

CITY OF GARNETT, KANSAS

Independent Auditors' Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2017

CITY OF GARNETT, KANSAS
For the Year Ended December 31, 2017

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditors' Report	1-2
<u>Statement 1</u>	
Summary Statement of Receipts, Expenditures, and Unencumbered Cash - Regulatory Basis.....	3-4
Notes to the Financial Statement	5-16
SUPPLEMENTARY INFORMATION	
<u>Schedule 1</u>	
Summary of Expenditures – Actual and Budget Regulatory Basis - (Budgeted Funds Only)	17
<u>Schedule 2</u>	
Schedule of Receipts and Expenditures – Actual and Budget Regulatory Basis	
General Fund	18-19
Airport Fund	20
Library Fund.....	21
Parks Fund.....	22
Recreation Fund	23
Special Street Maintenance Fund	24
Special Parks and Recreation Fund.....	25
Law Enforcement Fund	26
City Employee Benefits Fund	27
Capital Outlay Improvement Fund	28
Law Enforcement Grant Fund	29
Creative Arts Grant Fund	30
Civic Building Fund	31
Recreation Center Fund	32
Sidewalk/Stormwater Repair Fund	33
Community Development Fund	34
Tax Refund Reserve Fund	35
Tax Refund Litigation Fund.....	36
Economic Development Fund	37
General Obligation Bond and Interest Fund	38
Industrial Park Development Fund	39
KDOT Project S.B. Turning Lane Fund	40
Refuse Utility Fund.....	41
Electric Utility Fund	42
Water and Sewer Utility Fund	43-44
Gas Utility Fund	45
Wastewater Utility Fund	46

CITY OF GARNETT, KANSAS
For the Year Ended December 31, 2017

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
<u>Schedule 2</u> (Continued)	
Schedule of Receipts and Expenditures – Actual and Budget Regulatory Basis Combined Utility GO Refunding Bond Fund	47
<u>Schedule 3</u>	
Schedule of Receipts and Disbursements – Agency Funds – Regulatory Basis	48
<u>Schedule 4</u>	
Schedule of Required Bond Information	49

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commissioners
City of Garnett, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Garnett, 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 1; 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, 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 the City of Garnett 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 the City of Garnett as of December 31, 2017, or changes in financial position and cash flows thereof for the year then ended.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the December 31, 2017 financial statement beginning unencumbered cash has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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 balance of the City of Garnett 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 1.

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 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 expenditures-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 1.

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 supplementary schedule of bond information (Schedule 4 as listed in the table of contents) is presented for purposes of additional analysis as required by bond agreements and is not a required part of the financial statement. Such information has not been subjected to the auditing procedures applied in the audit of the financial statement, and, accordingly, we express no opinion on it.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

July 30, 2018
Chanute, Kansas

CITY OF GARNETT, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2017

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Cash Balance December 31, 2017
General Fund	\$ 504,894.12	\$ 503,954.76	\$ 507,464.47	\$ 501,384.41	\$ 9,266.08	\$ 510,650.49
Special Purpose Funds:						
Airport	6,834.41	88,597.88	77,451.77	17,980.52	-	17,980.52
Library	12,457.83	163,952.21	166,642.64	9,767.40	-	9,767.40
Parks	16,955.75	173,307.95	189,791.95	471.75	2,196.81	2,668.56
Recreation	25,070.06	148,988.63	159,486.49	14,572.20	3,429.98	18,002.18
Special Street Maintenance	24,936.22	86,947.68	83,902.80	27,981.10	-	27,981.10
Special Parks and Recreation	743.68	5,122.06	5,000.00	865.74	-	865.74
Law Enforcement	90,501.52	534,046.46	528,708.26	95,839.72	20,795.29	116,635.01
City Employee Benefit	20,398.76	1,041,923.59	1,062,322.35	-	-	-
Capital Outlay Improvement	127,647.49	293,638.43	302,295.56	118,990.36	-	118,990.36
Law Enforcement Grant	3,197.17	-	-	3,197.17	-	3,197.17
Creative Arts Grant	6,630.62	-	-	6,630.62	-	6,630.62
Civic Building	1,632.84	2,757.50	2,353.50	2,036.84	-	2,036.84
Recreation Center	17,934.89	48,763.00	60,734.50	5,963.39	3,999.00	9,962.39
Sidewalk/Stormwater Repair	(46,204.46)	46,204.46	-	-	-	-
Community Development	20,843.52	31,363.46	33,016.55	19,190.43	-	19,190.43
Tax Refund Reserve	-	140,000.00	-	140,000.00	-	140,000.00
Tax Refund Litigation	-	50,000.00	-	50,000.00	-	50,000.00
Economic Development	17,378.55	40,000.00	39,694.80	17,683.75	-	17,683.75
Bond and Interest Funds:						
General Obligation Bond and Interest	3,155.71	147,203.17	96,195.92	54,162.96	-	54,162.96
Capital Projects Funds:						
Industrial Park Development	86,564.41	-	-	86,564.41	-	86,564.41
KDOT Project S.B. Turning Lane	-	48,146.00	431,941.91	(383,795.91)	-	(383,795.91)
Business Funds:						
Refuse Utility	199,111.89	325,142.24	312,522.99	211,731.14	-	211,731.14
Electric Utility	1,901,537.33	2,955,020.70	2,969,038.73	1,887,519.30	51,358.43	1,938,877.73
Water and Sewer Utility	1,699,610.34	1,789,746.66	1,994,072.81	1,495,284.19	-	1,495,284.19
Gas Utility	1,062,392.36	1,018,207.81	1,164,911.16	915,689.01	122,489.54	1,038,178.55
Wastewater Utility	-	300,000.00	-	300,000.00	-	300,000.00
Combined Utility GO Refunding Bond	226,520.68	309,021.54	331,542.22	204,000.00	-	204,000.00
Total Reporting Entity	\$ 6,030,745.69	\$ 10,292,056.19	\$ 10,519,091.38	\$ 5,803,710.50	\$ 213,535.13	\$ 6,017,245.63
(Excluding Agency Funds)						

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

Statement 1 (Continued)**CITY OF GARNETT, KANSAS**

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2017

	<u>2017</u>
Total Cash to be accounted for:	<u>\$ 6,017,245.63</u>
Composition of Cash:	
Cash on Hand	\$ 667.00
Checking Accounts:	
Goppert State Service Bank.....	64,241.25
Patriots Bank - Utility Account	97,473.52
Patriots Bank - Municipal Court.....	200.00
Patriots Bank - Bond Account.....	1,500.00
Savings Accounts:	
Goppert State Service Bank.....	56,506.24
Investments:	
Certificates of Deposit	6,569,000.00
Less:	
Housing Authority Cash Balances.....	<u>(766,491.85)</u>
Total Cash	6,023,096.16
Agency Funds Per Schedule 3	<u>(5,850.53)</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 6,017,245.63</u>

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

CITY OF GARNETT, KANSAS

Notes to the Financial Statement
For the Year Ended December 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Garnett, Kansas, (the City) is incorporated as a City of the second class, under the provisions of K.S.A. 13-101 *et seq.* The City operates under a Commission-City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water and sewer, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The financial statement and schedules of the City of Garnett, 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 principles.

Financial Reporting Entity

The City of Garnett, Kansas (the City) is a municipal corporation governed by an elected five member commission. This financial statement presents the City of Garnett, Kansas.

Related Municipal Entity. 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:

Garnett Public Library - The City of Garnett Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Separate financial statements are available at the Library.

Garnett Housing Authority

The Housing Authority of the City of Garnett, Kansas operates the City's housing projects with a December 31st year end. The Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City. A copy of the financial statements can be obtained from the Housing Authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Garnett, Kansas, for the year of 2017:

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.

Bond and Interest fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

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.)

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 Presentation – 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 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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, or the State of Kansas Police and Fire Retirement System, both of which are 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.

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 cash receipts. In the financial statement and budget schedule comparisons presented in this report, reimbursements and refunds are recorded as cash receipts. 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.

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.

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 cash receipts in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as cash receipts 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.

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, and business funds. Although directory rather than mandatory, the statutes provide for the following timetable in the adoption of the legal annual operating budget:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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, 2017 the City amended the budget for the Combined Utility GO Refunding Bond Fund and the Water and Sewer 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.

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.

A legal operating budget is not required for capital projects funds, trust funds, permanent funds, and the following special purpose funds:

- Law Enforcement Grant Fund
- Creative Arts Grant Fund
- Civic Building Fund
- Sidewalk/Stormwater Repair Fund
- Tax Refund Reserve Fund
- Tax Refund Litigation Fund
- Industrial Park Development Fund
- KDOT Project S.B. Turning Lane Fund

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

2. PRIOR PERIOD ADJUSTMENT

During the cutoff testing performed during the audit, it was noted accounts payable were not properly cutoff for the Electric Utility Fund or the Gas Utility Fund, as the January payment for December service was not properly charged back to the prior budget period. As a result beginning unencumbered cash was reduced to reflect the additional accounts payable in the Electric Utility Fund by \$43,659.86 and in the Gas Utility Fund by \$46,136.10. The retroactive application of this change in cutoff procedure would have reduced expense in the Electric Utility Fund by \$25,812.65 and in the Gas Utility Fund \$4,510.55 when retroactively applied to beginning balances at December 31, 2016.

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Revenue Bond Covenants

The City is required, under the ordinances on Revenue Bond Issues, to maintain in its Business Funds certain restricted accounts. The ordinances provide that the following reserve accounts be set up in amounts described below:

<u>RESERVE ACCOUNTS</u>	<u>REQUIRED AMOUNT</u>	<u>ACTUAL AMOUNT</u>
Principal and Interest Account for Water and Sewer Utility Revenue Bonds, Series 2006 – requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	\$ 3,416.67	
Water and Sewer Depreciation and Replacement Account – requires \$200,000.00 to be maintained for the Water and Sewer Utility Revenue Bonds, Series 2006.	200,000.00	
Total Reserve at December 31, 2017	<u>\$ 203,416.67</u>	<u>\$ 204,000.00</u>

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, the City was in apparent violation with K.S.A. 10-1113, as the City has obligated expenditures in excess of available monies in the KDOT Project S.B. Turning Lane Fund, however, K.S.A 10-1,116 provides that under certain situations, the fund can end the year with a negative unencumbered cash balance and therefore, exempt from the cash basis laws of Kansas. The KDOT Project S.B. Turning Lane Fund met the criteria under the statutes and therefore, are not deemed to be in violation of the Kansas cash basis laws. As shown in Schedule 1, the City was in apparent violation of K.S.A. 79-2934, as the City has obligated expenditures in excess of budgetary limits in the Water and Sewer Utility Fund and the Combined Utility GO Refunding Bond Fund.

K.S.A. 10-130 requires bond payments to be remitted and received by the State Treasurer 20 days prior to maturity. During our audit testing the State Treasurer reported to the auditor, five of the six payments due April 1, 2017 were not received until March 17, 2017 and therefore deemed 7 days late in apparent violation of K.S.A. 10-130.

4. 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 bank provides 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 Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

4. **DEPOSITS AND INVESTMENTS** (Continued)

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. 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.

Deposits: At year-end, the City's carrying amount of deposits, including certificates of deposit and amounts from the Housing Authority was \$6,788,921.01 and the bank balance was \$6,958,108.29. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$985,128.53 was covered by FDIC insurance and \$5,972,979.76 was collateralized with pledged securities held by the pledging financial institutions' agents in the City's name.

5. **CAPITAL LEASE OBLIGATIONS**

The City has entered into a capital lease agreement in order to finance the purchase of a 2011 Groundsmaster 5900 mower. Payments are made annually including interest at 2.50%. Final maturity of the lease is March 21, 2018. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2018	\$ 9,462.27
	9,462.27
Less imputed interest	(229.65)
Net Present Value of Minimum	
Lease Payments	9,232.62
Less: Current Maturities	(9,232.62)
Long-Term Capital Lease Obligations	\$ 0.00

The City has entered into a capital lease agreement in order to finance the purchase of a 2017 Freightliner truck with a Heil 16 yard compactor. Payments are made annually including interest at 2.40%. Final maturity of the lease is September 1, 2026. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2018	\$ 14,853.64
2019	14,853.64
2020	14,853.64
2021	14,853.64
2022	14,853.64
2023-2026	59,414.56
	133,682.76
Less imputed interest	(14,757.20)
Net Present Value of Minimum	
Lease Payments	118,925.56
Less: Current Maturities	(11,992.80)
Long-Term Capital Lease Obligations	\$ 106,932.76

5. LONG-TERM DEBT

Changes in long-term debt for the City for the year ended December 31, 2017, 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 Tax Levies:									
Series 2008-A	3.50-5.00%	February 1, 2008	\$ 1,190,000.00	October 1, 2023	\$ 480,000.00	\$ -	\$ (95,000.00)	\$ 385,000.00	\$ 19,042.50
Series 2008-B	3.15-4.00%	February 1, 2008	875,000.00	October 1, 2020	350,000.00	-	(80,000.00)	270,000.00	13,670.00
Paid by Utility Receipts:									
Series 2009	3.00-4.00%	July 15, 2009	3,995,000.00	October 1, 2018	205,000.00	-	(205,000.00)	-	9,036.24
Series 2012	2.00-2.50%	May 15, 2012	3,010,000.00	October 1, 2023	1,725,000.00	-	(300,000.00)	1,425,000.00	38,962.50
Series 2015	2.25-4.00%	December 10, 2015	645,000.00	October 1, 2035	615,000.00	-	(25,000.00)	590,000.00	20,750.00
Revenue Bonds									
Series 2006	5.00%	June 15, 2006	160,000.00	October 1, 2021	65,000.00	-	(10,000.00)	55,000.00	3,250.00
Senior Housing Revenue Bonds									
Series 2006	4.25-5.00%	March 15, 2006	2,395,000.00	October 1, 2028	1,120,000.00	-	(120,000.00)	1,000,000.00	57,512.50
Revolving Loans									
Kansas Public Water Supply 2587 Capital Leases	3.63%	October 15, 2009	944,702.00	August 1, 2031	548,938.36	-	(28,108.29)	520,830.07	19,673.67
Groundmaster 5900 Mower									
2017 Trash Truck	2.50%	May 15, 2015	27,020.00	May 21, 2018	18,238.92	-	(9,006.30)	9,232.62	455.97
	2.40%	June 14, 2016	129,960.00	September 1, 2026	129,960.00	-	(11,034.44)	118,925.56	3,819.20
Total Contractual Indebtedness			\$ 5,257,137.28	\$ -	\$ 5,257,137.28	\$ -	\$ (883,149.03)	\$ 4,373,988.25	\$ 186,172.58

5. LONG-TERM DEBT (Continued)

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

Issue	2018	2019	2020	2021	2022	2023-2027	2028-2032	2033-2035	Total
Principal									
General Obligation Bonds									
Paid by Tax Levies:									
Series 2008-A	\$ 100,000.00	\$ 80,000.00	\$ 80,000.00	\$ 40,000.00	\$ 40,000.00	\$ 45,000.00	\$ -	\$ -	\$ 385,000.00
Series 2008-B	85,000.00	90,000.00	95,000.00	-	-	-	-	-	270,000.00
Paid by Utility Receipts:									
Series 2012	260,000.00	265,000.00	265,000.00	275,000.00	285,000.00	75,000.00	-	-	1,425,000.00
Series 2015	25,000.00	25,000.00	25,000.00	30,000.00	30,000.00	165,000.00	170,000.00	120,000.00	590,000.00
Revenue Bonds									
Series 2006	10,000.00	15,000.00	15,000.00	15,000.00	-	-	-	-	55,000.00
Senior Housing Revenue Bonds									
Series 2006	70,000.00	75,000.00	75,000.00	80,000.00	85,000.00	500,000.00	115,000.00	-	1,000,000.00
Revolving Loans									
Kansas Public Water Supply 2587	29,137.88	30,205.18	31,311.58	32,458.50	33,647.44	187,652.56	176,416.93	-	520,830.07
Capital Leases									
Groundmaster 5900 Mower	9,232.62	-	-	-	-	-	-	-	9,232.62
2017 Trash Truck	11,992.80	12,281.30	12,576.73	12,879.28	13,189.10	56,006.35	-	-	118,925.56
Total Principal Payments	600,363.30	592,486.48	598,888.31	485,337.78	486,836.54	1,028,658.91	461,416.93	120,000.00	4,373,988.25
Interest									
General Obligation Bonds									
Paid by Tax Levies:									
Series 2008-A	\$ 15,527.50	\$ 11,627.50	\$ 8,507.50	\$ 5,187.50	\$ 3,527.50	\$ 1,867.50	\$ -	\$ -	\$ 46,245.00
Series 2008-B	10,630.00	7,400.00	3,800.00	-	-	-	-	-	21,830.00
Paid by Utility Receipts:									
Series 2012	32,962.50	27,112.50	21,150.00	14,525.00	7,650.00	1,593.76	-	-	104,993.76
Series 2015	19,750.00	18,750.00	17,750.00	16,750.00	15,550.00	66,325.00	41,225.00	9,000.00	205,100.00
Revenue Bonds									
Series 2006	2,750.00	2,250.00	1,500.00	750.00	-	-	-	-	7,250.00
Senior Housing Revenue Bonds									
Series 2006	51,512.50	48,012.50	44,262.50	40,512.50	36,412.50	111,212.52	6,037.50	-	337,962.52
Revolving Loans									
Kansas Public Water Supply 2587	18,544.08	17,576.78	16,470.38	15,323.46	14,134.52	51,257.24	14,710.91	-	148,017.37
Capital Leases									
Groundmaster 5900 Mower	229.65	-	-	-	-	-	-	-	229.65
2017 Trash Truck	2,860.84	2,572.34	2,276.91	1,974.36	1,664.54	3,408.21	-	-	14,757.20
Total Interest Payments	154,767.07	135,301.62	115,717.29	95,022.82	78,939.06	235,664.23	61,973.41	9,000.00	886,385.50
Total Principal and Interest	\$ 755,130.37	\$ 727,788.10	\$ 714,605.60	\$ 580,360.60	\$ 565,775.60	\$ 1,264,323.14	\$ 523,390.34	\$ 129,000.00	\$ 5,260,373.75

7. OPERATING LEASES

As of December 31, 2017 the City has entered into an operating lease for a postage machine and copier. Rent expense for the year ended December 31, 2017, was \$5,149.29. Future minimum lease payments were as follows:

2018	\$	3,530.88
2019		3,309.45
2020		638.79

8. ECONOMIC DEVELOPMENT BONDS

The City has entered into various agreements to induce businesses to locate or expand operations in Garnett, 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, 2017, there were two industrial revenue bond issues with principal balances due totaling \$1,342,162.18.

9. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The (non-school municipality) 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, KPERS 3 and KP&F 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 KPERS for the fiscal year ended December 31, 2017. Contributions to the pension plan from (non-school municipality) were \$225,282.57 for KPERS for the year ended December 31, 2017.

9. 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 \$2,127,072.00. 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 nonemployer 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 these financial statements.

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.

10. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences:

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits.

Vacation – All employees shall accrue vacation leave each pay period according to their position and years of service with the City. Employees can accrue up to 20 days of vacation if under 10 years of service and 30 days if over 10 years of service.

Full time employees:

Year of Service	Days per Year	Maximum Accrual
1-5 years	10	20
5-10 years	12	20
10-15 years	15	30
15 + years	18	30

Sick leave – All full time employees shall accrue paid sick leave at a rate of at least one eight hour day per month of service with a maximum accrual of 90 days.

Accumulated leave payout – All employees separating from City employment that have given and satisfactorily completed an appropriate notice will receive payment for all accumulated accrued and unused vacation and depending upon the employees length of service with the City and maximum accruals and a percentage of their accrued unused sick leave as follows:

- Full time employees with 0-10 full years of continuous service will receive 0 sick leave payout.
- Full time employees with 11-15 full years of continuous service will receive 10 days sick leave payout.
- Full time employees with 16+ full years of continuous service will receive 20 days sick leave payout,

10. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (Continued)

The City determines a liability for compensated absences when the following conditions are met:

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.

In accordance with the above criteria, the City has estimated a liability for vacation pay, which has been earned, but not taken by City employees of \$139,340.00. The City has not accrued a liability for sick leave earned, but not taken, by City employees, as the amounts cannot be reasonably estimated at this time.

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.

11. 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.

12. OTHER LEASING ARRANGEMENTS

Simultaneously with the execution and delivery of the Series 2006 Bonds, the City of Garnett entered into a 23-year lease agreement with the Housing Authority whereby the City will lease the housing projects to the Housing Authority. Under the terms of the lease, the Housing Authority is required to make monthly rent payments to a bond trustee in amounts sufficient to pay Series 2006 bond principal and interest when due. The Housing Authority and the City of Garnett, Kansas also entered into an agreement whereby the City of Garnett, Kansas, subject to certain limitations, will pay to the bond trustee the monthly rent amounts to the extent not paid by the Housing Authority. An additional agreement provides that the Housing Authority will repay the City of Garnett, Kansas for any amounts it advances to the bond trustee. Additionally, the bonds are secured by the financed property, furnishings and equipment and by the City's annual appropriation pledge. The Series 2006 Bonds are recorded as a long-term capital lease of the Housing Authority.

13. INTERFUND TRANSFERS

Operating and residual transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
Airport	Tax Refund Reserve	Ord. No. 4192	\$ 6,750.00
Airport	Tax Refund Litigation	Ord. No. 4192	2,750.00
Library	Tax Refund Reserve	Ord. No. 4192	19,500.00
Library	Tax Refund Litigation	Ord. No. 4192	7,750.00
Parks	Tax Refund Reserve	Ord. No. 4192	18,250.00
Parks	Tax Refund Litigation	Ord. No. 4192	7,500.00
Recreation	Tax Refund Reserve	Ord. No. 4192	16,250.00
Recreation	Tax Refund Litigation	Ord. No. 4192	250.00
Law Enforcement	Tax Refund Reserve	Ord. No. 4192	54,328.00
Law Enforcement	Tax Refund Litigation	Ord. No. 4192	22,000.00
City Employee Benefits	Tax Refund Reserve	Ord. No. 4192	16,000.00
City Employee Benefits	Tax Refund Litigation	Ord. No. 4192	6,500.00
General Obligation Bond and Interest	Tax Refund Reserve	Ord. No. 4192	8,922.00
General Obligation Bond and Interest	Tax Refund Litigation	Ord. No. 4192	3,250.00
Water and Sewer Utility	City Employee Benefits	K.S.A. 12-825d	47,338.03
Water and Sewer Utility	General Obligation Bond and Interest	K.S.A. 12-825d	22,500.00
Water and Sewer Utility	Combined Utility GO Refunding Bond	K.S.A. 12-825d	209,021.54
Water and Sewer Utility	Wastewater Utility	K.S.A. 12-825d	300,000.00
Electric Utility	General Obligation Bond and Interest	K.S.A. 12-825d	22,500.00
Electric Utility	Economic Development	K.S.A. 12-825d	20,000.00
Electric Utility	Sidewalk/Stormwater Repair	K.S.A. 12-825d	30,000.00
Electric Utility	Combined Utility GO Refunding Bond	K.S.A. 12-825d	100,000.00
Gas Utility	Sidewalk/Stormwater Repair	K.S.A. 12-25d	16,204.46
Combined Utility GO Refunding Bond	General Obligation Bond and Interest	K.S.A. 12-825d	10,441.98

14. 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 GARNETT, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2017

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
	\$	\$	\$	\$	\$
General Fund	620,091.00	-	620,091.00	507,464.47	(112,626.53)
Special Purpose Funds:					
Airport	79,310.00	-	79,310.00	77,451.77	(1,858.23)
Library	175,415.00	-	175,415.00	166,642.64	(8,772.36)
Parks	192,407.00	-	192,407.00	189,791.95	(2,615.05)
Recreation	160,736.00	-	160,736.00	159,486.49	(1,249.51)
Special Street Maintenance	93,742.00	-	93,742.00	83,902.80	(9,839.20)
Special Parks & Recreation	5,000.00	-	5,000.00	5,000.00	-
Law Enforcement	539,332.00	-	539,332.00	528,708.26	(10,623.74)
City Employee Benefit	1,158,493.00	-	1,158,493.00	1,062,322.35	(96,170.65)
Capital Outlay Improvement	311,892.00	-	311,892.00	302,295.56	(9,596.44)
Recreation Center	62,791.00	-	62,791.00	60,734.50	(2,056.50)
Community Development	33,250.00	-	33,250.00	33,016.55	(233.45)
Economic Development	47,155.00	-	47,155.00	39,694.80	(7,460.20)
Bond and Interest Funds:					
General Obligation Bond and Interest	122,582.00	-	122,582.00	96,195.92	(26,386.08)
Business Funds:					
Refuse Utility	330,924.00	-	330,924.00	312,522.99	(18,401.01)
Electric Utility	3,069,808.00	-	3,069,808.00	2,969,038.73	(100,769.27)
Water and Sewer Utility	1,875,000.00	-	1,875,000.00	1,994,072.81	119,072.81
Gas Utility	1,312,512.00	-	1,312,512.00	1,164,911.16	(147,600.84)
Combined Utility GO Refunding Bond	227,037.00	-	227,037.00	331,542.22	104,505.22

CITY OF GARNETT, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Sales Tax	\$ 251,287.51	\$ 220,000.00	\$ 31,287.51
Franchise Taxes	145,615.19	135,000.00	10,615.19
Intergovernmental			
Local Alcoholic Liquor Tax	5,122.07	4,296.00	826.07
Licenses and Permits			
Business Licenses, Permits & Fees	7,642.60	8,500.00	(857.40)
Non-Business Licenses, Permits & Fees	12,682.50	13,000.00	(317.50)
Charges for Services			
Cemetery	13,750.00	9,000.00	4,750.00
Use of Money and Property			
Interest Income	42,001.95	14,000.00	28,001.95
Other Receipts			
Miscellaneous	25,852.94	30,000.00	(4,147.06)
Total Receipts	503,954.76	\$ 433,796.00	\$ 70,158.76
Expenditures			
General Administrative Services			
Personal Services	82,681.66	\$ 65,121.00	\$ 17,560.66
Contractual Services	46,910.02	61,300.00	(14,389.98)
Commodities	33,202.25	12,500.00	20,702.25
Capital Outlay	38,032.33	64,500.00	(26,467.67)
Other Expenses	-	43,400.00	(43,400.00)
Fire			
Personal Services	39,099.38	44,834.00	(5,734.62)
Contractual Services	3,393.45	2,600.00	793.45
Commodities	4,413.86	1,500.00	2,913.86
Capital Outlay	30,524.94	61,000.00	(30,475.06)
Cemetery			
Personal Services	84,159.80	83,968.00	191.80
Contractual Services	-	-	-
Commodities	1,563.66	500.00	1,063.66
Capital Outlay	2,506.61	10,500.00	(7,993.39)
Street Maintenance			
Personal Services	64,621.69	69,024.00	(4,402.31)
Contractual Services	5,227.71	4,000.00	1,227.71
Commodities	36,612.88	5,200.00	31,412.88
Capital Outlay	11,075.51	55,000.00	(43,924.49)

CITY OF GARNETT, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Expenditures (Continued)			
Animal Control			
Personal Services	\$ 14,103.96	\$ 15,144.00	\$ (1,040.04)
Contractual Services	6,985.32	5,500.00	1,485.32
Commodities	4.50	-	4.50
Capital Outlay	-	500.00	(500.00)
Emergency Management			
Commodities	2,344.94	4,000.00	(1,655.06)
Operating Transfer to Employee Benefits Fund	-	10,000.00	(10,000.00)
Total Expenditures	<u>507,464.47</u>	<u>\$ 620,091.00</u>	<u>\$ (112,626.53)</u>
Receipts Over(Under) Expenditures	(3,509.71)		
Unencumbered Cash, Beginning	<u>504,894.12</u>		
Unencumbered Cash, Ending	<u>\$ 501,384.41</u>		

CITY OF GARNETT, KANSAS
AIRPORT FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Property Tax	\$ 54,786.81	\$ 56,962.00	\$ (2,175.19)
Delinquent Tax	1,072.22	-	1,072.22
Motor Vehicle Tax	5,555.50	5,494.00	61.50
Commercial Vehicle Tax	273.12	-	273.12
Recreational Vehicle Tax	91.42	80.00	11.42
16M-20M Truck Tax	20.74	43.00	(22.26)
Watercraft Tax	25.25	22.00	3.25
Use of Money and Property			
Rental Income	6,203.00	6,500.00	(297.00)
Sale of Assets	19,726.70	7,000.00	12,726.70
Other Receipts			
Miscellaneous	843.12	1,500.00	(656.88)
Total Receipts	88,597.88	\$ 77,601.00	\$ 10,996.88
Expenditures			
Culture and Recreation			
Personal Services	476.48	\$ 200.00	276.48
Contractual Services	37,748.00	32,910.00	4,838.00
Commodities	19,702.77	6,700.00	13,002.77
Capital Outlay	10,024.52	29,700.00	(19,675.48)
Operating Transfers to:			
Tax Refund Reserve Fund	6,750.00	7,000.00	(250.00)
Tax Refund Litigation Fund	2,750.00	2,800.00	(50.00)
Total Expenditures	77,451.77	\$ 79,310.00	\$ (1,858.23)
Receipts Over(Under) Expenditures	11,146.11		
Unencumbered Cash, Beginning	6,834.41		
Unencumbered Cash, Ending	\$ 17,980.52		

CITY OF GARNETT, KANSAS
LIBRARY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Property Tax	\$ 138,705.98	\$ 144,230.00	\$ (5,524.02)
Delinquent Tax	3,171.85	-	3,171.85
Motor Vehicle Tax	14,279.22	14,026.00	253.22
Commercial Vehicle Tax	697.70	-	697.70
Recreational Vehicle Tax	233.94	204.00	29.94
16M-20M Truck Tax	68.41	109.00	(40.59)
Watercraft Tax	64.45	56.00	8.45
Other Receipts			
Miscellaneous	5,815.06	5,000.00	815.06
Gifts and Memorials	915.60	1,500.00	(584.40)
Total Receipts	163,952.21	\$ 165,125.00	\$ (1,172.79)
Expenditures			
Culture and Recreation			
Personal Services	103,000.61	\$ 105,575.00	\$ (2,574.39)
Contractual Services	22,752.95	8,000.00	14,752.95
Commodities	6,810.38	3,300.00	3,510.38
Capital Outlay	6,828.70	31,100.00	(24,271.30)
Operating Transfers to:			
Tax Refund Reserve Fund	19,500.00	19,600.00	(100.00)
Tax Refund Litigation Fund	7,750.00	7,840.00	(90.00)
Total Expenditures	166,642.64	\$ 175,415.00	\$ (8,772.36)
Receipts Over(Under) Expenditures	(2,690.43)		
Unencumbered Cash, Beginning	12,457.83		
Unencumbered Cash, Ending	\$ 9,767.40		

CITY OF GARNETT, KANSAS
PARKS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Property Tax	\$ 108,676.67	\$ 113,007.00	\$ (4,330.33)
Delinquent Tax	2,995.68	-	2,995.68
Motor Vehicle Tax	14,365.76	14,150.00	215.76
Commercial Vehicle Tax	703.67	-	703.67
Recreational Vehicle Tax	235.80	206.00	29.80
16M-20M Truck Tax	62.71	110.00	(47.29)
Watercraft Tax	65.02	56.00	9.02
Intergovernmental			
State Grants	26,571.00	26,571.00	-
Licenses and Permits			
Camping Permits	18,854.39	16,000.00	2,854.39
Other Receipts			
Miscellaneous	777.25	2,500.00	(1,722.75)
Total Receipts	173,307.95	\$ 172,600.00	\$ 707.95
Expenditures			
Culture and Recreation			
Personal Services	100,295.78	\$ 95,805.00	4,490.78
Contractual Services	6,057.92	9,100.00	(3,042.08)
Commodities	23,906.59	7,062.00	16,844.59
Capital Outlay	33,781.66	53,000.00	(19,218.34)
Operating Transfers to:			
Tax Refund Reserve Fund	18,250.00	19,600.00	(1,350.00)
Tax Refund Litigation Fund	7,500.00	7,840.00	(340.00)
Total Expenditures	189,791.95	\$ 192,407.00	\$ (2,615.05)
Receipts Over(Under) Expenditures	(16,484.00)		
Unencumbered Cash, Beginning	16,955.75		
Unencumbered Cash, Ending	\$ 471.75		

CITY OF GARNETT, KANSAS
RECREATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Property Tax	\$ 76,989.07	\$ 80,062.00	\$ (3,072.93)
Delinquent Tax	1,971.14	-	1,971.14
Motor Vehicle Tax	9,421.04	9,307.00	114.04
Commercial Vehicle Tax	462.71	-	462.71
Recreational Vehicle Tax	154.94	136.00	18.94
16M-20M Truck Tax	36.77	72.00	(35.23)
Watercraft Tax	42.77	37.00	5.77
Charges for Services	-		
Tournament Fees	500.00	400.00	100.00
Team Sponsor Fees	7,225.00	3,000.00	4,225.00
Enrollment Fees	28,190.05	22,000.00	6,190.05
Concession Stand Receipts	10,496.88	10,000.00	496.88
Admissions	13,245.26	15,000.00	(1,754.74)
Other Receipts	-		
Miscellaneous	253.00	500.00	(247.00)
Total Receipts	148,988.63	\$ 140,514.00	\$ 8,474.63
Expenditures			
Culture and Recreation			
Personal Services	93,513.72	\$ 90,046.00	3,467.72
Contractual Services	5,326.06	7,100.00	(1,773.94)
Commodities	38,881.88	950.00	37,931.88
Capital Outlay	5,264.83	45,000.00	(39,735.17)
Operating Transfers to:			
Tax Refund Reserve Fund	16,250.00	12,600.00	3,650.00
Tax Refund Litigation Fund	250.00	5,040.00	(4,790.00)
Total Expenditures	159,486.49	\$ 160,736.00	\$ (1,249.51)
Receipts Over(Under) Expenditures	(10,497.86)		
Unencumbered Cash, Beginning	25,070.06		
Unencumbered Cash, Ending	\$ 14,572.20		

CITY OF GARNETT, KANSAS
SPECIAL STREET MAINTENANCE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Motor Fuel Tax	\$ 86,947.68	\$ 86,450.00	\$ 497.68
Total Receipts	86,947.68	\$ 86,450.00	\$ 497.68
Expenditures			
General Government			
Personal Services	83,902.80	\$ 93,742.00	\$ (9,839.20)
Total Expenditures	83,902.80	\$ 93,742.00	\$ (9,839.20)
Receipts Over(Under) Expenditures	3,044.88		
Unencumbered Cash, Beginning	24,936.22		
Unencumbered Cash, Ending	\$ 27,981.10		

CITY OF GARNETT, KANSAS
SPECIAL PARKS AND RECREATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Intergovernmental			
Local Alcoholic Liquor Tax	\$ 5,122.06	\$ 4,296.00	\$ 826.06
Total Receipts	5,122.06	\$ 4,296.00	\$ 826.06
Expenditures			
Culture and Recreation			
Capital Outlay	5,000.00	\$ 5,000.00	\$ -
Total Expenditures	5,000.00	\$ 5,000.00	\$ -
Receipts Over(Under) Expenditures	122.06		
Unencumbered Cash, Beginning	743.68		
Unencumbered Cash, Ending	\$ 865.74		

CITY OF GARNETT, KANSAS
LAW ENFORCEMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Property Tax	\$ 335,150.44	\$ 348,488.00	\$ (13,337.56)
Delinquent Tax	8,702.72	-	8,702.72
Motor Vehicle Tax	41,995.93	41,321.00	674.93
Commercial Vehicle Tax	2,055.16	-	2,055.16
Recreational Vehicle Tax	688.82	602.00	86.82
16M-20M Truck Tax	190.18	320.00	(129.82)
Watercraft Tax	189.88	165.00	24.88
Fines, Forfeitures and Penalties			
Fines	135,924.81	85,000.00	50,924.81
Other Receipts			
Miscellaneous	9,148.52	5,000.00	4,148.52
Total Receipts	534,046.46	\$ 480,896.00	\$ 53,150.46
Expenditures			
Culture and Recreation			
Personal Services	325,470.33	\$ 356,082.00	\$ (30,611.67)
Contractual Services	41,205.46	34,050.00	7,155.46
Commodities	33,230.86	9,000.00	24,230.86
Capital Outlay	52,473.61	61,800.00	(9,326.39)
Operating Transfers to:			
Tax Refund Reserve Fund	54,328.00	56,000.00	(1,672.00)
Tax Refund Litigation Fund	22,000.00	22,400.00	(400.00)
Total Expenditures	528,708.26	\$ 539,332.00	\$ (10,623.74)
Receipts Over(Under) Expenditures	5,338.20		
Unencumbered Cash, Beginning	90,501.52		
Unencumbered Cash, Ending	\$ 95,839.72		

CITY OF GARNETT, KANSAS
CITY EMPLOYEE BENEFITS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Property Tax	\$ 157,968.84	\$ 164,264.00	\$ (6,295.16)
Delinquent Tax	3,374.28	-	3,374.28
Motor Vehicle Tax	12,770.19	12,570.00	200.19
Commercial Vehicle Tax	625.14	-	625.14
Recreational Vehicle Tax	209.50	183.00	26.50
16M-20M Truck Tax	57.10	97.00	(39.90)
Watercraft Tax	57.76	50.00	7.76
Use of Money and Property			
Interest Income	-	-	-
Other Receipts			
Reimbursed Expense	819,522.75	917,030.00	(97,507.25)
Operating Transfers from:			
Water and Sewer Utility Fund	47,338.03	15,000.00	32,338.03
General Fund	-	10,000.00	(10,000.00)
Total Receipts	<u>1,041,923.59</u>	<u>\$ 1,119,194.00</u>	<u>\$ (77,270.41)</u>
Expenditures			
General Government			
Personal Services	1,039,822.35	\$ 1,134,973.00	(95,150.65)
Operating Transfers to:			
Tax Refund Reserve Fund	16,000.00	16,800.00	(800.00)
Tax Refund Litigation Fund	6,500.00	6,720.00	(220.00)
Total Expenditures	<u>1,062,322.35</u>	<u>\$ 1,158,493.00</u>	<u>\$ (96,170.65)</u>
Receipts Over(Under) Expenditures	(20,398.76)		
Unencumbered Cash, Beginning	<u>20,398.76</u>		
Unencumbered Cash, Ending	<u>\$ -</u>		

CITY OF GARNETT, KANSAS
CAPITAL OUTLAY IMPROVEMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
City Sales Tax	\$ 277,446.02	\$ 300,000.00	\$ (22,553.98)
Use of Money and Property			
Loan Repayment	2,634.01	2,660.00	(25.99)
Anderson Co Bond Payment	12,810.00	10,588.00	2,222.00
Other Receipts			
Miscellaneous	748.40	-	748.40
Total Receipts	<u>293,638.43</u>	<u>\$ 313,248.00</u>	<u>\$ (19,609.57)</u>
Expenditures			
General Government			
Capital Outlay	178,404.28	\$ 208,090.00	\$ (29,685.72)
Debt Service			
Principal	80,000.00	80,000.00	-
Interest	43,891.28	18,670.00	25,221.28
Operating Transfer to			
General Obligation Bond			
and Interest Fund	-	5,132.00	(5,132.00)
Total Expenditures	<u>302,295.56</u>	<u>\$ 311,892.00</u>	<u>\$ (9,596.44)</u>
Receipts Over(Under) Expenditures	(8,657.13)		
Unencumbered Cash, Beginning	<u>127,647.49</u>		
Unencumbered Cash, Ending	<u>\$ 118,990.36</u>		

CITY OF GARNETT, KANSAS
LAW ENFORCEMENT GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year Actual
Receipts	
Intergovernmental	
STEP Grant	\$ -
Total Receipts	-
Expenditures	
General Government	
Personal Services	-
Total Expenditures	-
Receipts Over(Under) Expenditures	-
Unencumbered Cash, Beginning	3,197.17
Unencumbered Cash, Ending	\$ 3,197.17

CITY OF GARNETT, KANSAS
CREATIVE ARTS GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year Actual
Receipts	
Intergovernmental	
Sale of Property and Materials	\$ -
Total Receipts	-
Expenditures	
Capital Projects	
Capital Outlay	-
Total Expenditures	-
Receipts Over(Under) Expenditures	-
Unencumbered Cash, Beginning	6,630.62
Unencumbered Cash, Ending	\$ 6,630.62

CITY OF GARNETT, KANSAS
CIVIC BUILDING FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year Actual
Receipts	
Other Receipts	
Contributions	\$ 2,757.50
Total Receipts	2,757.50
Expenditures	
Capital Improvements	
Capital Outlay	2,353.50
Total Expenditures	2,353.50
Receipts Over(Under) Expenditures	404.00
Unencumbered Cash, Beginning	1,632.84
Unencumbered Cash, Ending	\$ 2,036.84

CITY OF GARNETT, KANSAS
RECREATION CENTER FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Intergovernmental			
Federal Grants	\$ -	\$ 2,500.00	\$ (2,500.00)
Charges for Service			
Enrollment Fees	11,851.00	17,000.00	(5,149.00)
Member Fees	35,733.00	36,000.00	(267.00)
Use of Money and Property			
Rental Proceeds	969.00	1,000.00	(31.00)
Other Receipts			
Gifts/Memorials	210.00	100.00	110.00
Total Receipts	48,763.00	\$ 56,600.00	\$ (7,837.00)
Expenditures			
General Government			
Personal Services	44,924.72	\$ 46,541.00	\$ (1,616.28)
Contractual Services	2,496.85	9,250.00	(6,753.15)
Commodities	6,961.12	2,000.00	4,961.12
Capital Outlay	6,351.81	5,000.00	1,351.81
Total Expenditures	60,734.50	\$ 62,791.00	\$ (2,056.50)
Receipts Over(Under) Expenditures	(11,971.50)		
Unencumbered Cash, Beginning	17,934.89		
Unencumbered Cash, Ending	\$ 5,963.39		

CITY OF GARNETT, KANSAS
SIDEWALK/STORMWATER REPAIR FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year Actual
Receipts	
Operation Transfers from:	
Electric Utility Fund	\$ 30,000.00
Gas Utility Fund	16,204.46
Total Receipts	46,204.46
Expenditures	
Special Projects	
Contractual Services	-
Total Expenditures	-
Receipts Over(Under) Expenditures	46,204.46
Unencumbered Cash, Beginning	(46,204.46)
Unencumbered Cash, Ending	\$ -

CITY OF GARNETT, KANSAS
COMMUNITY DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Transient Guest Tax	\$ 22,639.09	\$ 26,000.00	\$ (3,360.91)
Other Receipts			
Miscellaneous	8,724.37	500.00	8,224.37
Total Receipts	31,363.46	\$ 26,500.00	\$ 4,863.46
Expenditures			
General Government			
Contractual Services	31,514.12	\$ 32,250.00	\$ (735.88)
Commodities	1,502.43	1,000.00	502.43
Total Expenditures	33,016.55	\$ 33,250.00	\$ (233.45)
Receipts Over(Under) Expenditures	(1,653.09)		
Unencumbered Cash, Beginning	20,843.52		
Unencumbered Cash, Ending	\$ 19,190.43		

CITY OF GARNETT, KANSAS
TAX REFUND RESERVE FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year Actual
Receipts	
Operating Transfers from:	
Airport Fund	\$ 6,750.00
Parks Fund	18,250.00
Recreation Fund	16,250.00
Library Fund	19,500.00
Law Enforcement Fund	54,328.00
General Obligation Bond and Interest Fund	8,922.00
City Employee Benefits Fund	16,000.00
Total Receipts	140,000.00
Expenditures	
General Government	
Tax Refunds	-
Total Expenditures	-
Receipts Over(Under) Expenditures	140,000.00
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ 140,000.00

CITY OF GARNETT, KANSAS
TAX REFUND LITIGATION FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year Actual
Receipts	
Operating Transfers from:	
Airport Fund	\$ 2,750.00
Parks Fund	7,500.00
Recreation Fund	250.00
Library Fund	7,750.00
Law Enforcement Fund	22,000.00
General Obligation Bond and Interest Fund	3,250.00
City Employee Benefits Fund	6,500.00
Total Receipts	50,000.00
Expenditures	
General Government	
Tax Refunds	-
Total Expenditures	-
Receipts Over(Under) Expenditures	50,000.00
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ 50,000.00

CITY OF GARNETT, KANSAS
ECONOMIC DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Anderson County Appropriations	\$ 20,000.00	\$ 20,000.00	\$ -
Operating Transfer from			
Electric Utility Fund	20,000.00	20,000.00	-
Total Receipts	40,000.00	\$ 40,000.00	\$ -
Expenditures			
Collections			
Personal Services	36,004.00	\$ 36,405.00	\$ (401.00)
Contractual Services	2,360.57	7,100.00	(4,739.43)
Commodities	1,330.23	3,650.00	(2,319.77)
Total Expenditures	39,694.80	\$ 47,155.00	\$ (7,460.20)
Receipts Over(Under) Expenditures	305.20		
Unencumbered Cash, Beginning	17,378.55		
Unencumbered Cash, Ending	\$ 17,683.75		

CITY OF GARNETT, KANSAS
GENERAL OBLIGATION BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Property Tax	\$ 58,051.44	\$ 60,374.00	\$ (2,322.56)
Delinquent Tax	1,443.40	-	1,443.40
Motor Vehicle Tax	5,988.87	5,847.00	141.87
Commercial Vehicle Tax	291.00	-	291.00
Recreational Vehicle Tax	97.72	85.00	12.72
16M-20M Truck Tax	34.39	45.00	(10.61)
Watercraft Tax	26.87	23.00	3.87
Special Assessments	25,827.50	25,827.00	0.50
Operating Transfers from:			
Electric Utility Fund	22,500.00	9,409.00	13,091.00
Water and Sewer Utility Fund	22,500.00	9,409.00	13,091.00
Combined Utility Debt Service Fund	10,441.98	9,409.00	1,032.98
Total Receipts	147,203.17	\$ 120,428.00	\$ 26,775.17
Expenditures			
General Government			
Capital Outlay	202.70	\$ 85,822.00	\$ (85,619.30)
Debt Service			
Bond Principal	70,681.90	25,000.00	45,681.90
Bond Interest	13,139.32	-	13,139.32
Operating Transfers to:			
Tax Refund Reserve Fund	8,922.00	8,400.00	522.00
Tax Refund Litigation Fund	3,250.00	3,360.00	(110.00)
Total Expenditures	96,195.92	\$ 122,582.00	\$ (26,386.08)
Receipts Over(Under) Expenditures	51,007.25		
Unencumbered Cash, Beginning	3,155.71		
Unencumbered Cash, Ending	\$ 54,162.96		

CITY OF GARNETT, KANSAS
INDUSTRIAL PARK DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year Actual
Receipts	
Use of Money and Property	
Sale of Assets	\$ -
Total Receipts	-
Expenditures	
Capital Improvements	
Capital Outlay	-
Total Expenditures	-
Receipts Over(Under) Expenditures	-
Unencumbered Cash, Beginning	86,564.41
Unencumbered Cash, Ending	\$ 86,564.41

CITY OF GARNETT, KANSAS
KDOT PROJECT S.B. TURNING LANE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year Actual
Receipts	
Taxes and Shared Receipts	
State Grant - KDOT	\$ 48,146.00
Total Receipts	48,146.00
Expenditures	
Capital Improvements	
Capital Outlay	431,941.91
Total Expenditures	431,941.91
Receipts Over(Under) Expenditures	(383,795.91)
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ (383,795.91)

CITY OF GARNETT, KANSAS
REFUSE UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Charges for Services			
Utility Collections	\$ 319,498.79	\$ 315,000.00	\$ 4,498.79
Other Receipts			
Miscellaneous	5,643.45	-	5,643.45
Total Receipts	325,142.24	\$ 315,000.00	\$ 10,142.24
Expenditures			
Collections			
Personal Services	180,654.51	\$ 184,324.00	\$ (3,669.49)
Contractual Services	80,964.59	89,000.00	(8,035.41)
Commodities	21,927.01	7,000.00	14,927.01
Capital Outlay	14,123.24	35,600.00	(21,476.76)
Debt Service			
Capital Lease	14,853.64	15,000.00	(146.36)
Total Expenditures	312,522.99	\$ 330,924.00	\$ (18,401.01)
Receipts Over(Under) Expenditures	12,619.25		
Unencumbered Cash, Beginning	199,111.89		
Unencumbered Cash, Ending	\$ 211,731.14		

CITY OF GARNETT, KANSAS
ELECTRIC UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Charges for Services			
Electric Sales	\$ 2,894,717.29	\$ 3,050,000.00	\$ (155,282.71)
Taps and Connections	12,082.98	1,000.00	11,082.98
Pole Rentals	2,976.00	3,300.00	(324.00)
Other Receipts			
Miscellaneous	45,244.43	20,000.00	25,244.43
Total Receipts	<u>2,955,020.70</u>	<u>\$ 3,074,300.00</u>	<u>\$ (119,279.30)</u>
Expenditures			
Production			
Personal Services	286,582.39	\$ 378,054.00	(91,471.61)
Contractual Services	1,633,722.06	1,703,100.00	(69,377.94)
Commodities	29,804.02	11,000.00	18,804.02
Capital Outlay	5,595.00	6,000.00	(405.00)
Distribution			
Personal Services	260,525.99	250,610.00	9,915.99
Contractual Services	14,163.32	12,500.00	1,663.32
Commodities	88,425.23	80,000.00	8,425.23
Capital Outlay	24,298.08	49,500.00	(25,201.92)
Administration and General			
Personal Services	353,491.18	397,858.00	(44,366.82)
Contractual Services	45,469.11	25,375.00	20,094.11
Commodities	6,976.91	16,000.00	(9,023.09)
Capital Outlay	12,360.44	19,409.00	(7,048.56)
Debt Service			
Principal	25,000.00	35,125.00	(10,125.00)
Interest	10,125.00	-	10,125.00
Operating Transfers to:			
Sidewalk/Stormwater			
Repair Fund	30,000.00	-	30,000.00
General Obligation Bond			
and Interest Fund	22,500.00	9,409.00	13,091.00
Economic Development Fund	20,000.00	20,000.00	-
Combined Utility GO Refunding			
Bond Fund	100,000.00	55,868.00	44,132.00
Total Expenditures	<u>2,969,038.73</u>	<u>\$ 3,069,808.00</u>	<u>\$ (100,769.27)</u>
Receipts Over(Under) Expenditures	(14,018.03)		
Unencumbered Cash, Beginning	1,901,537.33		
Unencumbered Cash, Ending	<u>\$ 1,887,519.30</u>		

CITY OF GARNETT, KANSAS
WATER AND SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Transient Guest Tax	\$ 3,149.16	\$ 2,538.00	\$ 611.16
State Water Tax	2,699.05	2,500.00	199.05
Charges for Services			
Water Sales	1,094,742.62	1,075,000.00	19,742.62
Sewer Service	647,471.50	640,000.00	7,471.50
Other Sales	180.00	175.00	5.00
Use of Money and Property			
KDHE Loan Proceeds	-	-	-
Other Receipts			
Miscellaneous	41,504.33	39,000.00	2,504.33
Total Receipts	1,789,746.66	\$ 1,759,213.00	\$ 30,533.66
Expenditures			
Water Production			
Personal Services	82,712.55	\$ 121,100.00	\$ (38,387.45)
Contractual Services	37,941.19	28,500.00	9,441.19
Commodities	137,535.17	120,400.00	17,135.17
Capital Outlay	-	10,000.00	(10,000.00)
Water Distribution			
Personal Services	108,870.29	96,550.00	12,320.29
Contractual Services	3,804.93	3,250.00	554.93
Commodities	20,090.52	30,200.00	(10,109.48)
Capital Outlay	14,970.59	30,000.00	(15,029.41)
Pollution Control			
Personal Services	163,860.43	418,200.00	(254,339.57)
Contractual Services	22,433.04	22,500.00	(66.96)
Commodities	53,673.17	54,300.00	(626.83)
Capital Outlay	1,325.48	45,000.00	(43,674.52)
Administration and General			
Personal Services	286,479.11	228,071.00	58,408.11
Contractual Services	63,573.52	64,800.00	(1,226.48)
Commodities	6,450.21	15,100.00	(8,649.79)
Capital Outlay	873.58	10,000.00	(9,126.42)

CITY OF GARNETT, KANSAS
WATER AND SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Debt Service - Revolving Loan			
Principal	\$ 338,733.29	\$ 141,083.00	\$ 197,650.29
Interest	69,989.26	39,049.00	30,940.26
Service Fees	1,896.91	1,897.00	(0.09)
Operating Transfers to:			
Wastewater Utility Fund	300,000.00	300,000.00	-
Combined Utility GO Refunding			
Bond Fund	209,021.54	-	209,021.54
City Employee Benefits Fund	47,338.03	72,500.00	(25,161.97)
General Obligation Bond			
and Interest Fund	22,500.00	22,500.00	-
Total Expenditures	<u>1,994,072.81</u>	<u>\$ 1,875,000.00</u>	<u>\$ 119,072.81</u>
Receipts Over(Under) Expenditures	(204,326.15)		
Unencumbered Cash, Beginning	<u>1,699,610.34</u>		
Unencumbered Cash, Ending	<u>\$ 1,495,284.19</u>		

CITY OF GARNETT, KANSAS
GAS UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Charges for Services			
Gas Sales	\$ 1,003,025.72	\$ 1,200,000.00	\$ (196,974.28)
Service Fees	144.00	100.00	44.00
Other Receipts			
Miscellaneous	15,038.09	30,000.00	(14,961.91)
Total Receipts	1,018,207.81	\$ 1,230,100.00	\$ (211,892.19)
Expenditures			
Distribution			
Personal Services	152,425.56	145,053.00	7,372.56
Contractual Services	3,695.14	3,500.00	195.14
Commodities	709,435.15	837,400.00	(127,964.85)
Capital Outlay	16,091.22	25,000.00	(8,908.78)
Administration and General			
Personal Services	222,276.40	220,941.00	1,335.40
Contractual Services	30,937.96	31,800.00	(862.04)
Commodities	6,546.90	14,500.00	(7,953.10)
Capital Outlay	7,298.37	24,909.00	(17,610.63)
Operating Transfer to Sidewalk/Stormwater Repair Fund	16,204.46	9,409.00	6,795.46
Total Expenditures	1,164,911.16	\$ 1,312,512.00	\$ (147,600.84)
Receipts Over(Under) Expenditures	(146,703.35)		
Unencumbered Cash, Beginning	1,062,392.36		
Unencumbered Cash, Ending	\$ 915,689.01		

CITY OF GARNETT, KANSAS
WASTEWATER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Charges for Services			
Sewer Sales	\$ -	\$ -	\$ -
Service Fees	-	-	-
Operating Transfers from			
Water and Sewer Utility Fund	300,000.00	-	300,000.00
Total Receipts	300,000.00	\$ -	\$ 300,000.00
Expenditures			
Collections			
Personal Services	-	-	-
Contractual Services	-	-	-
Commodities	-	-	-
Total Expenditures	-	\$ -	\$ -
Receipts Over(Under) Expenditures	300,000.00		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	\$ 300,000.00		

CITY OF GARNETT, KANSAS
COMBINED UTILITY GO REFUNDING BOND FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Operating Transfers from:			
Electric Utility Fund	\$ 100,000.00	\$ -	\$ 100,000.00
Water and Sewer Utility Fund	209,021.54	-	209,021.54
Total Receipts	309,021.54	\$ -	\$ 309,021.54
Expenditures			
Capital Improvements			
Capital Outlay	94,064.00	\$ -	\$ 94,064.00
Debt Service			
Bond Principal	222,036.24	222,037.00	(0.76)
Bond Interest	5,000.00	5,000.00	-
Operating Transfer to General Obligation Bond and Interest Fund	10,441.98	-	10,441.98
Total Expenditures	331,542.22	\$ 227,037.00	\$ 104,505.22
Receipts Over(Under) Expenditures	(22,520.68)		
Unencumbered Cash, Beginning	226,520.68		
Unencumbered Cash, Ending	\$ 204,000.00		

CITY OF GARNETT, KANSAS
Agency Funds
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2017

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Federal Withholding Tax	\$ -	\$ 240,692.80	\$ 240,692.80	\$ -
Kansas Withholding Tax	-	83,353.54	83,353.54	-
Sales Tax Collections	1,641.44	122,564.99	120,055.90	4,150.53
Municipal Court	2,804.00	135,924.81	137,028.81	1,700.00
Fire Insurance Proceeds	-	-	-	-
	<u>\$ 4,445.44</u>	<u>\$ 582,536.14</u>	<u>\$ 581,131.05</u>	<u>\$ 5,850.53</u>

CITY OF GARNETT, KANSAS
Schedule of Required Bond Information
December 31, 2017

	<u>Date Expires</u>	<u>Amount</u>
EMC Insurance Company:		
Coverages:		
Buildings and Contents	4/1/2018	\$ 1,405,700.00
Liability		2,000,000.00
Deductible:		3,000.00
Premium:		17,962.53

Total Water and Sewer users for the beginning and
end of the fiscal year 2017 were as follows:

	<u>12/31/2017</u>	<u>1/1/2017</u>
Water	1,654	1,653
Sewer	1,425	1,410



The Honorable Mayor and City Commissioners
City of Garnett, Kansas

In planning and performing our audit of the financial statement of the City of Garnett, Kansas as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered City of Garnett's internal control over financial reporting (internal control) as a basis for designing 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 Garnett's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Garnett's 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of management, City Commissioners, others within City of Garnett, and is not intended to be, and should not be, used by anyone other than these specified parties.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
July 30, 2018

Jarred, Gilmore & Phillips, PA
CERTIFIED PUBLIC ACCOUNTANTS

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