

CITY OF SHARON SPRINGS, KANSAS

Financial Statement and Regulatory-Required
Supplementary Information with Independent Auditor's Report

For the Year Ended December 31, 2017

MAPES & MILLER LLP
Certified Public Accountants
Quinter, Kansas

CITY OF SHARON SPRINGS, KANSAS

**Financial Statement and Regulatory-Required
Supplementary Information with Independent Auditor's Report**

For the Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Sharon Springs
Sharon Springs, Kansas 67758

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Sharon Springs, 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.

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 1 of the financial statement, the financial statement is prepared by the City of Sharon Springs, Kansas, on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Sharon Springs, 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 balance of the City of Sharon Springs, 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 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 and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 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.

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 Sharon Springs, Kansas, as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated August 15, 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 web site 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-actual and budget 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 1.

Mapes & Miller LLP

Certified Public Accountants
Quinter, Kansas

August 20, 2018

CITY OF SHARON SPRINGS, KANSAS

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis

For the Year Ended December 31, 2017

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 384,554	555,481	521,772	418,263	21,558	439,821
Special Purpose Funds:						
Employee Benefits Fund	52,039	21,284	22,939	50,384	1,258	51,642
Library Fund	0	24,442	24,442	0	0	0
Special Highway Fund	26,541	20,126	40,000	6,667	0	6,667
Waste Tire Management Fund	533	40	400	173	0	173
Convention & Tourism Fund	13,514	14,624	19,990	8,148	0	8,148
Landfill - Post Closure Fund	367,724	18,667	0	386,391	0	386,391
Equipment Reserve Fund	107,236	75,146	58,125	124,257	0	124,257
Capital Improvements Fund	114,802	125,230	69,568	170,464	0	170,464
Fire Equipment Reserve Fund	74,373	24,450	15,802	83,021	0	83,021
Business Funds:						
Sewer Utility Fund	373,442	47,642	22,254	398,830	1,336	400,166
Water Utility Fund	422,555	238,661	202,686	458,530	14,065	472,595
Electric Utility Fund	756,660	1,056,776	880,162	933,274	39,992	973,266
Total Reporting Entity	\$ 2,693,973	2,222,569	1,878,140	3,038,402	78,209	3,116,611
Composition of Cash:						
Checking Account					\$	2,263,534
Certificate of Deposits						850,000
Savings						2,477
Petty Cash						600
Total Reporting Entity					\$	3,116,611

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

CITY OF SHARON SPRINGS, KANSAS

Notes to the Financial Statement

December 31, 2017

1. Summary of Significant Accounting Policies

(a) Municipal Financial Reporting Entity

The City of Sharon Springs, Kansas, is a municipal corporation governed by an elected mayor and an elected five-member council. The regulatory financial statement presents only the City of Sharon Springs, Kansas.

(b) 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.

(c) Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the City for the year ended December 31, 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 regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

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.).

d) 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 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, Schedule 2 as listed in the table of contents, 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 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 City 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 and the following special purpose funds:

Capital Improvements Fund
Fire Equipment Reserve Fund

Equipment Reserve Fund

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.

e) **Reimbursements**

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that received the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis of accounting.

2. **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 or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

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

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2017.

At December 31, 2017, the City's carrying amount of deposits was \$3,116,611 and the bank balance was \$3,135,393. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the balance of \$2,885,393 was guaranteed by four letters of credit issued by Federal Home Loan Bank of Topeka.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. At December 31, 2017, the City held no investments.

3. Defined Benefit Pension Plan

Plan description. The City of Sharon Springs, Kansas, 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 benefits 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, Suite100, 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 contributions 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 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 of Sharon Springs, Kansas, were \$23,435 for the year ended December 31, 2017.

Net Pension Liability

At December 31, 2017, the City's proportionate share of the collective net pension liability reported by KPERS was \$216,399. 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 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 position liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

4. Other Long-Term Obligations from Operations**(a) 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.

(b) Compensated Absences

Full-time employees are entitled to paid vacation leave as follows:

Year 1	5 days per year
Year 2 through year 9	10 days per year
Year 10 and beyond	15 days per year

Full-time employees are entitled to take vacation time when they have completed one full year of employment. Vacation leave is not accumulated from year to year. Any employee may choose to receive one-third of their vacation pay after it is earned, in addition to their regular pay. Employees are required to use two-thirds of their vacation or lose it. Upon termination, an employee shall be compensated for all earned unused vacation leave at their final rate of pay.

Each full-time employee shall be granted ten days of sick leave annually. An employee may use sick leave for illness by the employee's immediate family. The maximum accumulation for sick leave is 60 days. Unused sick pay is forfeited upon employment termination.

The City also provides full-time employees a maximum of four days personal leave per calendar year for use at their discretion. Personal leave is non-accumulative, and the employee is paid for unused personal leave at the end of each year.

(c) Landfill Closure and Post-Closure Cost

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. In addition to current year expenditures relating to the operation of the landfill, the City is incurring a liability based on the future closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste.

The estimate of closure and post-closure care liability at year-end is \$271,158. This liability is based on the use of 16.21% of the estimated capacity of the landfill and a total closure and post-closure cost estimate of \$1,672,784. The City will recognize the remaining estimated cost of closure and post-closure care of \$1,401,626 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2017. The City expects the landfill to continue to operate for approximately 171 years. Actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. As of December 31, 2017, the City has accumulated \$386,391 in the Landfill – Post Closure Fund for payment of closure and post closure care cost.

(d) Deferred Compensation Plan

The City offers its employees a deferred compensation plan ("Plan") created in accordance with Internal Revenue Code Section 457. The plan, available to all city employees, permits electing employees to defer a portion of their salary until future years.

The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Plan assets are transferred to a plan agent in a custodial trust.

However, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City, subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

5. Interfund Transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Fire Equipment Reserve Fund	KSA 12-1,117	\$ 24,325
Electric Utility Fund	Equipment Reserve Fund	KSA 12-825d	75,000
Electric Utility Fund	Capital Improvements Fund	KSA 12-825d	125,000

6. 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; and natural disasters. The City has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for 160 participating members.

The City pays an annual premium to the Kansas Municipal Insurance Trust for its workers compensation insurance coverage. The agreement to participate provides that the Kansas Municipal Insurance Trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by the Kansas Municipal Insurance Trust management.

The City continues to carry commercial insurance for all other risks of loss, including property, liability, and automobiles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

7. Related Party Transaction

The City paid AEB Enterprises, LLC a total of \$24,000 for recycling services in 2017. AEB Enterprises, LLC is owned by Aaron and Errin Bollig. Aaron is employed by the City and Errin is a council member.

The City entered into a capital lease agreement for a tractor with Ag Power Equipment Co. The Mayor, Dennis Sharp, was a part owner of Ag Power Equipment Co at the time the lease agreement was signed. The lease agreement calls for three annual payments of \$35,727. The first lease payment was paid on February 22, 2017.

8. Stewardship, Compliance and Accountability

(a) Contractor Surety Bond

K.S.A 60-1111 requires the City to take a surety bond from the contractor when any contract is signed exceeding \$100,000 for making any public improvements. The City did not obtain a surety bond from McCormick Excavation and Paving for the paving contract. This is a violation of this statute.

9. Inter-Local Agreements

The City has entered into an inter-local agreement with Wallace County to provide county residents with solid waste disposal. The agreement provides that the City will manage the waste disposal area and be responsible for all labor, management and cash expenditures necessary for operation. The County will reimburse the City the actual costs and expenses. This agreement is renewable annually.

In November 2003, the City entered into an inter-local agreement with Wallace County to provide law enforcement for the City. The County will provide patrol officers and enforce city all city ordinances normally enforced by city police officers. The City will provide a municipal court to prosecute all city cases. The City pays the County \$55,000 for law enforcement services. This agreement is reviewed not less than once every six months.

10. Long-term Debt

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
KDHE Loans:									
Water Supply Loan	4.04%	12/10/2001	\$ 642,481	8/1/2023	\$ 170,850	0	21,579	149,271	6,107
Capital Leases Payable:									
Tractor with Loader	7.00%	2/21/2017	100,323	2/21/2020	0	100,323	35,727	64,596	0
International Digger Truck	4.42%	5/3/2017	63,383	6/1/2019	0	63,383	22,048	41,335	0
Fire Truck	5.90%	1/28/2010	116,381	2/2/2020	54,768	0	12,516	42,252	3,285
Total contractual indebtedness					\$ 225,618	163,706	91,870	297,454	9,392

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

	2018	2019	2020	2021	2022	2023-2027	Total
Principal:							
KDHE Loans	\$ 22,459	23,375	24,329	25,322	26,355	27,431	149,271
Capital Leases Payable	64,701	68,572	14,910	0	0	0	148,183
Total principal	87,160	91,947	39,239	25,322	26,355	27,431	297,454
Interest:							
KDHE Loans	5,303	4,466	3,595	2,687	1,744	762	18,557
Capital Leases Payable	8,876	5,005	892	0	0	0	14,773
Total interest	14,179	9,471	4,487	2,687	1,744	762	33,330
Total principal and interest	\$ 101,339	101,418	43,726	28,009	28,099	28,193	330,784

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF SHARON SPRINGS, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017

Schedule 1

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund	\$ 928,339	0	928,339	521,772	(406,567)
Special Purpose Funds:					
Employee Benefits Fund	65,853	0	65,853	22,939	(42,914)
Library Fund	25,235	0	25,235	24,442	(793)
Special Highway Fund	45,873	0	45,873	40,000	(5,873)
Waste Tire Management Fund	1,438	0	1,438	400	(1,038)
Convention & Tourism Fund	60,836	0	60,836	19,990	(40,846)
Landfill - Post Closure Fund	432,472	0	432,472	0	(432,472)
Business Funds:					
Sewer Utility Fund	427,406	0	427,406	22,254	(405,152)
Water Utility Fund	705,233	0	705,233	202,686	(502,547)
Electric Utility Fund	2,067,249	0	2,067,249	880,162	(1,187,087)

CITY OF SHARON SPRINGS, KANSAS

Schedule 2

General Fund

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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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes				
Ad Valorem Property Tax	\$ 304,251	314,430	319,015	(4,585)
Delinquent Tax	2,332	3,789	0	3,789
Motor Vehicle Tax	44,799	43,342	43,509	(167)
Recreational Vehicle Tax	689	490	801	(311)
16/20M Vehicle Tax	874	854	701	153
Commercial Vehicle Tax	11,744	20,079	10,547	9,532
Licenses and Permits				
Utility Franchise Fees	12,589	15,986	20,000	(4,014)
Occupational Licenses	2,481	500	1,500	(1,000)
Building Permits	0	74	0	74
Dog Licenses	63	121	0	121
Municipal Court	175	75	1,500	(1,425)
Use of Money and Property				
Interest on Idle Funds	5,100	5,920	0	5,920
Miscellaneous				
Reimbursements	145,899	126,644	100,000	26,644
Construction Debris Receipt	5,450	1,675	7,500	(5,825)
Sale of Materials, Equip, Lots	0	20,105	6,500	13,605
Equipment Rental	0	297	2,500	(2,203)
Park Improvement	400	1,100	1,000	100
Other	3,275	0	0	0
Total Receipts	540,121	555,481	515,073	40,408

CITY OF SHARON SPRINGS, KANSAS

Schedule 2

General Fund

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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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures				
General Government				
Personal Services	\$ 17,400	18,850	40,000	(21,150)
Contractual Services	38,300	36,201	40,000	(3,799)
Commodities	4,828	3,191	7,500	(4,309)
Capital Outlay	0	0	15,000	(15,000)
Transfer to Fire Equipment Reserve Fund	27,819	24,325	25,000	(675)
Total General Government	88,347	82,567	127,500	(44,933)
Administrative Office				
Personal Services	8,095	1,860	25,000	(23,140)
Contractual Services	5,553	6,597	20,000	(13,403)
Commodities	10,509	9,315	13,000	(3,685)
Capital Outlay	0	0	10,000	(10,000)
Total Administrative Office	24,157	17,772	68,000	(50,228)
Police Department				
Contractual Services	55,106	55,090	85,000	(29,910)
Commodities	108	109	7,500	(7,391)
Total Police Department	55,214	55,199	92,500	(37,301)
Fire Department				
Contractual Services	4,349	5,635	20,000	(14,365)
Commodities	2,439	4,634	15,000	(10,366)
Total Fire Department	6,788	10,269	35,000	(24,731)

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General Fund

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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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Street Department				
Personal Services	\$ 90,037	98,567	125,000	(26,433)
Contractual Services	8,879	7,626	25,000	(17,374)
Commodities	28,984	22,630	50,000	(27,370)
Capital Outlay	80,615	103,713	116,089	(12,376)
Total Street Department	208,515	232,536	316,089	(83,553)
Park Department				
Personal Services	11,962	11,523	15,000	(3,477)
Contractual Services	0	0	5,000	(5,000)
Commodities	7,982	4,204	10,000	(5,796)
Total Park Department	19,944	15,727	30,000	(14,273)
Landfill				
Personal Services	53,364	59,001	75,000	(15,999)
Contractual Services	48,721	29,294	55,000	(25,706)
Commodities	45,883	15,220	50,000	(34,780)
Total Landfill	147,968	103,515	180,000	(76,485)
Municipal Court				
Personal Services	3,000	3,250	6,000	(2,750)
Contractual Services	200	250	5,000	(4,750)
Commodities	188	109	2,500	(2,391)
Total Municipal Court	3,388	3,609	13,500	(9,891)

CITY OF SHARON SPRINGS, KANSAS

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General Fund

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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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Animal Control				
Contractual Services	\$ 11	6	1,000	(994)
Commodities	66	72	750	(678)
Total Animal Control	77	78	1,750	(1,672)
Housing Authority				
Contractual Services	0	0	25,000	(25,000)
Governing Body: Contract Services				
Domestic Violence	500	500	1,000	(500)
Recreation Commission				
Contractual Services	0	0	3,000	(3,000)
Park Improvement				
Contractual Services	75	0	10,000	(10,000)
Library	0	0	25,000	(25,000)
Total Expenditures	554,973	521,772	928,339	(406,567)
Receipts Over (Under) Expenditures	(14,852)	33,709		
Unencumbered Cash, Beginning	399,406	384,554		
Unencumbered Cash, Ending	\$ 384,554	418,263		

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Special Purpose Funds

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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)

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over Over (Under)
Employee Benefits Fund				
Receipts				
Ad Valorem Tax	\$ 16,810	16,651	16,897	(246)
Delinquent Tax	180	248	0	248
Motor Vehicle Tax	2,832	2,476	2,403	73
Recreation Vehicle Tax	44	28	44	(16)
16/20M Vehicle Tax	56	54	39	15
Commercial Vehicle Tax	739	1,112	582	530
Reimbursements	974	715	0	715
Total Receipts	21,635	21,284	19,965	1,319
Expenditures				
Employer Contributions	20,903	22,939	65,853	(42,914)
Receipts Over (Under) Expenditures	732	(1,655)		
Unencumbered Cash, Beginning	51,307	52,039		
Unencumbered Cash, Ending	\$ 52,039	50,384		

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Special Purpose Funds

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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)

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over Over (Under)
Library Fund				
Receipts				
Ad Valorem Tax	\$ 19,572	20,018	20,317	(299)
Delinquent Tax	150	243	0	243
Motor Vehicle Tax	2,889	2,801	2,799	2
Recreational Vehicle Tax	45	32	51	(19)
16/20M Vehicle Tax	54	56	45	11
Commercial Vehicle Tax	770	1,292	678	614
Total Receipts	23,480	24,442	23,890	552
Expenditures				
Library Board	24,825	24,442	20,000	4,442
Contractual Services	0	0	5,235	(5,235)
Total Expenditures	24,825	24,442	25,235	(793)
Receipts Over (Under) Expenditures	(1,345)	0		
Unencumbered Cash, Beginning	1,345	0		
Unencumbered Cash, Ending	\$ 0	0		

CITY OF SHARON SPRINGS, KANSAS

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Special Purpose Funds

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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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Special Highway Fund				
Receipts				
Intergovernmental-State of Kansas	\$ 20,128	20,126	19,620	506
Expenditures				
Contractual Services	0	40,000	45,873	(5,873)
Receipts Over (Under) Expenditures	20,128	(19,874)		
Unencumbered Cash, Beginning	6,413	26,541		
Unencumbered Cash, Ending	\$ 26,541	6,667		

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Special Purpose Funds

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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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Waste Tire Management Fund				
Receipts				
Interest on Idle Funds	\$ 13	15	15	0
Fees	366	25	1,000	(975)
Total Receipts	379	40	1,015	(975)
Expenditures				
Contractual Services	0	400	1,438	(1,038)
Receipts Over (Under) Expenditures	379	(360)		
Unencumbered Cash, Beginning	154	533		
Unencumbered Cash, Ending	\$ 533	173		

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Special Purpose Funds

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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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Convention & Tourism Fund				
Receipts				
Transient Guest Tax	\$ 13,521	14,624	30,000	(15,376)
Expenditures				
Promotional Expense	24,843	19,990	60,836	(40,846)
Receipts Over (Under) Expenditures	(11,322)	(5,366)		
Unencumbered Cash, Beginning	24,836	13,514		
Unencumbered Cash, Ending	\$ 13,514	8,148		

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Special Purpose Funds

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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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Landfill - Post Closure Fund				
Receipts				
Reimbursements	\$ 32,116	17,938	50,000	(32,062)
Interest on Idle Funds	687	729	800	(71)
Total Receipts	32,803	18,667	50,800	(32,133)
Expenditures				
Capital Outlay	0	0	432,472	(432,472)
Receipts Over (Under) Expenditures	32,803	18,667		
Unencumbered Cash, Beginning	334,921	367,724		
Unencumbered Cash, Ending	\$ 367,724	386,391		

CITY OF SHARON SPRINGS, KANSAS

Special Purpose Funds

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended December 31, 2017

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

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	<u>2016</u>	<u>2017</u>
Equipment Reserve Fund		
Receipts		
Interest Income	\$ 117	146
Transfer from Electric Utility Fund	<u>75,000</u>	<u>75,000</u>
Total Receipts	<u>75,117</u>	<u>75,146</u>
Expenditures		
Capital Outlay	<u>43,822</u>	<u>58,125</u>
Receipts Over (Under) Expenditures	31,295	17,021
Unencumbered Cash, Beginning	<u>75,941</u>	<u>107,236</u>
Unencumbered Cash, Ending	\$ <u><u>107,236</u></u>	<u><u>124,257</u></u>

CITY OF SHARON SPRINGS, KANSAS

Special Purpose Funds

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended December 31, 2017

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

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	<u>2016</u>	<u>2017</u>
Capital Improvements Fund		
Receipts		
Interest Income	\$ 162	230
Transfer from Electric Utility Fund	<u>75,000</u>	<u>125,000</u>
Total Receipts	<u>75,162</u>	<u>125,230</u>
Expenditures		
Capital Outlay	<u>33,892</u>	<u>69,568</u>
Receipts Over (Under) Expenditures	41,270	55,662
Unencumbered Cash, Beginning	<u>73,532</u>	<u>114,802</u>
Unencumbered Cash, Ending	<u>\$ 114,802</u>	<u>170,464</u>

CITY OF SHARON SPRINGS, KANSAS

Special Purpose Funds

Schedule of Receipts and Expenditures

Regulatory Basis

For the Year Ended December 31, 2017

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

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	<u>2016</u>	<u>2017</u>
Fire Equipment Reserve Fund		
Receipts		
Transfer from General Fund	\$ 27,819	24,325
Interest from Idle Funds	<u>113</u>	<u>125</u>
Total Receipts	<u>27,932</u>	<u>24,450</u>
Expenditures		
Capital Outlay	<u>15,801</u>	<u>15,802</u>
Receipts Over (Under) Expenditures	12,131	8,648
Unencumbered Cash, Beginning	<u>62,242</u>	<u>74,373</u>
Unencumbered Cash, Ending	<u>\$ 74,373</u>	<u>83,021</u>

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Business Funds

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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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Sewer Utility Fund				
Receipts				
Sewer Charges	\$ 47,395	47,362	50,000	(2,638)
Installation Charges	0	0	250	(250)
Penalties	265	280	500	(220)
Reimbursements	0	0	1,000	(1,000)
Total Receipts	47,660	47,642	51,750	(4,108)
Expenditures				
Collection Maintenance				
Personal Services	15,357	15,515	20,000	(4,485)
Contractual Services	350	0	0	0
Commodities	5,230	2,856	10,000	(7,144)
Capital Outlay	0	0	227,406	(227,406)
General Administration				
Personal Services	0	0	40,000	(40,000)
Contractual Services	1,569	1,822	20,000	(18,178)
Commodities	963	2,061	10,000	(7,939)
Capital Outlay	0	0	100,000	(100,000)
Total Expenditures	23,469	22,254	427,406	(405,152)
Receipts Over (Under) Expenditures	24,191	25,388		
Unencumbered Cash, Beginning	349,251	373,442		
Unencumbered Cash, Ending	\$ 373,442	398,830		

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Business Funds

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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)

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over Over (Under)
Water Utility Fund				
Receipts				
Water Sales	\$ 232,014	231,277	275,000	(43,723)
Meter Deposits	650	575	1,500	(925)
Penalties	1,055	1,035	1,500	(465)
Connect and Disconnects	225	253	750	(497)
Installation Charges	2,663	0	750	(750)
Sale of Materials	300	2,473	5,000	(2,527)
Reimbursements	7,916	343	5,000	(4,657)
Other	3,224	2,670	0	2,670
Equipment Rental	0	35	500	(465)
Total Receipts	248,047	238,661	290,000	(51,339)
Expenditures				
Production				
Contractual Services	522	247	15,000	(14,753)
Commodities	28,807	23,870	55,000	(31,130)
Capital Outlay	0	0	10,000	(10,000)
Transmission and Distribution				
Personal Services	32,133	34,598	50,000	(15,402)
Contractual Services	6,434	7,376	20,000	(12,624)
Commodities	3,409	8,091	45,000	(36,909)
Capital Outlay	0	15,200	330,968	(315,768)
General Administration				
Personal Services	65,259	72,905	95,000	(22,095)
Contractual Services	6,123	6,609	35,000	(28,391)
Commodities	3,972	4,951	10,000	(5,049)
Capital Outlay	0	0	5,000	(5,000)
Debt Service	28,265	28,265	28,265	0
Other	688	24	1,000	(976)
Deposit Refund	0	550	5,000	(4,450)
Total Expenditures	175,612	202,686	705,233	(502,547)
Receipts Over (Under) Expenditures	72,435	35,975		
Unencumbered Cash, Beginning	350,120	422,555		
Unencumbered Cash, Ending	\$ 422,555	458,530		

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Business Funds

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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)

	Prior Year	Current Year		Variance Over Over (Under)
	Actual	Actual	Budget	
Electric Utility Fund				
Receipts				
Charges for Services	\$ 993,132	1,033,644	1,250,000	(216,356)
Reimbursements	298	2,169	10,000	(7,831)
Connect and Disconnects	303	306	1,000	(694)
Penalties	4,095	4,462	6,000	(1,538)
Deposits	2,450	2,625	10,000	(7,375)
Sales of Materials	3,319	2,556	25,000	(22,444)
Equipment Rental	5,150	0	5,000	(5,000)
Patronage Dividend	7,024	7,830	7,500	330
Other	3,009	3,184	0	3,184
Total Receipts	1,018,780	1,056,776	1,314,500	(257,724)
Expenditures				
Production				
Personal Services	13,122	24,926	40,000	(15,074)
Contractual Services	27,489	26,144	100,000	(73,856)
Commodities	506,842	430,190	1,225,000	(794,810)
Capital Outlay	0	0	20,000	(20,000)
Transmission and Distribution				
Personal Services	60,325	49,889	75,000	(25,111)
Contractual Services	4,354	4,223	75,000	(70,777)
Commodities	16,504	16,950	75,000	(58,050)
Capital Outlay	0	0	15,000	(15,000)
General Administration				
Personal Services	87,468	91,790	159,500	(67,710)
Contractual Services	6,025	7,592	15,000	(7,408)
Commodities	24,252	25,819	75,000	(49,181)
Capital Outlay	0	0	7,500	(7,500)
Other				
Interest on Deposits	48	115	249	(134)
Deposit Refund	2,551	2,524	10,000	(7,476)
Transfer to Equipment Reserve Fund	75,000	75,000	75,000	0
Transfer to Capital Improvements Fund	75,000	125,000	100,000	25,000
Total Expenditures	898,980	880,162	2,067,249	(1,187,087)
Receipts Over (Under) Expenditures	119,800	176,614		
Unencumbered Cash, Beginning	636,860	756,660		
Unencumbered Cash, Ending	\$ 756,660	933,274		