric utility	103,341	-
Sewer utility	8,565	-
Non-budgeted business funds:		
Water equipment reserve	25,300	-
Electric reserve	86,594	-
	<u>355,789</u>	<u>-</u>
Total - excluding agency funds	<u>\$ 449,627</u>	<u>\$ -</u>
Composition of cash balance:		
Checking accounts		
Petty cash		
Certificates of deposit		
Total cash		
Agency funds		
Total cash - excluding agency funds		

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

<u>Receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 500,205	\$ 489,938	\$ 51,877	\$ -	\$ 51,877
18,801	17,900	3,978	-	3,978
21,634	16,859	6,700	-	6,700
-	-	2,518	-	2,518
5,977	5,871	106	-	106
12,701	9,623	35,294	-	35,294
158,368	170,154	-	-	-
4	-	710	-	710
20,000	-	20,000	-	20,000
<u>237,485</u>	<u>220,407</u>	<u>69,306</u>	<u>-</u>	<u>69,306</u>
210,092	220,562	121,519	-	121,519
1,514,488	1,524,179	93,650	-	93,650
103,136	106,909	4,792	-	4,792
-	-	25,300	-	25,300
45,168	-	131,762	-	131,762
<u>1,872,884</u>	<u>1,851,650</u>	<u>377,023</u>	<u>-</u>	<u>377,023</u>
<u>\$ 2,610,574</u>	<u>\$ 2,561,995</u>	<u>\$ 498,206</u>	<u>\$ -</u>	<u>\$ 498,206</u>
				\$ 223,649
				100
				<u>300,500</u>
				524,249
				<u>(26,043)</u>
				<u>\$ 498,206</u>

CITY OF ASHLAND, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement and notes are representations of the City's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

The City of Ashland is a municipal corporation governed by an elected mayor and five-member council. This regulatory financial statement does not include the Ashland City Library or the Ashland, Kansas Public Building Commission, related municipal entities. A related municipal entity is an entity established to benefit the City and/or its constituents.

Ashland City Library. The Library is fiscally dependent on the City and the budget is approved by the City Council. The members of the governing board are appointed by the City Council. Acquisition or disposition of real property by the Library must be approved by the City. Bond issuances must also be approved by the City.

Ashland, Kansas Public Building Commission. The Commission was authorized by City Ordinance No. 598, pursuant to K.S.A. 12-1757 *et. seq.*, and all amendments thereto, and as amended, supplemented and limited by the City of Ashland, Kansas Charter Ordinance No. 7 establishing the composition thereof and purpose for which established.

2. Basis of Presentation - Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2017:

REGULATORY BASIS FUND TYPES

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Presentation - Fund Accounting (Continued)

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

Agency funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

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

The *Kansas Municipal Audit and Accounting Guide* (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 receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

4. 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:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. 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 regulatory receipts 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. There were no such budget amendments for this year.

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

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

A legal operating budget is not required for the George Theis, Jr. Memorial, CDBG Housing Grant, Special Equipment, GS Little House Grant, and the Pool Improvement special purpose funds, agency funds or the utility reserve funds.

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.

B. 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 to 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.

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, 2017.

At December 31, 2017 the carrying amount of the City's deposits was \$524,149 and the bank balance was \$593,331. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$93,331 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

C. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2017, were as follows:

<u>Issue paid</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance end</u>	<u>Interest and service fees of year</u>
Capital leases:					
Electric utility					
Issued May 15, 2013					
In the amount of \$380,225					
At interest rate of 1.98%					
Maturing May 15, 2018	\$ 107,053	\$ -	\$ 69,769	\$ 37,284	\$ 2,120
Electric utility					
Issued March 20, 2014					
In the amount of \$254,500					
At interest rate of 2.15%					
Maturing October 15, 2018	102,050	-	52,221	49,829	2,194
Sewer utility					
Issued March 15, 2016					
In the amount of \$142,850					
At interest rate of 3.15%					
Maturing March 15, 2021	<u>142,850</u>	<u>-</u>	<u>26,826</u>	<u>116,024</u>	<u>4,500</u>
Total long-term debt	<u>\$ 351,953</u>	<u>\$ -</u>	<u>\$ 148,816</u>	<u>\$ 203,137</u>	<u>\$ 8,814</u>

Current maturities of long-term debt and interest through maturity are as follows:

	<u>Principal due</u>	<u>Interest and service fees due</u>	<u>Total due</u>
2018	\$ 114,783	\$ 5,464	\$ 120,247
2019	28,542	2,783	31,325
2020	29,442	1,884	31,326
2021	<u>30,370</u>	<u>957</u>	<u>31,327</u>
Total	<u>\$ 203,137</u>	<u>\$ 11,088</u>	<u>\$ 214,225</u>

D. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statutory authority</u>
Electric utility	General	\$ 75,000	K.S.A. 12-825d
Water utility	General	70,000	K.S.A. 12-825d
Sewer utility	General	10,000	K.S.A. 12-825d
Electric utility	Special equipment	10,000	K.S.A. 12-825d
General	Electric reserve	<u>45,168</u>	K.S.A. 12-825d
		<u>\$ 210,168</u>	

E. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other post employment benefits. As provided by K.S.A. 12-5040, the City 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 this financial statement.

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.

Vacation leave – Ten working days per year are allowed as vacation leave to regular full time City employees after one year of service. This increases to fifteen vacation days after ten years of service. If not used by year-end, these days are lost.

Sick leave – Sick leave for regular full time employees is earned at a rate of four hours per month and may accrue up to a maximum of 360 hours. Unused sick leave will not be paid upon termination or resignation.

Section 457 deferred compensation plan – The City offers a Section 457 deferred compensation plan to all employees on a voluntary basis. The City does not contribute to the plan.

F. DEFINED BENEFIT PENSION PLAN

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium from the period of January 1, 2017 through September 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 8.46% for the fiscal year ended December 31, 2017. Contributions to the pension plan from the City were \$30,697 for the year ended December 31, 2017.

F. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability

At December 31, 2017, the City's proportionate share of the collective net pension liability reported by KPERS was \$303,640. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

G. PUBLIC BUILDING COMMISSION REVENUE BONDS

In October 2015, the City of Ashland, Kansas (City) and the City of Ashland Public Building Commission (PBC) entered into agreements to issue \$9,000,000 of Ashland, Kansas, Public Building Commission Revenue Bonds, Series 2015 to pay a portion of the costs to construct, furnish and equip a new hospital facility and improvements in an amount not to exceed \$15,100,000. In June 2016, the City and PBC entered into agreements to issue another \$5,510,000 of Ashland, Kansas, Public Building Commission Revenue Bonds, Series 2016 to pay a portion of the costs to construct, furnish and equip a new hospital facility and improvements. The new facility will be constructed on a new site owned by the Ashland Hospital District No. 3 (District). In connection with this agreement, the District transferred title to its facility to the PBC. Under the terms of the agreement, the City leased the facility from the PBC and then subleased it to the District. The sublease agreement with the City requires the District to pay basic rent to the bond trustee equal to the principal and interest on the Bonds as they come due. The District's obligation to make basic rent payments under the sublease is further secured by a pledge of its revenues. Upon retirement of the Bonds, the District will assume title and ownership of the facility. Accordingly, the leased property and bond indebtedness has been included in the financial statements of the District and not the City.

H. RELATED PARTY TRANSACTIONS

The City paid approximately \$59,771 in insurance premiums during the year to an insurance company of which the Mayor is an officer.

I. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The City purchases commercial insurance to cover health, property, liability, and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

J. COMMITMENTS

The City has commitments for repairs and maintenance, visual inspection, emergency services, and washout inspections for two water towers as follows:

2018	\$ 51,341
2019	<u>45,301</u>
Total	<u>\$ 96,642</u>

K. CONTINGENCIES

The City receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, would be insignificant.

L. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 19, 2018, the date on which the financial statement was available to be used. Management's evaluation concluded that the following subsequent event should be disclosed:

A capital lease was approved in March of 2018 for an electrical infrastructure upgrade project. The lease is for \$720,000 to be paid over seven years with an interest rate of 2.75% and annual payments of \$114,780 starting in 2019.

**REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF ASHLAND, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2017

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General fund	\$ 473,000	\$ 45,168	\$ 518,168	\$ 489,938	\$ 28,230
Special purpose funds:					
Library	17,900	-	17,900	17,900	-
Special highway	21,713	-	21,713	16,859	4,854
Special parks and recreation	3,600	-	3,600	-	3,600
Business funds:					
Water utility	225,000	-	225,000	220,562	4,438
Electric utility	1,615,304	-	1,615,304	1,524,179	91,125
Sewer utility	108,325	-	108,325	106,909	1,416
Total	<u>\$ 2,464,842</u>	<u>\$ 45,168</u>	<u>\$ 2,510,010</u>	<u>\$ 2,376,347</u>	<u>\$ 133,663</u>

See Independent Auditor's Report

CITY OF ASHLAND, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		Variance
	2016	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 152,201	\$ 169,193	\$ 170,150	\$ (957)
Delinquent tax	-	24,207	8,000	16,207
Motor vehicle tax	51,177	47,646	50,989	(3,343)
Recreational vehicle tax	703	672	653	19
16/20M truck tax	596	744	592	152
Local alcoholic liquor	40	-	696	(696)
Interconnecting links	12,813	12,795	12,750	45
State and federal aid	-	45,168	-	45,168
Licenses, fees, fines and permits:				
Franchise fees	12,159	14,148	16,000	(1,852)
Fines	207	213	100	113
Licenses and permits	450	450	500	(50)
Charges for services:				
Cemetery	2,125	1,565	2,000	(435)
Swimming pool	4,148	4,434	4,000	434
Use of money and property:				
Farm income	9,396	9,396	9,000	396
Airport receipts	9,544	8,870	12,000	(3,130)
Miscellaneous	25,750	15,380	-	15,380
Transfer from electric utility	-	75,000	125,000	(50,000)
Transfer from water utility	10,000	70,000	30,000	40,000
Transfer from sewer utility	10,000	10,000	10,000	-
Transfer from electric reserve	50,000	-	-	-
Transfer from water equipment reserve	50,000	-	-	-
Neighborhood revitalization rebate	(2,019)	(9,676)	(10,628)	952
Total receipts	399,290	500,205	\$ 441,802	\$ 58,403
Expenditures:				
General government:				
General operations	106,835	136,671	\$ 152,000	\$ 15,329
Cemetery	11,988	14,322	13,000	(1,322)
Employee benefits	47,469	42,530	52,000	9,470
Nuisance abatement	1,956	-	7,500	7,500
Subtotal	168,248	193,523	224,500	30,977

CITY OF ASHLAND, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		
	2016	Actual	Budget	Variance favorable (unfavorable)
Public safety:				
Fire department	\$ 13,593	\$ 14,534	\$ 15,000	\$ 466
Highways and streets:				
Streets and alleys	185,442	188,893	175,000	(13,893)
Spraying	22	880	1,000	120
Subtotal	185,464	189,773	176,000	(13,773)
Culture and recreation:				
Park department	2,003	1,878	2,500	622
Swimming pool	24,249	35,046	35,000	(46)
Airport	10,767	10,016	20,000	9,984
Subtotal	37,019	46,940	57,500	10,560
Transfer to electric reserve	-	45,168	-	(45,168)
Adjustment for qualifying budget credits	-	-	45,168	45,168
Total expenditures	404,324	489,938	\$ 518,168	\$ 28,230
Receipts over (under) expenditures	(5,034)	10,267		
Unencumbered cash, beginning of year	46,644	41,610	\$ 31,198	\$ 10,412
Unencumbered cash, end of year	\$ 41,610	\$ 51,877		

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CITY OF ASHLAND, KANSAS

LIBRARY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2017

(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		
	2016	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	\$ 12,594	\$ 13,553	\$ 13,628	\$ (75)
Delinquent tax	-	1,978	-	1,978
Motor vehicle tax	4,156	3,929	4,218	(289)
Recreational vehicle tax	57	56	54	2
16/20M truck tax	48	60	49	11
Neighborhood revitalization rebate	(167)	(775)	(851)	76
Total receipts	16,688	18,801	<u>\$ 17,098</u>	<u>\$ 1,703</u>
Expenditures:				
Library appropriation	16,304	17,900	<u>\$ 17,900</u>	<u>\$ -</u>
Receipts over (under) expenditures	384	901		
Unencumbered cash, beginning of year	2,693	3,077	<u>\$ 802</u>	<u>\$ 2,275</u>
Unencumbered cash, end of year	<u>\$ 3,077</u>	<u>\$ 3,978</u>		

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CITY OF ASHLAND, KANSAS

SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		Variance
	2016	Actual	Budget	favorable (unfavorable)
Receipts:				
Gasoline tax	\$ 21,896	\$ 21,634	\$ 21,670	\$ (36)
Expenditures:				
Highways and streets:				
Contractual services	5,393	-	\$ -	\$ -
Commodities	19,211	16,859	21,713	4,854
Total expenditures	24,604	16,859	\$ 21,713	\$ 4,854
Receipts over (under) expenditures	(2,708)	4,775		
Unencumbered cash, beginning of year	4,633	1,925	\$ 43	\$ 1,882
Unencumbered cash, end of year	\$ 1,925	\$ 6,700		

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CITY OF ASHLAND, KANSAS

SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		Variance favorable (unfavorable)
	2016	Actual	Budget	
Receipts:				
Local alcoholic liquor	\$ 40	\$ -	\$ 696	\$ (696)
Expenditures:				
Culture and recreation:				
Commodities	-	-	\$ 3,600	\$ 3,600
Receipts over (under) expenditures	40	-		
Unencumbered cash, beginning of year	2,478	2,518	\$ 2,962	\$ (444)
Unencumbered cash, end of year	\$ 2,518	\$ 2,518	\$ 58	\$ 2,460

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CITY OF ASHLAND, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2017

	GS little house grant	Special equipment	CDBG housing grant	George Theis, Jr. memorial	Pool improvement	Total
Receipts:						
Grants	\$ 5,977	\$ -	\$ 152,017	\$ -	\$ -	\$ 157,994
Donations	-	-	-	-	20,000	20,000
Homeowners match	-	-	6,351	-	-	6,351
Interest	-	-	-	4	-	4
Transfer from electric utility	-	10,000	-	-	-	10,000
Miscellaneous	-	2,701	-	-	-	2,701
Total receipts	5,977	12,701	158,368	4	20,000	197,050
Expenditures:						
Contractual services	5,871	960	170,154	-	-	176,985
Capital outlay	-	8,663	-	-	-	8,663
Total expenditures	5,871	9,623	170,154	-	-	185,648
Receipts over (under) expenditures	106	3,078	(11,786)	4	20,000	11,402
Unencumbered cash, beginning of year	-	32,216	11,786	706	-	44,708
Unencumbered cash, end of year	\$ 106	\$ 35,294	\$ -	\$ 710	\$ 20,000	\$ 56,110

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CITY OF ASHLAND, KANSAS

WATER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		
	2016	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Customer charges	\$ 182,220	\$ 209,412	\$ 175,000	\$ 34,412
Interest	-	680	-	680
Total receipts	182,220	210,092	\$ 175,000	\$ 35,092
Expenditures:				
Production	61,896	24,265	\$ 65,000	\$ 40,735
Transmission and distribution	72,647	85,619	55,000	(30,619)
General and administrative	41,322	40,678	50,000	9,322
Transfer to general	10,000	70,000	30,000	(40,000)
Transfer to special equipment	-	-	25,000	25,000
Total expenditures	185,865	220,562	\$ 225,000	\$ 4,438
Receipts over (under) expenditures	(3,645)	(10,470)		
Unencumbered cash, beginning of year	135,634	131,989	\$ 100,634	\$ 31,355
Unencumbered cash, end of year	\$ 131,989	\$ 121,519	\$ 50,634	\$ 70,885

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CITY OF ASHLAND, KANSAS

ELECTRIC UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		Variance
	2016	Actual	Budget	favorable (unfavorable)
Receipts:				
Customer charges	\$ 1,440,341	\$ 1,509,609	\$ 1,450,000	\$ 59,609
Other	610	4,879	-	4,879
Total receipts	1,440,951	1,514,488	\$ 1,450,000	\$ 64,488
Expenditures:				
Production	1,045,583	1,055,082	\$ 1,100,000	\$ 44,918
Transmission and distribution	236,531	166,790	150,000	(16,790)
General and administrative	85,179	91,003	114,000	22,997
Capital outlay	40,779	-	-	-
Debt service	126,304	126,304	126,304	-
Transfer to general	-	75,000	125,000	50,000
Transfer to special equipment	-	10,000	-	(10,000)
Total expenditures	1,534,376	1,524,179	\$ 1,615,304	\$ 91,125
Receipts over (under) expenditures	(93,425)	(9,691)		
Unencumbered cash, beginning of year	196,766	103,341	\$ 175,462	\$ (72,121)
Unencumbered cash, end of year	\$ 103,341	\$ 93,650	\$ 10,158	\$ 83,492

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CITY OF ASHLAND, KANSAS

SEWER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		2017		
	2016	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Customer charges	\$ 85,542	\$ 99,573	\$ 85,000	\$ 14,573
Interest	3,198	3,563	2,000	1,563
Total receipts	88,740	103,136	\$ 87,000	\$ 16,136
Expenditures:				
Production	49,699	32,811	\$ 30,000	\$ (2,811)
Transmission and distribution	6,953	9,050	12,000	2,950
General and administrative	24,179	23,723	25,000	1,277
Debt service	-	31,325	31,325	-
Transfer to general	10,000	10,000	10,000	-
Total expenditures	90,831	106,909	\$ 108,325	\$ 1,416
Receipts over (under) expenditures	(2,091)	(3,773)		
Unencumbered cash, beginning of year	10,656	8,565	\$ 21,656	\$ (13,091)
Unencumbered cash, end of year	\$ 8,565	\$ 4,792	\$ 331	\$ 4,461

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CITY OF ASHLAND, KANSAS

NON-BUDGETED BUSINESS FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2017

	Water equipment reserve	Electric reserve	Total
Receipts:			
Transfer from general	\$ -	\$ 45,168	\$ 45,168
Expenditures	-	-	-
Receipts over (under) expenditures	-	45,168	45,168
Unencumbered cash, beginning of year	25,300	86,594	111,894
Unencumbered cash, end of year	<u>\$ 25,300</u>	<u>\$ 131,762</u>	<u>\$ 157,062</u>

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CITY OF ASHLAND, KANSAS

AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the Year Ended December 31, 2017

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Sanitation fund	\$ 56	\$ 120,920	\$ 120,957	\$ 19
Customer deposits fund	24,160	8,900	7,036	26,024
City sales tax	-	119,291	119,291	-
	<u>\$ 24,216</u>	<u>\$ 249,111</u>	<u>\$ 247,284</u>	<u>\$ 26,043</u>

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