

STROTHER FIELD AIRPORT-INDUSTRIAL PARK  
ARKANSAS CITY AND WINFIELD, KANSAS  
FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2017

*Independent Auditors*

*Jarrett & Norton CPAs, LLC*

*1004 Main*

*Winfield, Kansas*

**Strother Field Airport - Industrial Park**

ARKANSAS CITY AND WINFIELD, KS

FOR THE YEAR ENDED DECEMBER 31, 2017

**COMMISSIONERS**

Duane Oestmann, Chairman

Greg Thompson, Vice Chairman

Wayne Wilt

Karen Welch

Jay Warren

Ron Hutto

Phil Jarvis

**MANAGEMENT**

Shawn McGrew - Manager

Diane Fiorentino - Office Manager

**STROTHER FIELD AIRPORT-INDUSTRIAL PARK**

Arkansas City and Winfield, Kansas

**FINANCIAL STATEMENT**

FOR THE YEAR ENDED DECEMBER 31, 2017

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## FINANCIAL SECTION

# *Jarrett & Norton CPAs, LLC*

*Certified Public Accountants*

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## INDEPENDENT AUDITOR'S REPORT

Strother Field Commission  
Strother Field Airport-Industrial Park  
Arkansas City and Winfield, Kansas

### **Report on the Financial Statement**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the Strother Field Airport-Industrial Park, Arkansas City and Winfield, Kansas (the Industrial Park), as of and for the year ended December 31, 2017, and the related notes to the financial statement, which collectively comprise the Industrial Park's basic financial statement as listed in the table of contents.

### **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 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 that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from 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 the 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 controls. Accordingly, we express no 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 Industrial Park to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Industrial Park 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 Industrial Park 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 (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 2017 information has been subjected to the auditing procedures applied in the audit of the 2017 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 2017 basic financial statement or to the 2017 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.

***Prior Year Comparative Analysis***

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Industrial Park, Arkansas City and Winfield, Kansas as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated September 26, 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/cheif-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 2016 basic financial statement as a whole, on the basis of accounting described in Note – 1.



Jarrett & Norton CPAs, LLC

Winfield, Kansas

June 18, 2018

**STROTHER FIELD AIRPORT-INDUSTRIAL PARK**  
 Summary Statement of Receipts, Expenditures, and Unencumbered Cash  
 Regulatory Basis  
 For the Year Ended December 31, 2017

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds:</b>							
<b>Special Purpose Funds:</b>							
Rehabilitate Runway 13-31 - Grant (Project 21)	(240,273)	-	58,303	10,507	(192,477)	-	(192,477)
FAA Improvement Reserve Fund	206,086	-	56,796	48,664	214,218	-	214,218
Airport Layout Master Plan - Grant (Project 22)	-	-	4,430	73,461	(69,031)	29,157	(39,874)
<b>Capital Projects Fund:</b>							
Capital Projects	-	-	-	-	-	-	-
<b>Business Fund:</b>							
Enterprise	1,835,986	-	565,554	542,399	1,859,141	12,384	1,871,525
<b>Total reporting entity</b>	<b>\$ 1,801,800</b>	<b>\$ -</b>	<b>\$ 685,083</b>	<b>\$ 675,031</b>	<b>\$ 1,811,851</b>	<b>\$ 41,541</b>	<b>\$ 1,853,391</b>

**Composition of cash:**

Checking Account	\$ 72,530
Money Market Account	\$ 520
Certificates of Deposit	<u>\$ 1,780,341</u>
<b>Total reporting entity</b>	<u><u>\$ 1,853,391</u></u>

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



## STROTHER FIELD AIRPORT-INDUSTRIAL PARK

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

### NOTE – 1 Summary of Significant Accounting Policies

#### A. Municipal Financial Reporting Entity

Strother Field Airport-Industrial Park (the Industrial Park) was created October 6, 1966, through a mutual contract between Arkansas City, Kansas, and Winfield, Kansas, pursuant to K.S.A. 12-2905 (Inter-Local Cooperation Act). The Industrial Park is jointly governed by the Cities of Arkansas City and Winfield. The Strother Field Commission, the Governing Body, consists of three members of the City Commissions from each city, with the City Manager and City Attorney from each city acting as ex-officio members, and one County Commissioner. The county commissioner is a voting commissioner; however is not a tie-breaker in voting. For financial reporting purposes, this regulatory financial statement presents the Industrial Park, a municipality.

#### B. Regulatory Basis Fund Types

- 1) 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.
- 2) Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.
- 3) Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. water fund, sewer fund, etc.).

#### C. Basis of Accounting

##### ***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 encumbrances 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 Industrial Park 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 Industrial Park to use the regulatory basis of accounting.

#### D. Budgetary Information

The Industrial Park is not subject to K.S.A. 79-2925, which requires that budgets be prepared for all taxing subdivisions of the state.

#### E. Ad Valorem Taxes

K.S.A. 79-201r exempts the Industrial Park from ad valorem taxation for all taxable years commencing after December 31, 1991.

## STROTHER FIELD AIRPORT-INDUSTRIAL PARK

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

### NOTE – 2 Stewardship, Compliance and Accountability

#### A. Deficit Cash/Unencumbered Cash for Individual Funds

Rehabilitate Runway – 13/31 – Grant (Project 21) – a project that has a deficit unencumbered balance at December 31, 2017 of (\$192,477). This fund includes a project through the Federal Aviation Administration that provides project payments after expenditures have been spent.

Airport Layout Master Plan – Grant (Project 22) – a project that has a deficit unencumbered balance at December 31, 2017 of (\$69,031). This fund includes a project through the Federal Aviation Administration that provides project payments after expenditures have been spent.

### NOTE – 3 Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the Industrial Park. The statute requires banks eligible to hold the Industrial Park's funds have a main or branch bank in the county in which the Industrial Park 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 Industrial Park has no other policies that would further limit interest rate risk.

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

*Concentration of credit risk.* State statutes place no limit on the amount the Industrial Park can 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 bank failure, the Industrial Park's deposits may not be returned to it. State statutes require the Industrial Park's deposits in financial institutions to be entirely covered by federal depository insurance or 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 Industrial Park's carrying amount of deposits was \$1,853,391 and the bank balance was \$1,871,815. The bank balance was held among four banks resulting in a concentration of credit risk with three of the banks. Of the bank balance \$1,500,000 was covered by federal depository insurance; \$249,693 was collateralized with securities held by the pledging financial institutions' agents in the Industrial Park's name.

**STROTHER FIELD AIRPORT-INDUSTRIAL PARK**

Notes to the Financial Statement

For the Year Ended December 31, 2017

**NOTE – 3 Deposits (continued)**

*Restrictions* - There are currently restrictions on the use of a portion of the Industrial Park’s cash and cash equivalents. Those funds can only be used for purposes approved by the Federal Aviation Administration (FAA). Surplus agricultural land was sold during 2005 that had been given to the Industrial Park by the FAA. Surplus industrial land at the park was sold in 2017. The use of those proceeds must be in accordance with FAA guidelines. The total of the Industrial Park’s restricted funds as of December 31, 2017 are \$214,217.

**NOTE – 4 Other Long-Term Obligations from Operations**

**A. Compensated Absences**

*Vacation Leave* - Employees with less than eight (8) continuous years of service will accrue vacation leave at the rate of twelve (12) days per year (or an equivalent thereof) up to a maximum of eighteen (18) days (or equivalent), after which no further accrual is permitted. Employees with eight (8) continuous years of service or more will accrue vacation at the rate of eighteen (18) days per year (or an equivalent thereof) up to a maximum of twenty-four (24) days (or equivalent) after which no further accrual is permitted. Vacation leave is accrued on a pro-rata basis during each normal pay period. Employees who terminate their employment in good standing may be paid for all accrued vacation. At December 31, 2017 earned but unused vacation leave amounted to \$6,716. This balance decreased by \$5,962 when compared to the December 31, 2016 balance of \$12,678.

**NOTE – 5 Long-Term Debt**

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

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
State of Kansas-Water Pollution									
Control Revolving Loan Program	2.500%	2/20/2007	1,008,395	3/1/2028	\$ 484,741	\$ -	\$ 36,872	\$ 447,870	\$ 10,701
Community National Bank & Trust									
	2.500%	1/9/2017	31,554	7/9/2021	0	\$ 29,857	\$ 5,977	\$ 23,879	\$ 334
<b>Total contractual indebtedness</b>					<u>\$ 484,741</u>	<u>\$ 29,857</u>	<u>\$ 42,849</u>	<u>\$ 471,749</u>	<u>\$ 11,035</u>

**STROTHER FIELD AIRPORT-INDUSTRIAL PARK**

Notes to the Financial Statement

For the Year Ended December 31, 2017

**NOTE – 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 are as follows:

	Year						Total
	2018	2019	2020	2021	2022	2023-2028	
<b>Principal:</b>							
Control Revolving Loan Program	\$ 37,800	\$ 38,751	\$ 39,726	\$ 40,725	\$ 41,749	\$249,119	\$ 447,870
Community National Bank & Trust	\$ 5,749	\$ 5,894	\$ 6,042	\$ 6,194	\$ -	\$ -	\$ 23,879
Total principal	43,549	44,645	45,768	46,919	41,749	249,119	471,749
<b>Interest</b>							
Control Revolving Loan Program	10,962	10,011	9,036	8,037	7,012	19,071	64,129
Community National Bank & Trust	561	417	268	116	-	-	1,362
Total interest	11,523	10,428	9,304	8,153	7,012	19,071	65,491
<b>Total Principal and Interest</b>	<b>\$ 55,072</b>	<b>\$ 55,073</b>	<b>\$ 55,072</b>	<b>\$ 55,072</b>	<b>\$ 48,761</b>	<b>\$268,190</b>	<b>\$ 537,240</b>

**NOTE – 6 Inter-fund Transfers**

Operating transfers were as follows:

From	To	Amount
Enterprise Fund	Rehabilitate Runway 13-31 (Grant) Project 21	\$ 21,386
Enterprise Fund	Airport Layout Master Plan (Grant) Project 22	\$ 4,430

**NOTE – 7 Defined Benefit Pension Plan**

General Information about the Pension Plan

*Plan description.* The Industrial Park 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, etc. 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.com](http://www.kpers.com) 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

## STROTHER FIELD AIRPORT-INDUSTRIAL PARK

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

### NOTE – 7 Defined Benefit Pension Plan (continued)

contributing member 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 establishes 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 upon the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium from the period of January 1, 2017 through September 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 8.46% for the fiscal year ended December 31, 2017. Contributions to the pension plan from the Industrial Park were \$15,654 for the year ended December 31, 2017.

#### Net Pension Liability

At December 31, 2017, the Industrial Park's proportionate share of the collective net pension liability reported by KPERS was \$150,335. 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 Industrial Park's proportion of the net pension liability was based on the ratio of the Industrial Park's contributions to KPERS relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described in the first paragraph above.

### NOTE – 8 Federal grants - Federal Aviation Administration

#### A. Rehabilitate Runway 13-31 Grant (Project #21)

The Industrial Park received a federal grant with the CFDA 20.106 Airport Improvement System, which it had been awarded an agreement for, to Rehabilitate Runway 13-31 and Connecting Taxiways within the removal and replacement of asphalt payment section approximately 3,137 by 75 feet. A grant offer was accepted for \$1,858,419 (Federal share \$1,672,576 and the Industrial Park's share \$185,843). In April 2018, the Industrial Park received a Grant Closure letter on AIP #21 for \$1,510,726 the total amount the FAA reimbursed.

**STROTHER FIELD AIRPORT-INDUSTRIAL PARK**

Notes to the Financial Statement

For the Year Ended December 31, 2017

**NOTE – 8 Federal grants - Federal Aviation Administration (continued)**

Expenditures:

2015	\$ 165,654
2016	1,499,014
2017	<u>10,507</u>
Total	<u>\$1,675,175</u>

Reimbursement Received at 90% from FAA:

2015	\$ 0
2016	1,278,264
2017	<u>36,917</u>
Total	<u>\$1,315,181</u>

**B. Airport Master Plan Grant (Project #22)**

The Industrial Park received a Federal grant with the CFDA 20.106 Airport Improvement System, which it had been awarded to update the Airport Master Plan dated June 19, 2017. A grant offer was accepted for a total of \$118,522 (Federal share \$106,697 and the Industrial Park's share \$11,855). This is an engineering only grant which is in process.

**C. FAA GRANT OBLIGATIONS**

The Strother Field Airport Industrial Park received one Federal grant, which it has not received a close out letter for as of this time, with the CFDA 20.106 Airport Improvement System from the U.S. Department of Transportation Federal Aviation Administration. When the Strother Field Airport Industrial Park accepts the grant, they incur specific obligations to the federal government for a twenty year period. A few of the required assurances include:

- 1) Strother Field Airport Industrial Park will maintain and operate an airport for the twenty year period.
- 2) Strother Field Airport Industrial Park will not interfere with its use as an airport, or allow other entities to have activities that interfere.
- 3) Entities providing aeronautical services will not be granted exclusive rights.
- 4) Strother Field Airport Industrial park will not unjustly discriminate.

**NOTE – 9 Contingencies**

**A. Environmental**

The EPA placed the Industrial Park Superfund Site on the National Priorities List, which the EPA believes require remediation because of a potential release of hazardous substances from the site. Under a cost allocation agreement, General Electric and Grief Brothers Corporation are obligated to pay all costs of the remedial action and response costs reimbursements to EPA. There is a theoretical risk that in the future either General Electric or Grief Brothers Corporation could become incapable of meeting their financial obligations under the cost allocation agreement. It is uncertain whether the Industrial Park's insurance policies will cover any of such costs it may have to bear. Because of this risk, the final cost to the Industrial Park cannot be stated with certainty, and no estimate of the potential loss to the Industrial Park has been stated in this financial statement.

**STROTHER FIELD AIRPORT-INDUSTRIAL PARK**

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

**NOTE – 10 FAA Improvement Reserve Fund**

The sale of surplus agricultural land during 2005, and a land sale in 2017 generated over \$900,000 in funds for the Industrial Park to expend in the future. There are strict restrictions on how those funds can be expended. The Board of Commissioners and FAA approved to expend funds for repayment on the KDHE Water Pollution Revolving Loan Program, used for improvements for the wastewater plant. The total of the Industrial Park’s restricted funds remaining as of December 31, 2017 are \$214,217. Current year use of funds are listed below:

**Expenditures**

Service fees	\$ 1,189
KDHE Water Pollution Revolving Loan Program principal	36,872
KDHE Water Pollution Revolving Loan Program interest	10,701
<b>Total expenditures</b>	<b><u>\$ 48,762</u></b>

The FAA Compliance Office has indicated that these uses are satisfactory to them.

**NOTE – 11 CAPITAL PROJECTS**

At year end, capital project authorization with approved change orders compared with cash disbursement and accounts payable from inception are as follows:

<u>Capital Project</u>	<u>Project Authorization</u>	<u>Cash Disbursements, Encumbrances and Accounts Payable to Date</u>
Airport Layout Master Plan (project #22)	118,552	73,462
Rehabilitate runway 13-31 (project #21)	1,858,419	1,675,175

**NOTE – 12 SUBSEQUENT EVENTS**

The Industrial Park management has evaluated events and transactions occurring subsequent to the fiscal year end through the date of the report, June 18, 2018, which is the date at which the financial statement was available to be issued.

- A. The Industrial Park received a grant closure letter from the FAA for grant to Rehabilitate Runway 13-31 (Project #21) in the amount of \$1,510,726.
- B. The Industrial Park received a reimbursement for 90% of costs incurred in 2017 for the grant to Rehabilitate Runway 13-31 (Project #21) February 16, 2018 in the amount of \$192,467.

**STROTHER FIELD AIRPORT-INDUSTRIAL PARK**

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

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment to Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
<b>Governmental Type Funds:</b>						
Special Purpose Funds						
<i>No Special Purpose Funds are Subject to the Kansas Budget Laws</i>						
Capital Projects Fund						
<i>No Capital Project Fund is Subject to the Kansas Budget Laws</i>						
<b>Business Fund:</b>						
Enterprise Fund						
<i>No Enterprise Fund is Subject to the Kansas Budget Laws</i>						



**REGULATORY – REQUIRED  
SUPPLEMENTARY INFORMATION**

**STROTHER FIELD AIRPORT-INDUSTRIAL PARK**

Rehabilitate Runway 13-31 Grant (Project 21)

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)

	<u>2016</u>	<u>2017</u>
<b>Receipts</b>		
Grant-FAA	\$ 1,278,264	36,917
Transfer in from enterprise fund	\$ 146,131	21,386
<b>Total receipts</b>	<b><u>1,424,395</u></b>	<b><u>58,303</u></b>
<b>Expenditures</b>		
Rehabilitate runway 13-31	1,499,014	10,507
<b>Total expenditures</b>	<b><u>1,499,014</u></b>	<b><u>10,507</u></b>
<b>Receipts over (under) expenditures</b>	<b>(74,619)</b>	<b>47,796</b>
Unencumbered cash, beginning	(165,654)	(240,273)
<b>Unencumbered cash, ending</b>	<b><u>\$ (240,273)</u></b>	<b><u>\$ (192,477)</u></b>

**STROTHER FIELD AIRPORT-INDUSTRIAL PARK**

Airport Layout Master Plan (Project 22)

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)

	<u>2016</u>	<u>2017</u>
<b>Receipts</b>		
Grant-FAA	\$ -	-
Transfer in from enterprise fund	\$ -	4,430
<b>Total receipts</b>	<u>-</u>	<u>4,430</u>
<b>Expenditures</b>		
Airport Layout Master Plan	-	73,461
<b>Total expenditures</b>	<u>-</u>	<u>73,461</u>
<b>Receipts over (under) expenditures</b>	-	<b>(69,031)</b>
Unencumbered cash, beginning	-	-
<b>Unencumbered cash, ending</b>	<u>\$ -</u>	<u>\$ (69,031)</u>

**STROTHER FIELD AIRPORT-INDUSTRIAL PARK**

FAA Improvement Reserve Fund

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)

	<u>2016</u>	<u>2017</u>
<b>Receipts</b>		
Interest income	\$ 1,564	\$ 1,796
Sale of Land	\$ -	\$ 55,000
<b>Total receipts</b>	<u><b>1,564</b></u>	<u><b>56,796</b></u>
<b>Expenditures</b>		
Service fees	1,175	1,189
KDHE Water Pollution Revolving Loan Program principal	35,967	36,774
KDHE Water Pollution Revolving Loan Program interest	11,515	10,701
<b>Total expenditures</b>	<u><b>48,657</b></u>	<u><b>48,664</b></u>
<b>Receipts over (under) expenditures</b>	<b>(47,093)</b>	<b>8,132</b>
Unencumbered cash, beginning	253,179	206,086
<b>Unencumbered cash, ending</b>	<u><u><b>\$ 206,086</b></u></u>	<u><u><b>\$ 214,218</b></u></u>

**STROTHER FIELD AIRPORT-INDUSTRIAL PARK**

Enterprise Fund

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)

	<u>2016</u>	<u>2017</u>
<b>Receipts</b>		
Charges for service:		
Water sales	\$ 91,578	\$ 88,226
Sewer service	104,417	97,730
High pressure	82,252	82,269
Other sales of service	180	105
Other revenue:		
Rental	238,805	234,800
Farm	32,409	32,668
Interest	7,868	7,845
Gas and oil	408	944
Flowage fee	432	358
Concession sales	4,790	4,853
Strother Field day	2,000	6,740
Miscellaneous income	1,714	339
Transfer in from FAA project	-	-
Adjust revenues to cash basis beginning	4,398	8,677
<b>Total receipts</b>	<b><u>571,251</u></b>	<b><u>565,554</u></b>
<b>Expenditures</b>		
Personnel		
Salaries and wages	180,860	184,081
Employee benefits	59,471	66,974
Subtotal personnel	<u>240,331</u>	<u>251,055</u>
Contractual		
Travel	1,097	1,086
Legal and professional	21,159	11,849
Dues and licenses	1,120	920
Commission	882	1,136
Public relations	686	652
Training and education	780	329
Property taxes	265	58,494
Insurance	41,488	51,448
Water system maintenance	2,987	1,427
Sewage plant maintenance	2,510	1,480
Vehicle and equipment maintenance	482	2,144
Building and grounds maintenance	9,755	3,511
Gas and electric	35,509	35,275
Telephone	6,293	7,499
Office expense	1,046	782
Fixed base operator	-	-

(Continued)

**STROTHER FIELD AIRPORT-INDUSTRIAL PARK**

Enterprise Fund

Schedule of Receipts and Expenditures - Regulatory Basis

For the Year Ended December 31, 2017

	2016	2017
<b>Expenditures (continued)</b>		
Contractual (continued)		
Wastewater analysis	3,511	3,909
Water analysis	842	793
Clean water fee	1,257	644
Telemetry contact	1,638	1,638
Miscellaneous	-	30
Subtotal contractual	<u>133,307</u>	<u>185,046</u>
Commodities		
Office supplies	2,793	2,915
Equipment parts and supplies	3,299	2,081
Building parts and supplies	1,462	1,309
Water system parts and supplies	3,550	4,971
Sewage plant supplies	8,689	9,461
Chemicals	841	1,564
Vehicle parts and fuel	10,832	9,258
Small tools	504	300
Postage	428	747
KDOT-KAIP	-	4,550
Subtotal commodities	<u>32,398</u>	<u>37,156</u>
Capital outlays-miscellaneous		
Office equipment and furniture	270	-
Capital outlay	200,000	10
Motor vehicles	-	4,661
Skid Steer Principal	-	6,311
Skid Steer Interest	-	339
Streets (less reimbursements)	6,185	9,022
Water system	69,699	11,745
Nav aids	1,257	-
Building improvements	7,650	698
Runway upkeep	1,463	8,816
Strother Field day	2,607	1,724
Miscellaneous	92	-
Subtotal capital outlay-miscellaneous	<u>289,223</u>	<u>43,326</u>
Operating transfers		
Transfer FAA project #22 fund	342	4,430
Transfer FAA project #21 fund	146,131	21,386
Transfer to capital projects	-	-
Subtotal transfers	<u>146,473</u>	<u>25,816</u>
Total expenditures	841,732	542,399
<b>Receipts over (under) expenditures</b>	<b>(270,481)</b>	<b>23,155</b>
Unencumbered cash, beginning	<u>2,106,467</u>	<u>1,835,986</u>
<b>Unencumbered cash, ending</b>	<b><u>\$ 1,835,986</u></b>	<b><u>\$ 1,859,141</u></b>

(Concluded)