

CITY OF ERIE, KANSAS

Independent Auditors' Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2017

CITY OF ERIE, KANSAS
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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Erie, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Erie, 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 City'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 Erie, 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 Erie, 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 Erie, 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, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. 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 City of Erie, Kansas as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated June 30, 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.

A handwritten signature in cursive script that reads "Jarred, Gilmore & Phillips, PA".

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

June 5, 2018
Chanute, Kansas

CITY OF ERIE, 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	Cash Balance December 31, 2017
General	\$ 26,220.93	\$ 632,308.45	\$ 656,986.04	\$ 1,543.34	\$ 12,336.91	\$ 13,880.25
Special Purpose Funds:						
Tort Liability	12,214.34	1,637.54	3,651.00	10,200.88	-	10,200.88
Employee Benefits	42,042.53	123,318.72	114,097.99	51,263.26	2,796.00	54,059.26
Library	-	32,149.90	32,149.90	-	-	-
Industrial Development	79,570.04	10,974.66	876.40	89,668.30	-	89,668.30
Recreation	245.26	16,860.76	17,106.02	-	-	-
Special Park and Recreation	1,277.81	1,485.39	1,756.64	1,006.56	-	1,006.56
Special Highway	144,650.85	29,739.05	18,475.78	155,914.12	371.36	156,285.48
Special Police and Fire	30,950.32	10,827.20	3,067.15	38,710.37	-	38,710.37
Equipment Reserve	78,178.09	42,337.56	66,471.21	54,044.44	18,053.75	72,098.19
Capital Improvement	271,049.08	2,365.12	112,728.62	160,685.58	-	160,685.58
Miscellaneous Grants	(147,704.61)	350,479.50	184,025.00	18,749.89	-	18,749.89
City Street Sales Tax	96,864.94	52,333.05	52,939.06	96,258.93	-	96,258.93
Bond and Interest Funds:						
G.O. Bond and Interest	77,959.78	158,636.71	144,337.50	92,258.99	-	92,258.99
Business Funds:						
Sewer Utility	14,104.46	159,420.17	149,081.41	24,443.22	1,615.70	26,058.92
Sewer Utility Improvement Reserve	68,804.76	3,000.00	25,868.00	45,936.76	-	45,936.76
Water Utility	29,742.14	292,948.63	307,341.56	15,349.21	12,310.29	27,659.50
Water Utility Improvement Reserve	46,753.90	-	44,313.26	2,440.64	24,831.78	27,272.42
Electric Utility	154,843.70	1,537,371.28	1,490,104.33	202,110.65	86,707.86	288,818.51
Electric Utility II	34,913.09	889,330.34	886,574.15	37,669.28	8,830.31	46,499.59
Electric Utility Improvement Reserve	121,883.36	46,500.00	55,363.88	113,019.48	-	113,019.48
Electric Utility II Debt Service	174,496.43	763,579.36	763,115.00	174,960.79	-	174,960.79
Electric Utility II Bond Reserve	24,016.22	12,040.91	-	36,057.13	-	36,057.13
Security Deposits	62.14	5,990.00	6,052.14	-	52,876.00	52,876.00
Total Reporting Entity	\$ 1,383,139.56	\$ 5,175,634.30	\$ 5,136,482.04	\$ 1,422,291.82	\$ 220,729.96	\$ 1,643,021.78
(Excluding Agency Funds)						

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

Statement 1 (Continued)**CITY OF ERIE, 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><u>\$ 1,643,021.78</u></u>
Composition of Cash:	
Cash on Hand	\$ 300.00
Checking Accounts	
Bank of Commerce	
General Operating	100,290.21
General Money Market Account	1,083,235.48
Petty Cash Account	750.00
Electronic Funds Transfers Account	100.00
Investments	
Kansas State Treasury Investment Pool	<u>491,022.96</u>
Total Cash	1,675,698.65
Agency Funds Per Schedule 3	<u>(32,676.87)</u>
Total Reporting Entity (Excluding Agency Funds)	<u><u>\$ 1,643,021.78</u></u>

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

CITY OF ERIE, KANSAS

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Erie, Kansas (the City) is incorporated as a city of the third class under the provisions of the Kansas Constitution, Article 12, Section 5 and K.S.A. 15-101 *et seq.* The City operates under a Council-City Clerk form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water, electric, trash 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 Erie, 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 accounting principles generally accepted in the United States of America.

Financial Reporting Entity

The City of Erie, Kansas, is a municipal corporation governed by an elected five-member council. This financial statement presents the City of Erie.

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

Erie Public Library

The City of Erie, Kansas, Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Bond issuances must also be approved by the City. The City levies taxes for the Library Board and significantly influences the Library's operations. Separate internal financial statements are available at the Library.

Erie Recreation Commission

The Erie Recreation Commission oversees recreational activities. The City levies taxes for the Recreation Commission. Bond issuance or acquisition of real property must be approved by the City. Separate internal financial statements are available at the Recreation Commission.

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 Erie, Kansas, for the year of 2017:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)

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.

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

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

Property Taxes

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reimbursed Expenses

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

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.

Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

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.

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

Budgetary Information (Continued)

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

- Miscellaneous Grants 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.

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

Revenue Bond Requirements

The City is required, under ordinances of the Electric Utility II System Revenue Bonds, to maintain in its Business Fund certain restricted accounts. The ordinances provide that the following reserve accounts be set up in amounts as described below:

<u>RESERVE ACCOUNTS</u>	<u>REQUIRED AMOUNT</u>	<u>ACTUAL AMOUNT</u>
Bond Reserve Account for Electric Utility System Revenue Refunding and Improvement Bonds, Series 2015 – requires monthly transfers of \$1,000.00 until \$222,000 is reached.	\$ 222,000.00	\$ 36,057.13
TOTAL RESERVES AT DECEMBER 31, 2017	\$ 222,000.00	\$ 36,057.13

The City agrees to fix, establish, maintain and collect such rates, fees or charges for Electric Utility service which will be sufficient to enable the City to have, in each fiscal year, a net income in an amount that will be not less than 110% amount required to be paid by the City during that fiscal year on account of both principal and interest of all Electric Utility System Bonds of the City at the time outstanding. Net income is defined as gross income less operating expenses, but before any transfers, depreciation and capital expense. For the year ended December 31, 2017 the City had net income available for debt service of \$1,218,269.40. The revenue bond ordinance requires net income available for debt service of \$843,166.50, which is 110.00% of the principal and interest requirements for 2018. The City was compliance with the electric utility rate requirements, as net operating income of the Electric Utility II Fund and Electric Utility Fund was 158.94% of year 2018 principal and interest requirements.

Compliance with Kansas Statutes

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

3. DEPOSITS AND INVESTMENTS

As of December 31, 2017, the City has the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			<u>Rating</u>
		<u>Less than 1</u>	<u>1 - 2</u>		
Kansas Municipal Investment Pool					
Overnight Pool	\$ 491,022.96	\$ 491,022.96	- -		S&P AAf/S1+

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 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. The City's allocation of investments as of December 31, 2017, is as follows:

<u>Investment Type</u>	<u>Percentage of Investment</u>
Kansas Municipal Investment Pool	100%

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

At year-end, the City's carrying amount of deposits was \$1,184,375.69 and the bank balance was \$1,180,958.13. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,690.58 was covered by FDIC insurance, \$930,267.55 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

3. DEPOSITS AND INVESTMENTS (Continued)

At year-end, the City had invested \$491,022.96 in the Kansas Municipal Investment Pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

4. CAPITAL LEASE OBLIGATIONS

The City has entered into a capital lease agreement in order finance the purchase of a 2001 bucket truck. Payments are made monthly including interest at 2.55%. Final maturity of the lease is February 17, 2019. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2018	\$ 10,576.32
2019	<u>1,673.29</u>
	12,249.61
Less imputed interest	<u>(168.60)</u>
Net Present Value of Minimum	
Lease Payments	12,081.01
Less: Current Maturities	<u>(10,409.58)</u>
Long-Term Capital Lease Obligations	<u>\$ 1,671.43</u>

The City has entered into a capital lease agreement in order finance the purchase of a tractor and bushhog. Payments are made monthly including interest at 2.46%. Final maturity of the lease is June 15, 2020. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2018	\$ 5,659.32
2019	5,659.32
2020	<u>2,377.82</u>
	13,696.46
Less imputed interest	<u>(411.79)</u>
Net Present Value of Minimum	
Lease Payments	13,284.67
Less: Current Maturities	<u>(5,393.54)</u>
Long-Term Capital Lease Obligations	<u>\$ 7,891.13</u>

4. **CAPITAL LEASE OBLIGATIONS** (Continued)

The City has entered into a capital lease agreement in order finance the purchase of a truck for the police department. Payments are made monthly including interest at 1.50%. Final maturity of the lease is December 20, 2019. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2018	\$ 9,987.24
2019	846.65
	<u>10,833.89</u>
Less imputed interest	(108.41)
Net Present Value of Minimum	
Lease Payments	10,725.48
Less: Current Maturities	(9,881.94)
Long-Term Capital Lease Obligations	<u>\$ 843.54</u>

The City has entered into a capital lease agreement in order finance the purchase of a digger truck for the electric department. Payments are made monthly including interest at 3.49%. Final maturity of the lease is September 15, 2020. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2018	\$ 16,353.84
2019	16,353.84
2020	<u>12,265.38</u>
	44,973.06
Less imputed interest	(2,149.75)
Net Present Value of Minimum	
Lease Payments	42,823.31
Less: Current Maturities	(15,099.70)
Long-Term Capital Lease Obligations	<u>\$ 27,723.61</u>

The City has entered into a capital lease agreement in order finance the purchase of a pumper truck for the fire department. Payments are made monthly including interest at 2.27%. Final maturity of the lease is October 10, 2020. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2018	\$ 9,812.02
2019	9,812.02
2020	<u>9,812.01</u>
	29,436.05
Less imputed interest	(1,288.05)
Net Present Value of Minimum	
Lease Payments	28,148.00
Less: Current Maturities	(9,166.06)
Long-Term Capital Lease Obligations	<u>\$ 18,981.94</u>

5. 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	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Paid by Utility Funds:									
Refunding Bonds, Series 2012 A	0.75-2.50%	May 25, 2012	\$ 270,000.00	September 1, 2019	\$ 105,000.00	\$ -	\$ 35,000.00	\$ 70,000.00	\$ 2,362.50
Sewer System Improvement Refunding Bonds, Series 2012 B	0.75-3.75%	May 25, 2012	1,690,000.00	September 1, 2037	1,455,000.00	-	50,000.00	1,405,000.00	56,975.00
Revenue Bonds									
Paid by Utility Funds									
Revenue Refunding Bonds Series 2015	2.00-5.00%	January 13, 2015	8,175,000.00	March 15, 2030	7,675,000.00	-	450,000.00	7,225,000.00	313,115.00
Capital Leases									
Bucket Truck	2.55%	February 20, 2014	49,600.00	February 17, 2019	22,228.79	-	10,147.78	12,081.01	428.54
Tractor & Bushhog	2.46%	June 10, 2015	26,600.00	June 15, 2020	18,547.30	-	5,262.63	13,284.67	396.69
Police Truck	1.50%	February 18, 2016	29,277.88	February 20, 2019	21,278.38	-	10,552.90	10,725.48	266.61
Digger Truck	3.49%	September 1, 2017	46,500.00	September 15, 2020	-	46,500.00	3,676.69	42,823.31	411.77
Fire Pumper Truck	2.27%	October 10, 2017	28,148.00	October 10, 2020	-	28,148.00	-	28,148.00	-
Total Contractual Indebtedness			\$ 9,297,054.47	\$ 74,648.00	\$ 560,963.31	\$ 8,736,091.16	\$ 373,544.34		

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	2033-2037	Total
Principal									
General Obligation Bonds									
Paid with Utility Revenues:									
Sewer System Improvement Refunding Bonds,									
Series 2012 A	\$ 35,000.00	\$ 35,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000.00
Series 2012 B	50,000.00	50,000.00	55,000.00	55,000.00	55,000.00	305,000.00	375,000.00	460,000.00	1,405,000.00
Revenue Bonds									
Paid with Utility Revenues									
Taxable Electric Utility System Revenue									
Refunding Bonds Series 2015	465,000.00	475,000.00	495,000.00	510,000.00	525,000.00	2,975,000.00	1,780,000.00	-	7,225,000.00
Capital Lease									
Bucket Truck	10,409.58	1,671.43	-	-	-	-	-	-	12,081.01
Tractor & Bushhog	5,393.54	5,527.74	2,363.39	-	-	-	-	-	13,284.67
Police Truck	9,881.94	843.54	-	-	-	-	-	-	10,725.48
Digger Truck	15,099.70	15,635.20	12,088.41	-	-	-	-	-	42,823.31
Fire Pumper Truck	9,166.06	9,381.13	9,600.81	-	-	-	-	-	28,148.00
Total Principal Payments	575,685.06	568,042.71	552,363.39	565,000.00	580,000.00	3,280,000.00	2,155,000.00	460,000.00	8,736,091.16
Interest									
General Obligation Bonds									
Paid with Utility Revenues:									
Sewer System Improvement Refunding Bonds,									
Series 2012 A	1,662.50	875.00	-	-	-	-	-	-	2,537.50
Series 2012 B	55,975.00	54,850.00	53,600.00	52,087.50	50,437.50	221,400.00	154,425.00	63,675.00	706,450.00
Revenue Bonds									
Paid with Utility Revenues									
Taxable Electric Utility System Revenue									
Refunding Bonds Series 2015	301,515.00	288,365.00	273,720.00	257,465.00	257,465.00	979,435.00	249,375.00	-	2,607,340.00
Capital Lease									
Bucket Truck	166.74	1.86	-	-	-	-	-	-	168.60
Tractor & Bushhog	265.78	131.58	14.43	-	-	-	-	-	411.79
Police Truck	105.30	3.11	-	-	-	-	-	-	108.41
Digger Truck	1,254.14	718.64	176.97	-	-	-	-	-	2,149.75
Fire Pumper Truck	645.96	430.89	211.20	-	-	-	-	-	1,288.05
Total Interest Payments	359,690.32	344,226.55	327,334.43	309,552.50	307,902.50	1,200,835.00	403,800.00	63,675.00	3,317,016.30
Total Principal and Interest	\$ 935,375.38	\$ 912,269.26	\$ 879,697.82	\$ 874,552.50	\$ 887,902.50	\$ 4,480,835.00	\$ 2,558,800.00	\$ 523,675.00	\$ 12,053,107.46

6. 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.

7. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. 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 for 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 and 19.03% for KP&F for the fiscal year ended December 31, 2017. Contributions to the pension plan from (non-school municipality) were \$31,400.81 for KPERS and \$22,442.40 for KP&F 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 \$275,207.00 and \$232,863.00 for KP&F. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

7. DEFINED BENEFIT PENSION PLAN (Continued)

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.

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences:

All full-time employees of the City with one year of employment are eligible for 10 days vacation benefits. All full-time employees of the City with ten years of employment are eligible for 15 days vacation benefits. Vacation is not earned for partial years worked. Vacation must be used by each anniversary date. In the event of termination, unused accrued vacation time is paid.

Sick leave accrues to all full-time employees at the rate of one day per month and is unlimited. Employees who terminate by other than retirement or death will not be paid for accumulated sick leave. An employee shall be paid for accumulated sick leave upon retirement or death only. Any unused sick leave at date of termination is lost.

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

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

In accordance with the above criteria, the City has an unfunded liability for vacation benefits at December 31, 2017 of \$37,315.94, and has not estimated a liability for sick pay which has been earned, but not taken by City employees, inasmuch as the amount cannot be reasonably estimated.

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 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. There is no cost to the City under this program.

9. ECONOMIC DEPENDENCY

During 2017, the City sold 37.69% of its water available for sale to Rural Water District #1.

10. OTHER COMMITMENTS

On October 26, 2009, the City entered into a ten-year agreement with the Kansas Power Pool (KPP), a municipal energy agency, to purchase its power requirements and transmission service from KPP and to pay KPP for the cost of construction of a substation. It is the responsibility of KPP to design, procure, and construct the Project. The City will pay for the construction on a monthly basis, over ten years from the date of the commercial operation of the substation. Upon completion of the ten-year payment plan, when the Project has been completely paid for by the City, the Project will be transferred to the City.

11. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
Sewer Utility	G.O. Bond and Interest	K.S.A. 12-825d	\$ 104,163.00
Sewer Utility	Sewer Utility Improvement Reserve	K.S.A. 12-825d	3,000.00
Water Utility	General	K.S.A. 12-825d	9,000.00
Water Utility	G.O. Bond and Interest	K.S.A. 12-825d	38,937.96
Electric Utility	General	K.S.A. 12-825d	248,000.00
Electric Utility	Equipment Reserve	K.S.A. 12-1,117	36,000.00
Electric Utility II	Electric Utility II Debt Service	K.S.A. 12-825d	763,115.00
Electric Utility II	Electric Utility II Bond Reserve	K.S.A. 12-825d	12,000.00

12. RELATED PARTY TRANSACTIONS

During 2017, the City had expenditures of \$124,763.60 to B & B Bridge Company, LLC. This company is owned by a City Councilman. The contract was pre-approved by the State of Kansas Department of Commerce after a sealed bid process and is considered by management to be an arms length transaction.

13. SUBSEQUENT EVENTS

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

SUPPLEMENTARY INFORMATION

CITY OF ERIE, KANSAS

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

Funds	Certified Budget	Expenditures	Variance - Over (Under)
		Charged to Current Year Budget	
General	\$ 681,607.00	\$ 656,986.04	\$ (24,620.96)
Special Purpose Funds:			
Tort Liability	16,103.00	3,651.00	(12,452.00)
Employee Benefits	158,173.00	114,097.99	(44,075.01)
Library	34,417.00	32,149.90	(2,267.10)
Industrial Development	91,160.00	876.40	(90,283.60)
Recreation	17,208.00	17,106.02	(101.98)
Special Park and Recreation	5,093.00	1,756.64	(3,336.36)
Special Highway	109,282.00	18,475.78	(90,806.22)
Special Police and Fire	42,462.00	3,067.15	(39,394.85)
Equipment Reserve	125,489.00	66,471.21	(59,017.79)
Capital Improvement	282,357.00	112,728.62	(169,628.38)
City Street Sales Tax	249,761.00	52,939.06	(196,821.94)
Bond and Interest Funds:			
G.O. Bond and Interest	237,454.00	144,337.50	(93,116.50)
Business Funds:			
Sewer Utility	195,501.00	149,081.41	(46,419.59)
Water Utility	337,096.00	307,341.56	(29,754.44)
Electric Utility	1,495,686.00	1,490,104.33	(5,581.67)
Electric Utility II	1,053,929.00	886,574.15	(167,354.85)

CITY OF ERIE, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

	Current Year			Variance -
	Prior Year	Actual	Budget	Over Under
	Actual			(Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 95,597.71	\$ 95,985.04	\$ 103,421.00	\$ (7,435.96)
Delinquent Tax	4,008.91	2,803.75	3,978.00	(1,174.25)
Motor Vehicle Tax	15,408.07	16,616.11	16,684.00	(67.89)
Recreational Vehicle Tax	120.18	179.78	123.00	56.78
16/20M Vehicle Tax	132.08	162.27	193.00	(30.73)
Commercial Vehicle Tax	765.64	1,132.57	1,120.00	12.57
Watercraft Tax	82.46	105.29	-	105.29
Sales Tax	164,932.36	162,469.62	167,198.00	(4,728.38)
Franchise Tax	26,908.37	29,324.85	25,450.00	3,874.85
Special Assessment	60.00	60.00	628.00	(568.00)
Intergovernmental				
Local Alcoholic Liquor Tax	1,766.90	1,371.12	1,703.00	(331.88)
Charges for Services				
Township Fire Contracts	7,650.00	7,930.00	7,650.00	280.00
Swimming Pool Fees	2,712.00	3,659.56	2,424.00	1,235.56
Animal Shelter Fees	70.00	50.00	70.00	(20.00)
Sale of Materials	3,983.26	1,406.88	3,951.00	(2,544.12)
Grave Openings and Closings	886.25	1,250.62	1,120.00	130.62
Sale of Cemetery Lots	375.00	975.00	825.00	150.00
Sanitation	1,300.50	2,707.20	1,327.00	1,380.20
Police VIN Fees	12,996.00	9,140.00	13,716.00	(4,576.00)
Fines, Forfeitures and Penalties				
Fines	2,313.50	1,363.00	3,402.00	(2,039.00)
Penalties	245.00	105.00	280.00	(175.00)
Licenses and Permits				
Licenses	2,862.00	3,121.00	3,027.00	94.00
Permits	535.00	801.00	719.00	82.00
Use of Money and Property				
Interest Income	22,924.12	26,900.20	7,922.00	18,978.20
Rentals	3,027.00	1,260.00	320.00	940.00
Other Receipts				
Maps and Copies	47.92	38.21	82.00	(43.79)
Accident Reports	40.00	57.00	36.00	21.00
Reimbursed Expense	1,901.96	916.98	-	916.98
Miscellaneous	40.00	3,416.40	-	3,416.40

CITY OF ERIE, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

	Current Year			Variance -
	Prior Year Actual	Actual	Budget	Over Under
Receipts (Continued)				
Operating Transfers from:				
Water Utility Fund	\$ 9,000.08	\$ 9,000.00	\$ 10,000.00	\$ (1,000.00)
Electric Utility Fund	266,400.40	248,000.00	248,000.00	-
Total Receipts	649,092.67	632,308.45	\$ 625,369.00	\$ 6,939.45
Expenditures				
General Administration				
Personal Services	96,552.44	105,271.72	\$ 105,713.00	\$ (441.28)
Contractual Services	11,986.86	10,529.68	11,558.00	(1,028.32)
Commodities	4,449.69	3,262.90	4,260.00	(997.10)
Audit				
Contractual Services	7,300.00	7,750.00	9,350.00	(1,600.00)
Legislative Department				
Personal Services	9,929.33	10,517.50	10,588.00	(70.50)
Contractual Services	14,834.59	15,276.87	14,991.00	285.87
Commodities	190.39	270.44	-	270.44
Municipal Court				
Personal Services	8,977.72	9,623.75	9,754.00	(130.25)
Contractual Services	8,986.13	6,669.68	9,616.00	(2,946.32)
Commodities	575.00	351.23	50.00	301.23
Public Safety				
Fire Department				
Personal Services	13,366.73	12,275.16	15,388.00	(3,112.84)
Contractual Services	16,090.18	17,723.69	13,000.00	4,723.69
Commodities	5,408.24	3,777.23	3,500.00	277.23
Capital Outlay	-	701.05	-	701.05
Animal Control Department				
Contractual Services	409.00	341.13	1,400.00	(1,058.87)
Commodities	22.98	117.47	-	117.47
Police Department				
Personal Services	141,329.28	158,475.10	147,004.00	11,471.10
Contractual Services	20,867.19	23,696.68	23,432.00	264.68
Commodities	9,510.34	6,327.33	13,299.00	(6,971.67)

CITY OF ERIE, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Highways and Streets				
Personal Services	\$ 62,996.88	\$ 68,143.49	\$ 69,568.00	\$ (1,424.51)
Contractual Services	42,738.18	42,834.17	55,000.00	(12,165.83)
Commodities	54,101.51	52,514.97	47,000.00	5,514.97
Capital Outlay	-	1,082.70	-	1,082.70
Culture and Recreation				
Swimming Pool Department				
Personal Services	17,161.66	13,667.85	20,895.00	(7,227.15)
Contractual Services	11,240.75	16,620.22	9,311.00	7,309.22
Commodities	5,863.35	6,170.53	5,769.00	401.53
Park Department				
Personal Services	3,999.05	3,999.77	2,328.00	1,671.77
Contractual Services	3,927.40	3,623.24	5,000.00	(1,376.76)
Commodities	2,030.66	1,260.46	2,500.00	(1,239.54)
Library Department				
Personal Services	-	50.00	-	50.00
Contractual Services	17,262.94	16,171.84	15,000.00	1,171.84
Commodities	9,864.04	10,751.86	10,500.00	251.86
Capital Outlay	3,118.00	-	5,500.00	(5,500.00)
Appropriation to Library Board	-	-	2,000.00	(2,000.00)
Demolition				
Contractual Services	15,857.09	3,698.00	13,722.00	(10,024.00)
Cemetery				
Personal Services	2,125.26	2,535.90	2,277.00	258.90
Contractual Services	20,847.57	20,843.44	22,334.00	(1,490.56)
Commodities	2.54	58.99	-	58.99
Total Expenditures	643,922.97	656,986.04	\$ 681,607.00	\$ (24,620.96)
Receipts Over(Under) Expenditures	5,169.70	(24,677.59)		
Unencumbered Cash, Beginning	21,051.23	26,220.93		
Unencumbered Cash, Ending	\$ 26,220.93	\$ 1,543.34		

CITY OF ERIE, KANSAS
TORT LIABILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Ad Valorem Tax	\$ 1,338.38	\$ 1,309.84	\$ 1,412.00	\$ (102.16)
Delinquent Tax	51.70	34.84	56.00	(21.16)
Motor Vehicle Tax	234.86	234.94	234.00	0.94
Recreational Vehicle Tax	1.78	2.54	2.00	0.54
16/20M Vehicle Tax	2.34	2.37	3.00	(0.63)
Commercial Vehicle Tax	10.38	16.66	16.00	0.66
Watercraft Tax	1.15	1.47	-	1.47
Use of Money and Property				
Interest Income	27.20	34.88	29.00	5.88
Total Receipts	1,667.79	1,637.54	\$ 1,752.00	\$ (114.46)
Expenditures				
General Government				
General Administration				
Contractual Services	3,938.50	3,651.00	\$ 16,103.00	\$ (12,452.00)
Total Expenditures	3,938.50	3,651.00	\$ 16,103.00	\$ (12,452.00)
Receipts Over(Under) Expenditures	(2,270.71)	(2,013.46)		
Unencumbered Cash, Beginning	14,485.05	12,214.34		
Unencumbered Cash, Ending	\$ 12,214.34	\$ 10,200.88		

CITY OF ERIE, KANSAS
EMPLOYEE BENEFITS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 102,609.98	\$ 100,368.65	\$ 108,146.00	\$ (7,777.35)
Delinquent Tax	4,502.24	3,048.94	4,326.00	(1,277.06)
Motor Vehicle Tax	18,533.15	17,988.18	17,918.00	70.18
Recreational Vehicle Tax	137.90	194.34	133.00	61.34
16/20M Vehicle Tax	201.92	180.07	207.00	(26.93)
Commercial Vehicle Tax	852.69	1,217.41	1,203.00	14.41
Watercraft Tax	88.36	113.08	-	113.08
Use of Money and Property				
Interest Income	88.13	208.05	72.00	136.05
Total Receipts	127,014.37	123,318.72	\$ 132,005.00	\$ (8,686.28)
Expenditures				
General Government				
General Administration				
Personal Services	117,464.53	114,097.99	\$ 158,173.00	\$ (44,075.01)
Total Expenditures	117,464.53	114,097.99	\$ 158,173.00	\$ (44,075.01)
Receipts Over(Under) Expenditures	9,549.84	9,220.73		
Unencumbered Cash, Beginning	32,492.69	42,042.53		
Unencumbered Cash, Ending	\$ 42,042.53	\$ 51,263.26		

CITY OF ERIE, KANSAS
LIBRARY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 26,767.82	\$ 26,183.70	\$ 28,212.00	\$ (2,028.30)
Delinquent Tax	1,206.36	822.59	1,128.00	(305.41)
Motor Vehicle Tax	4,723.66	4,698.52	4,674.00	24.52
Recreational Vehicle Tax	35.73	50.73	35.00	15.73
16/20M Vehicle Tax	47.70	47.22	54.00	(6.78)
Commercial Vehicle Tax	223.31	317.64	314.00	3.64
Watercraft Tax	23.04	29.50	-	29.50
Total Receipts	33,027.62	32,149.90	\$ 34,417.00	\$ (2,267.10)
Expenditures				
Culture and Recreation				
Appropriation to Library Board	33,027.62	32,149.90	\$ 34,417.00	\$ (2,267.10)
Total Expenditures	33,027.62	32,149.90	\$ 34,417.00	\$ (2,267.10)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

CITY OF ERIE, KANSAS
INDUSTRIAL DEVELOPMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 8,922.60	\$ 8,717.89	\$ 9,404.00	\$ (686.11)
Delinquent Tax	401.50	273.49	376.00	(102.51)
Motor Vehicle Tax	1,574.88	1,566.23	1,558.00	8.23
Recreational Vehicle Tax	11.91	16.90	12.00	4.90
16/20M Vehicle Tax	15.91	15.75	18.00	(2.25)
Commercial Vehicle Tax	74.45	115.89	105.00	10.89
Watercraft Tax	7.68	9.83	-	9.83
Use of Money and Property Interest Income	107.49	258.68	82.00	176.68
Total Receipts	11,116.42	10,974.66	\$ 11,555.00	\$ (580.34)
Expenditures				
General Government				
Contractual Services	880.00	876.40	\$ 15,000.00	\$ (14,123.60)
Commodities	-	-	15,000.00	(15,000.00)
Capital Outlay	-	-	61,160.00	(61,160.00)
Total Expenditures	880.00	876.40	\$ 91,160.00	\$ (90,283.60)
Receipts Over(Under) Expenditures	10,236.42	10,098.26		
Unencumbered Cash, Beginning	69,333.62	79,570.04		
Unencumbered Cash, Ending	\$ 79,570.04	\$ 89,668.30		

CITY OF ERIE, KANSAS
RECREATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 13,383.91	\$ 13,094.04	\$ 14,106.00	\$ (1,011.96)
Delinquent Tax	605.50	413.47	564.00	(150.53)
Motor Vehicle Tax	3,012.17	3,070.84	2,337.00	733.84
Recreational Vehicle Tax	26.44	36.75	17.00	19.75
16/20M Vehicle Tax	23.85	23.61	27.00	(3.39)
Commercial Vehicle Tax	161.65	207.31	157.00	50.31
Watercraft Tax	11.74	14.74	-	14.74
Total Receipts	17,225.26	16,860.76	\$ 17,208.00	\$ (347.24)
Expenditures				
Culture and Recreation				
Appropriation to				
Recreation Commission	16,980.00	17,106.02	\$ 17,208.00	\$ (101.98)
Total Expenditures	16,980.00	17,106.02	\$ 17,208.00	\$ (101.98)
Receipts Over(Under) Expenditures	245.26	(245.26)		
Unencumbered Cash, Beginning	-	245.26		
Unencumbered Cash, Ending	\$ 245.26	\$ -		

CITY OF ERIE, KANSAS
SPECIAL PARK AND RECREATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Local Alcoholic Liquor Tax	\$ 1,766.92	\$ 1,371.11	\$ 1,703.00	\$ (331.89)
Use of Money and Property				
Interest Income	2.49	3.91	2.00	1.91
Other Receipts				
Reimbursed Expense	-	110.37	-	110.37
Total Receipts	1,769.41	1,485.39	\$ 1,705.00	\$ (329.98)
Expenditures				
Culture and Recreation				
Contractual Services	1,032.64	1,756.64	\$ 2,000.00	\$ (243.36)
Commodities	1,052.30	-	1,000.00	(1,000.00)
Capital Outlay	-	-	2,093.00	(2,093.00)
Total Expenditures	2,084.94	1,756.64	\$ 5,093.00	\$ (3,336.36)
Receipts Over(Under) Expenditures	(315.53)	(271.25)		
Unencumbered Cash, Beginning	1,593.34	1,277.81		
Unencumbered Cash, Ending	\$ 1,277.81	\$ 1,006.56		

CITY OF ERIE, KANSAS
SPECIAL HIGHWAY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
State Gasoline Tax	\$ 29,359.19	\$ 29,270.85	\$ 28,760.00	\$ 510.85
Use of Money and Property				
Interest Income	184.48	468.20	171.00	297.20
Total Receipts	29,543.67	29,739.05	\$ 28,931.00	\$ 808.05
Expenditures				
Highways and Streets				
Contractual Services	1,914.18	2,878.38	\$ 10,000.00	\$ (7,121.62)
Commodities	-	15,597.40	20,000.00	(4,402.60)
Capital Outlay	-	-	79,282.00	(79,282.00)
Total Expenditures	1,914.18	18,475.78	\$ 109,282.00	\$ (90,806.22)
Receipts Over(Under) Expenditures	27,629.49	11,263.27		
Unencumbered Cash, Beginning	117,021.36	144,650.85		
Unencumbered Cash, Ending	\$ 144,650.85	\$ 155,914.12		

CITY OF ERIE, KANSAS
SPECIAL POLICE AND FIRE FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

	Current Year			Variance -
	Prior Year Actual	Actual	Budget	Over Under
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 8,922.60	\$ 8,717.89	\$ 9,404.00	\$ (686.11)
Delinquent Tax	403.60	275.59	376.00	(100.41)
Motor Vehicle Tax	1,574.88	1,566.23	1,558.00	8.23
Recreational Vehicle Tax	11.91	16.90	12.00	4.90
16/20M Vehicle Tax	15.91	15.75	18.00	(2.25)
Commercial Vehicle Tax	74.45	115.89	105.00	10.89
Watercraft Tax	7.68	9.83	-	9.83
Use of Money and Property				
Interest Income	39.65	109.12	34.00	75.12
Total Receipts	11,050.68	10,827.20	\$ 11,507.00	\$ (679.80)
Expenditures				
Public Safety				
Contractual Services	1,554.95	440.15	\$ 2,000.00	\$ (1,559.85)
Commodities	-	-	5,000.00	(5,000.00)
Capital Outlay	-	2,627.00	35,462.00	(32,835.00)
Total Expenditures	1,554.95	3,067.15	\$ 42,462.00	\$ (39,394.85)
Receipts Over(Under) Expenditures	9,495.73	7,760.05		
Unencumbered Cash, Beginning	21,454.59	30,950.32		
Unencumbered Cash, Ending	\$ 30,950.32	\$ 38,710.37		

CITY OF ERIE, KANSAS
EQUIPMENT RESERVE FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Use of Money and Property				
Interest Income	\$ 121.27	\$ 210.30	\$ 180.00	\$ 30.30
Other Receipts				
Reimbursed Expense	8,000.00	6,127.26	-	6,127.26
Operating Transfers from:				
Electric Utility Fund	36,000.00	36,000.00	36,000.00	-
Water Utility Fund	-	-	3,000.00	(3,000.00)
Total Receipts	44,121.27	42,337.56	\$ 39,180.00	\$ 3,157.56
Expenditures				
General Government				
Contractual Services	-	9,030.00	\$ -	\$ 9,030.00
Commodities	5,904.53	10,736.61	-	10,736.61
Capital Outlay	41,550.00	26,137.31	125,489.00	(99,351.69)
Debt Service				
Lease Purchase - Tractor/Bushhog	5,659.32	5,659.32	-	5,659.32
Lease Purchase - Police Truck	8,322.70	10,819.51	-	10,819.51
Lease Purchase - Digger Truck	-	4,088.46	-	4,088.46
Total Expenditures	61,436.55	66,471.21	\$ 125,489.00	\$ (59,017.79)
Receipts Over(Under) Expenditures	(17,315.28)	(24,133.65)		
Unencumbered Cash, Beginning	95,493.37	78,178.09		
Unencumbered Cash, Ending	\$ 78,178.09	\$ 54,044.44		

CITY OF ERIE, KANSAS
CAPITAL IMPROVEMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Use of Money and Property				
Interest Income	\$ 391.63	\$ 689.12	\$ 330.00	\$ 359.12
Other Receipts				
Reimbursed Expense	-	1,676.00	-	1,676.00
Operating Transfer from				
Water Utility Fund	-	-	3,000.00	(3,000.00)
Total Receipts	391.63	2,365.12	\$ 3,330.00	\$ (964.88)
Expenditures				
Capital Improvements				
Contractual Services	1,611.84	59,353.18	\$ 5,000.00	\$ 54,353.18
Commodities	-	3,375.44	5,000.00	(1,624.56)
Capital Outlay	3,427.50	50,000.00	272,357.00	(222,357.00)
Total Expenditures	5,039.34	112,728.62	\$ 282,357.00	\$ (169,628.38)
Receipts Over(Under) Expenditures	(4,647.71)	(110,363.50)		
Unencumbered Cash, Beginning	275,696.79	271,049.08		
Unencumbered Cash, Ending	\$ 271,049.08	\$ 160,685.58		

CITY OF ERIE, KANSAS
MISCELLANEOUS GRANTS FUND

Schedule of Receipts and Expenditures - Actual
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 Actual
Receipts		
Intergovernmental		
Federal Grants	\$ -	\$ 234,869.00
State Grants	1,142.50	1,142.50
Use of Money and Property		
Capital Lease Proceeds	-	28,148.00
Other Receipts		
Miscellaneous	1,000.00	320.00
Reimbursed Expense	-	86,000.00
Total Receipts	2,142.50	350,479.50
Expenditures		
Capital Improvements		
Contractual Services	165,312.00	69,557.00
Commodities	231.66	-
Capital Outlay	1,142.50	114,468.00
Total Expenditures	166,686.16	184,025.00
Receipts Over(Under) Expenditures	(164,543.66)	166,454.50
Unencumbered Cash, Beginning	16,839.05	(147,704.61)
Unencumbered Cash, Ending	\$ (147,704.61)	\$ 18,749.89

CITY OF ERIE, KANSAS
CITY STREET SALES TAX FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Revenue				
Sales Tax	\$ 54,630.08	\$ 51,217.40	\$ 56,550.00	\$ (5,332.60)
Use of Money and Property				
Interest Income	271.72	365.65	253.00	112.65
Licenses and Permits				
Permits	746.00	750.00	742.00	8.00
Total Receipts	55,647.80	52,333.05	\$ 57,545.00	\$ (5,211.95)
Expenditures				
General Government				
Contractual Services	138,454.16	20,196.52	\$ 45,000.00	\$ (24,803.48)
Commodities	-	32,742.54	204,761.00	(172,018.46)
Total Expenditures	138,454.16	52,939.06	\$ 249,761.00	\$ (196,821.94)
Receipts Over(Under) Expenditures	(82,806.36)	(606.01)		
Unencumbered Cash, Beginning	179,671.30	96,864.94		
Unencumbered Cash, Ending	\$ 96,864.94	\$ 96,258.93		

CITY OF ERIE, KANSAS
G.O. BOND AND INTEREST FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 12,848.55	\$ 12,570.07	\$ 13,542.00	\$ (971.93)
Delinquent Tax	597.27	414.92	542.00	(127.08)
Motor Vehicle Tax	2,234.58	2,238.10	2,243.00	(4.90)
Recreational Vehicle Tax	16.74	24.21	17.00	7.21
16/20M Vehicle Tax	23.62	21.97	26.00	(4.03)
Commercial Vehicle Tax	103.97	152.32	151.00	1.32
Watercraft Tax	11.08	14.16	-	14.16
Special Assessments	-	100.00	-	100.00
Operating Transfers from:				
Sewer Utility Fund	104,163.00	104,163.00	104,163.00	-
Water Utility Fund	38,937.96	38,937.96	38,938.00	(0.04)
Total Receipts	158,936.77	158,636.71	\$ 159,622.00	\$ (985.29)
Expenditures				
Debt Service				
Principal	85,000.00	85,000.00	\$ 85,000.00	\$ -
Interest	60,825.00	59,337.50	59,338.00	(0.50)
Commissions and Postage	-	-	10.00	(10.00)
Cash Basis Reserve	-	-	93,106.00	(93,106.00)
Total Expenditures	145,825.00	144,337.50	\$ 237,454.00	\$ (93,116.50)
Receipts Over(Under) Expenditures	13,111.77	14,299.21		
Unencumbered Cash, Beginning	64,848.01	77,959.78		
Unencumbered Cash, Ending	\$ 77,959.78	\$ 92,258.99		

CITY OF ERIE, KANSAS
SEWER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Receipts				
User Fees	\$ 157,747.23	\$ 158,942.67	\$ 159,745.00	\$ (802.33)
Use of Money and Property				
Interest Income	208.91	477.50	169.00	308.50
Total Receipts	157,956.14	159,420.17	\$ 159,914.00	\$ (493.83)
Expenditures				
Treatment				
Personal Services	7,928.67	9,201.94	\$ 11,576.00	\$ (2,374.06)
Contractual Services	3,041.61	4,452.66	3,000.00	1,452.66
Commodities	461.32	158.50	1,000.00	(841.50)
Capital Outlay	-	-	40,445.00	(40,445.00)
Transmission and Distribution				
Personal Services	8,616.67	9,305.71	11,317.00	(2,011.29)
Contractual Services	9,998.74	11,839.67	13,000.00	(1,160.33)
Commodities	6,744.65	6,477.18	8,000.00	(1,522.82)
Capital Outlay	-	482.75	-	482.75
Operating Transfers to:				
Sewer Utility Improvement				
Reserve Fund	3,000.00	3,000.00	3,000.00	-
G. O. Bond and Interest Fund	104,163.00	104,163.00	104,163.00	-
Total Expenditures	143,954.66	149,081.41	\$ 195,501.00	\$ (46,419.59)
Receipts Over(Under) Expenditures	14,001.48	10,338.76		
Unencumbered Cash, Beginning	102.98	14,104.46		
Unencumbered Cash, Ending	\$ 14,104.46	\$ 24,443.22		

CITY OF ERIE, KANSAS
SEWER UTILITY IMPROVEMENT RESERVE FUND

Schedule of Receipts and Expenditures - Actual
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 Actual
Receipts		
Operating Transfer from Sewer Utility Fund	\$ 3,000.00	\$ 3,000.00
Total Receipts	3,000.00	3,000.00
Expenditures		
Capital Improvements		
Contractual Services	-	13,888.00
Commodities	-	325.00
Capital Outlay	-	11,655.00
Total Expenditures	-	25,868.00
Receipts Over(Under) Expenditures	3,000.00	(22,868.00)
Unencumbered Cash, Beginning	65,804.76	68,804.76
Unencumbered Cash, Ending	\$ 68,804.76	\$ 45,936.76

CITY OF ERIE, KANSAS
WATER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Receipts				
Water Sales	\$ 278,335.10	\$ 292,009.00	\$ 320,000.00	\$ (27,991.00)
Other Sales	140.18	768.52	130.00	638.52
Use of Money and Property				
Interest Income	194.42	219.55	255.00	(35.45)
Other Receipts				
Miscellaneous	-	(48.44)	-	(48.44)
Total Receipts	278,669.70	292,948.63	\$ 320,385.00	\$ (27,436.37)
Expenditures				
Production				
Personal Services	54,183.84	56,220.73	\$ 57,218.00	\$ (997.27)
Contractual Services	60,707.04	58,793.09	62,468.00	(3,674.91)
Commodities	35,901.59	29,922.05	30,312.00	(389.95)
Transmission and Distribution				
Personal Services	88,309.28	86,174.38	94,625.00	(8,450.62)
Contractual Services	13,921.92	14,468.19	15,186.00	(717.81)
Commodities	15,573.97	13,342.41	12,349.00	993.41
Capital Outlay	-	482.75	-	482.75
Operating Transfers to:				
General Fund	9,000.08	9,000.00	10,000.00	(1,000.00)
Capital Improvement Fund	-	-	3,000.00	(3,000.00)
Equipment Reserve Fund	-	-	3,000.00	(3,000.00)
Water Utility Improvement Reserve Fund	-	-	10,000.00	(10,000.00)
G.O. Bond and Interest Fund	38,937.96	38,937.96	38,938.00	(0.04)
Total Expenditures	316,535.68	307,341.56	\$ 337,096.00	\$ (29,754.44)
Receipts Over(Under) Expenditures	(37,865.98)	(14,392.93)		
Unencumbered Cash, Beginning	67,608.12	29,742.14		
Unencumbered Cash, Ending	\$ 29,742.14	\$ 15,349.21		

CITY OF ERIE, KANSAS
WATER UTILITY IMPROVEMENT RESERVE FUND

Schedule of Receipts and Expenditures - Actual
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 Actual
Receipts		
Operating Transfer from Water Utility Fund	\$ -	\$ -
Total Receipts	-	-
Expenditures		
Capital Improvements		
Contractual Services	12,094.44	40,035.32
Commodities	-	4,277.94
Total Expenditures	12,094.44	44,313.26
Receipts Over(Under) Expenditures	(12,094.44)	(44,313.26)
Unencumbered Cash, Beginning	58,848.34	46,753.90
Unencumbered Cash, Ending	\$ 46,753.90	\$ 2,440.64

CITY OF ERIE, KANSAS
ELECTRIC UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Receipts				
Electric Sales	\$ 1,463,251.24	\$ 1,497,143.65	\$ 1,455,243.00	\$ 41,900.65
Use of Money and Property				
Interest Income	518.49	1,019.01	539.00	480.01
Sales of Assets	-	2,072.07	-	2,072.07
Other Receipts				
Reconnect Fee	2,020.17	2,550.00	1,200.00	1,350.00
Bad Debt Recovery	3,108.34	3,070.50	3,223.00	(152.50)
Miscellaneous	-	(410.46)	-	(410.46)
Reimbursed Expenses	29,298.42	31,926.51	-	31,926.51
Total Receipts	1,498,196.66	1,537,371.28	\$ 1,460,205.00	\$ 77,166.28
Expenditures				
Production				
Personal Services	13,211.29	12,814.89	\$ 13,491.00	\$ (676.11)
Contractual Services	885,134.36	897,069.70	859,292.00	37,777.70
Commodities	11,783.94	2,331.21	14,010.00	(11,678.79)
Transmission and Distribution				
Personal Services	96,412.65	104,200.34	102,589.00	1,611.34
Contractual Services	38,771.59	43,206.03	39,507.00	3,699.03
Commodities	42,316.22	37,350.90	28,270.00	9,080.90
Capital Outlay	97,911.24	98,554.94	143,951.00	(45,396.06)
Debt Service				
Lease Purchase - Bucket Truck	10,576.32	10,576.32	10,576.00	0.32

CITY OF ERIE, KANSAS
ELECTRIC UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Operating Transfers to:				
General Fund	\$ 266,400.40	\$ 248,000.00	\$ 248,000.00	\$ -
Equipment Reserve Fund	36,000.00	36,000.00	36,000.00	-
Total Expenditures	1,498,518.01	1,490,104.33	\$ 1,495,686.00	\$ (5,581.67)
Receipts Over(Under) Expenditures	(321.35)	47,266.95		
Unencumbered Cash, Beginning	155,165.05	154,843.70		
Unencumbered Cash, Ending	\$ 154,843.70	\$ 202,110.65		

CITY OF ERIE, KANSAS
ELECTRIC UTILITY II FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Receipts				
Wholesale Electric Sales	\$ 714.68	\$ 1,231.43	\$ 2,000.00	\$ (768.57)
Use of Money and Property				
Interest Income	28.44	98.91	14.00	84.91
Other Receipts				
Westar Payments	888,000.00	888,000.00	888,000.00	-
Total Receipts	888,743.12	889,330.34	\$ 890,014.00	\$ (683.66)
Expenditures				
Operation and Maintenance				
Personal Services	5,970.51	6,537.85	\$ 9,663.00	\$ (3,125.15)
Contractual Services	123,538.65	103,914.26	185,000.00	(81,085.74)
Commodities	11,656.19	1,007.04	15,745.00	(14,737.96)
Capital Outlay	-	-	68,406.00	(68,406.00)
Operating Transfers to:				
Electric Utility II Debt Service Fund	700,664.68	763,115.00	763,115.00	-
Electric Utility II Bond Reserve Fund	12,000.00	12,000.00	12,000.00	-
Total Expenditures	853,830.03	886,574.15	\$ 1,053,929.00	\$ (167,354.85)
Receipts Over(Under) Expenditures	34,913.09	2,756.19		
Unencumbered Cash, Beginning	-	34,913.09		
Unencumbered Cash, Ending	\$ 34,913.09	\$ 37,669.28		

CITY OF ERIE, KANSAS
ELECTRIC UTILITY IMPROVEMENT RESERVE FUND

Schedule of Receipts and Expenditures - Actual
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 Actual
Receipts		
Use of Money and Property		
Capital Lease Proceeds	\$ -	\$ 46,500.00
Total Receipts	-	46,500.00
Expenditures		
General Government		
Commodities	-	8,863.88
Contractual Services	19,615.22	-
Capital Outlay	-	46,500.00
Total Expenditures	19,615.22	55,363.88
Receipts Over(Under) Expenditures	(19,615.22)	(8,863.88)
Unencumbered Cash, Beginning	141,498.58	121,883.36
Unencumbered Cash, Ending	\$ 121,883.36	\$ 113,019.48

CITY OF ERIE, KANSAS
ELECTRIC UTILITY II DEBT SERVICE FUND
Schedule of Receipts and Expenditures - Actual
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 Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 291.32	\$ 464.36
Operating Transfer from Electric Utility II Fund	700,664.68	763,115.00
Total Receipts	700,956.00	763,579.36
Expenditures		
Debt Service		
Principal	440,000.00	450,000.00
Interest	323,352.50	313,115.00
Total Expenditures	763,352.50	763,115.00
Receipts Over(Under) Expenditures	(62,396.50)	464.36
Unencumbered Cash, Beginning	236,892.93	174,496.43
Unencumbered Cash, Ending	\$ 174,496.43	\$ 174,960.79

CITY OF ERIE, KANSAS
ELECTRIC UTILITY II BOND RESERVE FUND
Schedule of Receipts and Expenditures - Actual
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 Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 16.22	\$ 40.91
Operating Transfer from Electric Utility II Fund	12,000.00	12,000.00
Total Receipts	12,016.22	12,040.91
Expenditures		
Operating Transfer to Electric Utility II Fund	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	12,016.22	12,040.91
Unencumbered Cash, Beginning	12,000.00	24,016.22
Unencumbered Cash, Ending	\$ 24,016.22	\$ 36,057.13

CITY OF ERIE, KANSAS
SECURITY DEPOSITS FUND

Schedule of Receipts and Expenditures - Actual
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 Actual
Receipts		
Deposits Collected	\$ 7,830.00	\$ 5,990.00
Total Receipts	7,830.00	5,990.00
Expenditures		
Refundable Deposits	7,767.86	6,052.14
Total Expenditures	7,767.86	6,052.14
Receipts Over(Under) Expenditures	62.14	(62.14)
Unencumbered Cash, Beginning	-	62.14
Unencumbered Cash, Ending	\$ 62.14	\$ -

CITY OF ERIE, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2017

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Utility Sales Tax	\$ 3,565.43	\$ 50,980.61	\$ 49,171.97	\$ 5,374.07
CMB Stamp Tax	100.00	125.00	225.00	-
Water Protection Fees	-	861.90	861.90	-
Fire Insurance	-	-	-	-
Sanitation Clearing	5,849.85	71,010.03	70,909.36	5,950.52
VIN Inspections	3,698.35	10,359.50	10,224.00	3,833.85
ADSAP Fees	1,025.00	-	-	1,025.00
Cemetery Perpetual Care	20,768.49	713.14	1,945.28	19,536.35
Payroll Clearing Fund	(1,126.66)	248,546.79	250,238.05	(2,817.92)
ISF Check Clearing Fund	-	884.68	1,109.68	(225.00)
Total Agency Funds	<u>\$ 33,880.46</u>	<u>\$ 383,481.65</u>	<u>\$ 384,685.24</u>	<u>\$ 32,676.87</u>

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

	<u>Date Expires</u>	<u>Amount</u>
Employers Mutual Casualty Company:		
Coverages:		
Buildings and Contents	4/1/2018	\$ 37,231,175.00
Personal Property		100,000.00
Earthquake		20,189,237.00
Deductible:		25,000.00
Premium:		69,080.00

Total electric users for the beginning and
end of the fiscal year 2016 were as follows:

	<u>12/31/2017</u>	<u>1/1/2017</u>
Electric	697	691



The Honorable Mayor and City Council
City of Erie, Kansas

In planning and performing our audit of the financial statement of City of Erie, 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 Erie'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 Erie's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Erie's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the following deficiencies in internal control to be material weaknesses:

Preparation of Financial Statement

Accounting standards states the client must be able to accept responsibility and be able to identify a material misstatement when reviewing the financial statement, including footnotes and supplemental information. This would also include knowing if a required footnote disclosure was missing or not correctly stated. Presently, the City staff does not have the ability to process and prepare the required financial statement, including footnotes. The potential effects of this material weakness could be unrecognized errors on the financial statement. While we recognize that this condition is not unusual for a City your size, it is important that you be aware of this condition for financial reporting purposes. Management and the City Council should continually be aware of the financial reporting of the City and changes in reporting requirements.

Jarred, Gilmore & Phillips, PA
CERTIFIED PUBLIC ACCOUNTANTS

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Segregation of Duties

An internal control structure is, quite simply, the procedures and policies in effect which ensure that the City's financial activity is properly recorded, processed, summarized, and reported in the financial statements. A weakness in the control structure occurs when one person is responsible for all of the accounting activities such as performing billings, receipting cash, making deposits, reconciling the bank accounts, and having access to all books and records of the City. Due to small staff size, it is not possible for reviews of daily work to take place, potentially resulting in errors in financial records and reports.

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

A handwritten signature in cursive script that reads "Jarred, Gilmore & Phillips, PA".

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
June 5, 2018