

CITY OF FREDONIA, KANSAS

Independent Auditors' Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2017

CITY OF FREDONIA, KANSAS

For the Year Ended December 31, 2017

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commissioners
City of Fredonia, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Fredonia, 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 Fredonia 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 Fredonia, 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 Fredonia, 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 Fredonia, Kansas as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated July 3, 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.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

January 9, 2019
Chanute, Kansas

CITY OF FREDONIA, KANSAS

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

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Cash Balance December 31, 2017
General Fund	\$ 17,060.28	\$ 1,200,157.93	\$ 1,274,639.09	\$ (57,420.88)	\$ 60,930.50	\$ 3,509.62
Special Purpose Funds:						
Industrial Development	22,476.17	51,487.37	69,737.58	4,225.96	275.00	4,500.96
Library	-	88,298.91	88,298.91	-	-	-
Special Parks and Recreation	1,040.13	27,487.07	17,219.55	11,307.65	-	11,307.65
Special Highway	22,785.99	61,539.06	23,245.47	61,079.58	-	61,079.58
Tourism	71,916.17	16,953.33	27,203.71	61,665.79	-	61,665.79
Capital Improvement Reserve	111,397.93	-	3,423.40	107,974.53	-	107,974.53
Neighborhood Revitalization	300.00	-	-	300.00	-	300.00
Fire Reserve	10,099.87	-	-	10,099.87	-	10,099.87
1/2 Cent Sales Tax	46.76	-	-	46.76	-	46.76
1/2 Cent Infrastructure Sales Tax	(9,463.71)	835,524.06	783,776.26	42,284.09	5,633.77	47,917.86
1 Cent Swimming Pool Sales Tax	235,318.39	568,509.41	512,032.44	291,795.36	-	291,795.36
CDBG Grant	6,058.33	1,503.00	1,503.00	6,058.33	-	6,058.33
Bond and Interest Fund:						
Bond and Interest	8,835.06	441,774.98	450,361.10	248.94	-	248.94
Water and Light Meter Replacement	-	1,930,000.00	179,208.50	1,750,791.50	37,270.00	1,788,061.50
Business Funds:						
Water Utility	255,323.55	894,929.40	936,525.74	213,727.21	9,773.44	223,500.65
Electric Utility	743,300.36	3,436,028.43	3,035,639.82	1,143,688.97	47,687.55	1,191,376.52
Sewer Utility	78,503.38	218,126.64	231,587.24	65,042.78	4,821.62	69,864.40
Solid Waste Utility	57,522.23	284,157.72	268,574.41	73,105.54	7,895.90	81,001.44
Water Bond Reserve	127,500.00	-	-	127,500.00	-	127,500.00
Water Maintenance Reserve	25,000.00	-	-	25,000.00	-	25,000.00
Water Security Deposit	7,195.50	-	-	7,195.50	-	7,195.50
Water Reserve Fund	50,000.00	-	-	50,000.00	-	50,000.00
Electric Security Deposit	17,695.71	-	-	17,695.71	-	17,695.71
Electric Capital Reserve	364,018.38	25,000.00	-	389,018.38	-	389,018.38
Sewer Reserve	81,144.63	5,000.00	-	86,144.63	-	86,144.63
Total Primary Government (Excluding Agency Funds)	\$ 2,305,075.11	\$ 10,086,477.31	\$ 7,902,976.22	\$ 4,488,576.20	\$ 174,287.78	\$ 4,662,863.98

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

Statement 1 (Continued)**CITY OF FREDONIA, 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>\$ 4,662,863.98</u></u>
Composition of Cash:	
Utility Cash on Hand.....	\$ 450.00
General Account	25,681.00
Petty Cash	1,587.56
CDBG Account	10,520.33
Municipal Court Account	17,923.33
Municipal Court Diversion Account	11,561.56
Select Account.....	8,392.45
Police Department Drug Account	692.40
Fire Donations Account	902.37
Fredonia Fast Forward Account	37,533.82
National Night Out Account	1,600.38
Community National Bank & Trust Savings Account	141,659.34
The Kansas State Bank Savings Account	1,397,016.83
1st National Bank in Fredonia Savings Account	876,758.03
1st National Bank in Fredonia Certificates of Deposit	500,000.00
Kansas Municipal Investment Pool	<u>1,767,500.00</u>
Total Cash	4,799,779.40
Agency Funds per Schedule 3	<u>(136,915.42)</u>
Total Reporting Entity (Excluding Agency Funds)	<u><u>\$ 4,662,863.98</u></u>

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

CITY OF FREDONIA, KANSAS

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the City of Fredonia, Kansas, have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from generally accepted accounting policies.

Reporting Entity

The City of Fredonia is a municipal corporation governed by a Mayor and elected two-member commission. This financial statement presents the City of Fredonia.

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:

Fredonia Public Library – The City of Fredonia Library Board operates the City's public library. Acquisition or disposition of real property or bond issuances must be approved by the City. Separate financial statements are prepared and are available at the Fredonia Public Library.

The Housing Authority of the City of Fredonia – The Housing Authority of the City of Fredonia, Kansas operates the City's housing projects. The Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. Separate financial statements are prepared and are available at the Housing Authority of the City of Fredonia, Kansas.

Fredonia Regional Hospital – The Fredonia Regional Hospital operates the City's hospital. The hospital can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. Separate financial statements are prepared and are available at the Fredonia Regional Hospital.

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 Fredonia, Kansas, for the year of 2017:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)

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, state treasurer tax collection accounts, etc.).

Basis of Accounting – 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.

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System which is 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the bond and interest fund. Further, state statutes require levying additional general ad valorem property taxes in the City bond and interest fund to finance delinquent special assessments receivable.

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 comparison schedules 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.

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. During the year ended December 31, 2017, the City amended the Industrial Development Fund, Special Parks and Recreation Fund, ½ Cent Infrastructure Sales Tax Fund, and 1 Cent Swimming Pool Sales Fund.

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

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

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

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

- Capital Improvements Reserve Fund
- Neighborhood Revitalization Fund
- Fire Reserve Fund
- ½ Cent Sales Tax Fund
- CDBG-Grant 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**

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1, the City was in apparent violation with K.S.A. 10-1113, as the City has obligated expenditures in excess of available monies in the General Fund. As shown in Schedule 1, the City was in compliance with the budget laws of Kansas.

3. **DEPOSITS AND INVESTMENTS**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-2</u>	<u>Rating</u>
Kansas Investment Pool	\$1,767,500.00	\$1,767,500.00	\$ - -	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 banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

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

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>Investments</u>	<u>Percentage of Investments</u>
Kansas 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.

Deposits: At year-end, the City's carrying amount of deposits was \$3,031,829.40 and the bank balance was \$3,257,152.31. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$893,319.74 was covered by FDIC insurance and \$2,196,116.62 was collateralized with securities held by the pledging financial institutions' agents in the City's name and the balance of \$167,715.95 was unsecured at year end.

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 to be adequately secured.

At December 31, 2017, the City has invested \$1,767,500.00 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board 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 obligation that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities of 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. **OPERATING LEASES**

The City has entered into operating leases for copy machine and postage machine. Rent expense for the year ended December 31, 2017, was \$4,812.00. Under the current lease agreements, the future minimum rental payments are as follows:

2018	\$ 4,812.00
2019	4,200.00
2020	3,588.00
2021	897.00

The City has entered into operating lease for six Tasers with accessories. Rent expense for the year ended December 31, 2017, was \$984.00. Under the current lease agreements, the future minimum rental payments are as follows:

2018	\$ 1,584.00
2019	1,584.00
2020	1,584.00
2021	1,584.00

5. GENERAL OBLIGATION REFUNDING BONDS

On June 14, 2016, the City issued General Obligation Refunding Bonds for the purpose of refunding, prior to maturity, the City's outstanding Series 2008-A General Obligation Bonds. Proceeds from the bond issue in the amount of \$1,490,991.72 were irrevocably placed in a trust account and were used to purchase U.S. Government Securities for the purpose of paying the debt requirements of the refunded general obligation bonds as needed. The following schedule lists the bond issues refunded by the 2016 bond issue and the principal outstanding at December 31, 2017:

<u>REVENUE BONDS</u>	<u>SERIES</u>	<u>OUTSTANDING 12-31-17</u>
General Obligation Bonds	2008A	\$ 1,295,000.00

These bonds are not included as obligations of the City of Fredonia, Kansas, in these financial statements, inasmuch as the bonds are defeased in substance.

6. 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 Receipts:									
Series 2010 B - Electric Refunding	2.00-3.25%	July 15, 2010	\$ 1,610,000.00	April 1, 2017	\$ 290,000.00	\$ -	\$ (290,000.00)	\$ -	\$ 4,712.50
Series 2016 A - Flood Refunding	3.00%	July 14, 2016	1,488,600.00	October 1, 2028	1,488,600.00	-	(58,600.00)	1,430,000.00	54,209.85
Series 2017 A	3.00%	December 7, 2017	1,930,000.00	October 1, 2027	-	1,930,000.00	-	1,930,000.00	-
Paid by Property Tax Levied:									
Series 2010 A - Fire Station	2.00-4.50%	July 15, 2010	540,000.00	October 1, 2030	420,000.00	-	(25,000.00)	395,000.00	17,837.50
Paid by Sales Tax Levied:									
Series 2013 A - Sales Tax Pool	2.50-3.45%	October 22, 2013	2,740,000.00	October 1, 2026	2,180,000.00	-	(195,000.00)	1,985,000.00	59,347.50
Revolving Loans									
Kansas Water Pollution Control 1382-01	2.94%	October 14, 2003	554,280.00	September 1, 2020	151,344.02	-	(36,196.05)	115,147.97	4,185.41
Capital Lease									
Street Sweeper	2.55%	April 20, 2015	168,557.00	October 20, 2021	121,949.78	-	(24,255.07)	97,694.71	2,226.81
2017 Sanitation Truck	2.00%	May 20, 2016	107,714.00	May 20, 2021	107,714.00	-	(21,116.23)	86,597.77	1,943.12
Firefighters Relief Association									
Bunker Gear	2.75%	April 4, 2016	49,000.00	March 1, 2021	49,000.00	-	(14,004.01)	34,995.99	1,718.16
Total Contractual Indebtedness									
					\$ 4,808,607.80	\$ 1,930,000.00	\$ (664,171.36)	\$ 6,074,436.44	\$ 146,180.85

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	2028-2030	Total
Principal								
General Obligation Bonds								
Series 2010 A - Fire Station	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 160,000.00	\$ 110,000.00	\$ 395,000.00
Series 2013 A - Sales Tax Pool	200,000.00	205,000.00	210,000.00	215,000.00	220,000.00	935,000.00	-	1,985,000.00
Series 2016 A - Flood Refunding	115,000.00	115,000.00	115,000.00	120,000.00	125,000.00	690,000.00	150,000.00	1,430,000.00
Series 2017 A	175,000.00	170,000.00	180,000.00	185,000.00	190,000.00	1,030,000.00	-	1,930,000.00
Revolving Loans								
Kansas Water Pollution Control 1382-01	37,268.04	38,371.76	39,508.17	-	-	-	-	115,147.97
Capital Lease								
Street Sweeper	24,111.37	24,738.79	25,379.01	23,465.54	-	-	-	97,694.71
2017 Sanitation Truck	21,327.39	21,540.67	21,756.07	21,973.64	-	-	-	86,597.77
Firefighters Relief Association								
Bunker Gear	9,659.87	9,927.34	10,202.22	5,206.56	-	-	-	34,995.99
Total Principal Payments								
	607,366.67	609,578.56	626,845.47	595,645.74	560,000.00	2,815,000.00	260,000.00	6,074,436.44
Interest								
General Obligation Bonds								
Series 2010 A - Fire Station	17,025.00	16,212.50	15,337.50	14,400.00	13,275.00	47,025.00	10,125.00	133,400.00
Series 2013 A - Sales Tax Pool	54,472.50	49,472.50	44,347.50	39,622.50	34,785.00	76,582.50	-	299,282.50
Series 2016 A - Flood Refunding	42,900.00	42,900.00	36,000.00	32,550.00	28,950.00	85,650.00	4,500.00	270,000.00
Series 2017 A	47,285.00	52,650.00	47,550.00	42,150.00	36,600.00	94,500.00	-	320,735.00
Revolving Loans								
Kansas Water Pollution Control 1382-01	3,113.43	2,009.70	873.29	-	-	-	-	5,996.42
Capital Lease								
Street Sweeper	2,370.51	1,743.09	1,102.87	438.97	-	-	-	5,655.44
2017 Sanitation Truck	1,518.68	1,090.00	657.04	219.73	-	-	-	3,485.45
Firefighters Relief Association								
Bunker Gear	896.43	628.96	354.08	71.59	-	-	-	1,951.06
Total Interest Payments								
	169,581.55	163,256.75	146,222.28	129,452.79	113,610.00	303,757.50	14,625.00	1,040,505.87
Total Principal and Interest								
	\$ 776,948.22	\$ 772,835.31	\$ 773,067.75	\$ 725,098.53	\$ 673,610.00	\$ 3,118,757.50	\$ 274,625.00	\$ 7,114,942.31

7. CAPITAL LEASE OBLIGATIONS

The City has entered into a capital lease agreement in order to finance the acquisition of a Street Sweeper. Payments are made semi-annually, including interest at approximately 2.55%. Final maturity of the lease is October 20, 2021. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2018	\$ 26,481.88
2019	26,481.88
2020	26,481.88
2021	<u>23,904.51</u>
	103,350.15
Less imputed interest	<u>(5,655.44)</u>
Net Present Value of Minimum	
Lease Payments	97,694.71
Less: Current Maturities	<u>(24,111.37)</u>
Long-Term Capital Lease Obligations	<u>\$ 73,583.34</u>

The City has entered into a capital lease agreement in order to finance the acquisition of a 2017 Sanitation Truck. Principal payments are made annually while interest payments are made semi-annually, the interest rate is 2.00%. Final maturity of the lease is May 20, 2021. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2018	\$ 22,846.07
2019	22,630.67
2020	22,413.11
2021	<u>22,193.37</u>
	90,083.22
Less imputed interest	<u>(3,485.45)</u>
Net Present Value of Minimum	
Lease Payments	86,597.77
Less: Current Maturities	<u>(21,327.39)</u>
Long-Term Capital Lease Obligations	<u>\$ 65,270.38</u>

The City has entered into a capital lease agreement in order to finance the acquisition of Bunker Gear. Payments are made semi-annually, including interest at approximately 2.75%. Final maturity of the lease is March 1, 2021. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2018	\$ 10,556.30
2019	10,556.30
2020	10,556.30
2021	<u>5,278.15</u>
	36,947.05
Less imputed interest	<u>(1,951.06)</u>
Net Present Value of Minimum	
Lease Payments	34,995.99
Less: Current Maturities	<u>(9,659.87)</u>
Long-Term Capital Lease Obligations	<u>\$ 25,336.12</u>

8. 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 publically 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, 2016. Effective January 1, 2016, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium until September 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 8.46% for the fiscal year ended December 31, 2017. Contributions to the pension plan from the City were \$95,602.10 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 \$888,497.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

9. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The Premium is paid in full by the insured. There is no cost to the City under this program.

Compensated Absences

Regular full time employees shall receive 10 days of vacation leave on the first day of the month following the first completed year of continuous service. After one year continuous service an employee shall receive vacation leave beginning on the first day of the month following the employee's anniversary date of employment as follows:

<u>Years of Employment</u>	<u>Accrued Vacation Time</u>	<u>Hours Accrued Per Month</u>
1 - 7	10 days per year	6.67
8 - 14	15 days per year	10
15 - 19	20 days per year	13.33
20 - 29	25 days per year	16.67
30 and Over	30 days per year	20

Vacation leave may be carried over into the following calendar year in amounts not to exceed 110% of annual earning amounts.

Regular full time employees may accrue no more than 480 hours of sick leave. Employees who were employed with the City prior to January 1, 2007 and have accumulated more than 480 hours of sick leave as of December 31, 2006, will maintain the excess leave as "banked leave". All banked leave must be used before any other accumulated sick leave. Employees who have accumulated more than 480 hours of sick leave prior to January 1, 2007 will not accrue additional sick leave until they drop below the 480 hour cap of accumulated leave.

Employees who accumulate at least 240 hours of sick leave are entitled to sell back any of the sick leave accumulated during that calendar year in excess of 240 hours. In exchange for eight hours of sick leave, the City will make a lump sum payment to the employee in the amount of \$50.00.

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 estimated a liability for vacation pay, which has been earned, but not taken by City employees of \$48,028.72 and estimated a liability for sick leave, which has been earned, but not taken by City employees of \$6,555.56.

10. 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.

The City has been unable to obtain workers' compensation insurance at a cost it considers to be economically justifiable. For this reason, the City has joined together with other cities in the State to participate in Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members. The City pays annual premium to KMIT for its workers' compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

11. ECONOMIC DEPENDENCY

Currently, the City purchases its water from Public Wholesale Water Supply District No. 23. To continue serving its patrons, the City is dependent upon Public Wholesale Water Supply District No. 23 to provide adequate, reasonably priced water. All water sales are made to residents in the area of the City. Accordingly, the City's operations are dependent upon the ability to purchase water from Public Wholesale Water Supply District No. 23.

12. COMMITMENTS AND CONTINGENCIES

The City has entered into an agreement with the Public Wholesale Water Supply District No. 23 for the purchase of water until September 2040.

13. LEASING ACTIVITIES

The City leased various buildings, land, and farm and hay meadows. Rent collected during the year ended December 31, 2017 was \$10,310.00. Under the current agreements, the there was no future minimum rental income.

14. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
1 Cent Swimming Pool	General		
Sales Tax		K.S.A. 12-197	\$ 20,000.00
Water and Light	1 Cent Swimming Pool		
Meter Replacement	Sales Tax	K.S.A. 12-6a16	120,000.00
Electric Utility	General	K.S.A. 12-825d	495,000.00
Electric Utility	Industrial Development	K.S.A. 12-825d	8,000.00
Electric Utility	½ Cent Infrastructure		
	Sales Tax	K.S.A. 12-825d	95,000.00
Electric Utility	Bond and Interest	K.S.A. 12-825d	304,713.00
Electric Utility	Electric Capital Reserve	K.S.A. 12-825d	25,000.00

14. INTERFUND TRANSFERS (Continued)

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
Sewer Utility	General	K.S.A. 12-825d	\$ 5,000.00
Sewer Utility	Bond and Interest	K.S.A. 12-825d	30,000.00
Sewer Utility	Sewer Reserve	K.S.A. 12-825d	5,000.00
Water Utility	Bond and Interest	K.S.A. 12-825d	30,000.00
Water Utility	General	K.S.A. 12-825d	5,000.00

15. SUBSEQUENT EVENTS

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

SUPPLEMENTARY INFORMATION

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

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
	\$	\$	\$	\$	\$
General Fund	1,277,509.00	39,676.89	1,317,185.89	1,274,639.09	(42,546.80)
Special Purpose Funds:					
Industrial Development	80,560.00	-	80,560.00	69,737.58	(10,822.42)
Library	98,700.00	-	98,700.00	88,298.91	(10,401.09)
Special Parks and Recreation	21,184.00	-	21,184.00	17,219.55	(3,964.45)
Special Highway	61,500.00	-	61,500.00	23,245.47	(38,254.53)
Tourism	32,000.00	-	32,000.00	27,203.71	(4,796.29)
1/2 Cent Infrastructure Sales Tax	829,600.00	34,851.96	864,451.96	783,776.26	(80,675.70)
1 Cent Swimming Pool Sales Tax Fund	521,752.00	51,501.01	573,253.01	512,032.44	(61,220.57)
Bond and Interest Fund:					
Bond and Interest	450,360.00	-	450,360.00	450,361.10	1.10
Water and Light Meter Replacement	1,500,000.00	-	1,500,000.00	179,208.50	(1,320,791.50)
Business Funds:					
Water Utility	944,197.00	-	944,197.00	936,525.74	(7,671.26)
Electric Utility	3,390,731.00	-	3,390,731.00	3,035,639.82	(355,091.18)
Sewer Utility	244,190.00	-	244,190.00	231,587.24	(12,602.76)
Solid Waste Utility	289,176.00	-	289,176.00	268,574.41	(20,601.59)

CITY OF FREDONIA, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

			Current Year		
	Prior Year				Variance - Over
	Actual		Actual	Budget	(Under)
Receipts					
Taxes and Shared Receipt					
Ad Valorem Property Tax	\$ 412,689.10	\$	397,638.37	\$ 435,622.00	\$ (37,983.63)
Delinquent Tax	36,489.02		14,884.88	35,000.00	(20,115.12)
Motor Vehicle Tax	87,201.46		52,372.08	63,221.00	(10,848.92)
Recreational Vehicle Tax	1,459.49		905.06	1,002.00	(96.94)
16/20M Truck Tax	849.70		965.54	1,037.00	(71.46)
Commercial Vehicle Tax	-		6,542.14	5,538.00	1,004.14
Franchise Taxes	54,023.39		57,045.73	72,000.00	(14,954.27)
Special Assessments	382.16		1,007.38	-	1,007.38
Intergovernmental					
Local Alcoholic Liquor Tax	1,504.28		1,488.09	834.00	654.09
State Grants	31,500.00		-	-	-
Licenses and Permits					
Licenses, Permits & Fees	4,892.00		5,072.00	5,000.00	72.00
Charges for Services					
Reconnect Fees	7,830.20		6,540.00	8,000.00	(1,460.00)
Animal Tags/Pound Fees	4,073.09		5,990.50	3,500.00	2,490.50
Cemetery Fees	9,400.00		7,300.00	10,000.00	(2,700.00)
Fines, Forfeitures and Penalties					
Fines	77,092.85		63,896.76	92,500.00	(28,603.24)
Use of Money and Property					
Airport Rental	7,549.68		6,407.11	6,655.00	(247.89)
Sale of Assets	79.52		-	-	-
Loan Proceeds	49,000.00		-	-	-
Interest Income	5,813.41		5,275.40	1,000.00	4,275.40
Other Receipts					
Donations	490.00		2,150.00	500.00	1,650.00
Reimbursed Expense	21,776.22		39,676.89	20,000.00	19,676.89
Operating Transfers from:					
1 Cent Swimming Pool Sales Tax Fund	18,000.00		20,000.00	20,000.00	-
Electric Utility Fund	425,000.00		495,000.00	470,000.00	25,000.00
Water Utility Fund	5,000.00		5,000.00	5,000.00	-
Sewer Utility Fund	5,000.00		5,000.00	5,000.00	-
Total Receipts	1,267,095.57		1,200,157.93	\$ 1,261,409.00	\$ (61,251.07)
Expenditures					
Administration Department					
Personal Services	49,197.40		49,852.03	\$ 46,460.00	\$ 3,392.03
Contractual Services	34,134.41		38,500.08	34,874.00	3,626.08
Commodities	3,794.24		7,591.06	5,450.00	2,141.06
Capital Outlay	1,835.00		417.00	2,000.00	(1,583.00)

CITY OF FREDONIA, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year			Variance - Over (Under)
		Actual	Budget		
Expenditures (Continued)					
Police Department					
Personal Services	\$ 386,884.08	\$ 413,672.64	\$ 406,917.00	\$ 6,755.64	
Contractual Services	31,771.79	33,885.54	31,700.00	2,185.54	
Commodities	25,041.30	24,488.74	29,500.00	(5,011.26)	
Capital Outlay	28,941.86	3,220.94	-	3,220.94	
Street Department					
Personal Services	217,925.12	216,637.98	232,085.00	(15,447.02)	
Contractual Services	20,376.80	19,929.01	26,738.00	(6,808.99)	
Commodities	35,610.01	45,684.62	44,886.00	798.62	
Capital Outlay	4,153.00	-	-	-	
Debt Service - Capital Lease	26,481.88	26,481.88	-	26,481.88	
Parks Department					
Personal Services	76,997.76	82,630.30	78,249.00	4,381.30	
Contractual Services	9,364.11	9,656.40	8,388.00	1,268.40	
Commodities	17,432.32	14,974.70	18,500.00	(3,525.30)	
Capital Outlay	5,049.00	-	1,500.00	(1,500.00)	
Fire Department					
Personal Services	26,722.25	39,985.07	33,776.00	6,209.07	
Contractual Services	22,277.52	22,159.86	28,025.00	(5,865.14)	
Commodities	6,352.61	12,105.20	6,600.00	5,505.20	
Capital Outlay	48,443.63	10,392.12	2,200.00	8,192.12	
Code Enforcement Department					
Personal Services	33,259.71	30,932.20	37,425.00	(6,492.80)	
Contractual Services	1,482.48	5,946.85	3,125.00	2,821.85	
Commodities	2,444.83	4,033.33	3,400.00	633.33	
Capital Outlay	74.16	-	3,600.00	(3,600.00)	
Municipal Court Department					
Personal Services	42,108.12	32,311.28	34,689.00	(2,377.72)	
Contractual Services	17,570.67	9,852.69	33,375.00	(23,522.31)	
Commodities	1,793.44	2,982.19	2,750.00	232.19	
Restitution/Court Reports	5,887.00	4,338.00	-	4,338.00	
Cemetery Department					
Personal Services	71,550.07	82,128.49	82,970.00	(841.51)	
Contractual Services	6,782.92	6,491.45	7,352.00	(860.55)	
Commodities	7,496.03	529.14	8,700.00	(8,170.86)	
Capital Outlay	-	4,843.51	1,675.00	3,168.51	
Art Council					
Contractual Services	2,000.00	2,000.00	2,100.00	(100.00)	
Airport					
Contractual Services	41,572.27	4,059.59	4,000.00	59.59	

CITY OF FREDONIA, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Fireworks				
Contractual Services	\$ 8,614.13	\$ 10,010.25	\$ 10,000.00	\$ 10.25
Animal Pound				
Contractual Services	2,207.98	1,914.95	2,500.00	(585.05)
ADA Capital Works	1,081.95	-	2,000.00	(2,000.00)
Total Certified Budget			1,277,509.00	(2,869.91)
Adjustments for Qualifying Budget Credits			39,676.89	(39,676.89)
Total Expenditures	1,324,711.85	1,274,639.09	\$ 1,317,185.89	\$ (42,546.80)
Receipts Over(Under) Expenditures	(57,616.28)	(74,481.16)		
Unencumbered Cash, Beginning	74,676.56	17,060.28		
Unencumbered Cash, Ending	\$ 17,060.28	\$ (57,420.88)		

CITY OF FREDONIA, KANSAS
INDUSTRIAL DEVELOPMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year		
		Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 30,580.84	\$ 33,599.78	\$ 37,045.00	\$ (3,445.22)
Delinquent Tax	3,162.07	1,154.78	3,500.00	(2,345.22)
Motor Vehicle Tax	6,609.71	3,884.58	4,685.00	(800.42)
Recreational Vehicle Tax	106.98	67.08	74.00	(6.92)
Commercial Vehicle Tax	-	499.10	410.00	89.10
16/20M Truck Tax	74.69	77.05	77.00	0.05
Use of Money and Property				
Rental Receipts	4,205.00	4,205.00	4,505.00	(300.00)
Operating Transfers from Electric Utility Fund	-	8,000.00	8,000.00	-
Total Receipts	44,739.29	51,487.37	\$ 58,296.00	\$ (6,808.63)
Expenditures				
General Government				
Contractual Services	52,781.59	67,046.37	\$ 77,700.00	\$ (10,653.63)
Commodities	328.71	2,691.21	2,691.00	0.21
Capital Outlay	-	-	169.00	(169.00)
Total Expenditures	53,110.30	69,737.58	\$ 80,560.00	\$ (10,822.42)
Receipts Over(Under) Expenditures	(8,371.01)	(18,250.21)		
Unencumbered Cash, Beginning	30,847.18	22,476.17		
Unencumbered Cash, Ending	\$ 22,476.17	\$ 4,225.96		

CITY OF FREDONIA, KANSAS
LIBRARY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 68,470.31	\$ 75,643.90	\$ 82,865.00	\$ (7,221.10)
Delinquent Tax	6,411.34	2,561.88	6,900.00	(4,338.12)
Motor Vehicle Tax	14,891.71	8,692.48	10,489.00	(1,796.52)
Recreational Vehicle Tax	249.11	150.17	166.00	(15.83)
Commercial Vehicle Tax	-	1,085.46	919.00	166.46
16/20M Truck Tax	159.94	165.02	172.00	(6.98)
Total Receipts	90,182.41	88,298.91	\$ 101,511.00	\$ (13,212.09)
Expenditures				
Culture and Recreation				
Library Appropriations	90,182.41	88,298.91	\$ 98,700.00	\$ (10,401.09)
Total Expenditures	90,182.41	88,298.91	\$ 98,700.00	\$ (10,401.09)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

CITY OF FREDONIA, KANSAS
SPECIAL PARKS AND RECREATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Local Alcoholic Liquor Tax	\$ 1,504.27	\$ 1,488.07	\$ 1,488.00	\$ 0.07
Other Receipts				
Donations	-	25,999.00	25,999.00	-
Total Receipts	1,504.27	27,487.07	\$ 27,487.00	\$ 0.07
Expenditures				
Culture and Recreation				
Contractual Services	3,248.76	-	\$ -	\$ -
Commodities	920.36	139.55	742.00	(602.45)
Capital Outlay	-	17,080.00	20,442.00	(3,362.00)
Total Expenditures	4,169.12	17,219.55	\$ 21,184.00	\$ (3,964.45)
Receipts Over(Under) Expenditures	(2,664.85)	10,267.52		
Unencumbered Cash, Beginning	3,704.98	1,040.13		
Unencumbered Cash, Ending	\$ 1,040.13	\$ 11,307.65		

CITY OF FREDONIA, KANSAS
SPECIAL HIGHWAY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Motor Fuel Tax	\$ 62,311.13	\$ 61,539.06	\$ 61,560.00	\$ (20.94)
Total Receipts	62,311.13	61,539.06	\$ 61,560.00	\$ (20.94)
Expenditures				
General Government				
Contractual Services	67.50	320.00	\$ 2,500.00	\$ (2,180.00)
Commodities	24,231.22	22,925.47	18,000.00	4,925.47
Capital Outlay	40,000.00	-	41,000.00	(41,000.00)
Total Expenditures	64,298.72	23,245.47	\$ 61,500.00	\$ (38,254.53)
Receipts Over(Under) Expenditures	(1,987.59)	38,293.59		
Unencumbered Cash, Beginning	24,773.58	22,785.99		
Unencumbered Cash, Ending	\$ 22,785.99	\$ 61,079.58		

CITY OF FREDONIA, KANSAS
TOURISM FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Transient Guest Tax	\$ 57,485.43	\$ 16,953.33	\$ 8,000.00	\$ 8,953.33
Total Receipts	57,485.43	16,953.33	\$ 8,000.00	\$ 8,953.33
Expenditures				
General Government				
Contractual Services	6,936.75	10,041.60	\$ 10,900.00	\$ (858.40)
Commodities	88.81	332.62	1,100.00	(767.38)
Capital Outlay	-	16,829.49	20,000.00	(3,170.51)
Total Expenditures	7,025.56	27,203.71	\$ 32,000.00	\$ (4,796.29)
Receipts Over(Under) Expenditures	50,459.87	(10,250.38)		
Unencumbered Cash, Beginning	21,456.30	71,916.17		
Unencumbered Cash, Ending	\$ 71,916.17	\$ 61,665.79		

CITY OF FREDONIA, KANSAS
CAPITAL IMPROVEMENT RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ -	\$ -
Total Receipts	-	-
Expenditures		
General Government		
Contractual Services	-	3,423.40
Total Expenditures	-	3,423.40
Receipts Over(Under) Expenditures	-	(3,423.40)
Unencumbered Cash, Beginning	111,397.93	111,397.93
Unencumbered Cash, Ending	\$ 111,397.93	\$ 107,974.53

CITY OF FREDONIA, KANSAS
NEIGHBORHOOD REVITALIZATION FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ -	\$ -
Total Receipts	-	-
Expenditures		
General Government		
Contractual Services	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	300.00	300.00
Unencumbered Cash, Ending	\$ 300.00	\$ 300.00

CITY OF FREDONIA, KANSAS
FIRE RESERVE FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ -	\$ -
Total Receipts	-	-
Expenditures		
General Government		
Contractual Services	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	10,099.87	10,099.87
Unencumbered Cash, Ending	\$ 10,099.87	\$ 10,099.87

CITY OF FREDONIA, KANSAS
1/2 CENT SALES TAX FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Receipt		
Sales Tax	\$ -	\$ -
Total Receipts	-	-
Expenditures		
General Government		
Contractual Services	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	46.76	46.76
Unencumbered Cash, Ending	\$ 46.76	\$ 46.76

CITY OF FREDONIA, KANSAS
1/2 CENT INFRASTRUCTURE SALES TAX FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Sales Tax	\$ 210,929.27	\$ 198,504.22	\$ 198,503.00	\$ 1.22
Intergovernmental				
Federal Grants	-	85,437.11	-	85,437.11
State Grants	-	420,230.77	-	420,230.77
Charges for Services				
Transfer Utility Fee	2,425.00	1,500.00	1,500.00	-
Other Receipts				
Reimbursed Expenses	70,947.00	34,851.96	540,519.00	(505,667.04)
Operating Transfers from				
Electric Utility Fund	-	95,000.00	95,000.00	-
Total Receipts	284,301.27	835,524.06	\$ 835,522.00	\$ 2.06
Expenditures				
Improvements				
Contract Services	7,542.88	-	\$ -	\$ -
Capital Outlay	364,520.14	783,776.26	829,600.00	(45,823.74)
Total Certified Budget			829,600.00	(45,823.74)
Adjustments for Qualifying				
Budget Credits			34,851.96	(34,851.96)
Total Expenditures	372,063.02	783,776.26	\$ 864,451.96	\$ (80,675.70)
Receipts Over(Under) Expenditures	(87,761.75)	51,747.80		
Unencumbered Cash, Beginning	78,298.04	(9,463.71)		
Unencumbered Cash, Ending	\$ (9,463.71)	\$ 42,284.09		

CITY OF FREDONIA, KANSAS
1 CENT SWIMMING POOL SALES TAX FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Sales Tax	\$ 421,842.09	\$ 397,008.40	\$ 397,008.00	\$ 0.40
Other Receipts				
Reimbursed Expense	-	51,501.01	25,001.00	26,500.01
Operating Transfers from				
Water and Light Meter				
Replacement Fund	-	120,000.00	-	120,000.00
Total Receipts	421,842.09	568,509.41	\$ 422,009.00	\$ 146,500.41
Expenditures				
Improvements				
Contractual Services	79.95	488.03	\$ 488.00	\$ 0.03
Commodities	24,141.32	15,430.12	17,500.00	(2,069.88)
Capital Outlay	-	206,044.62	229,416.00	(23,371.38)
Debt Service				
Principal	-	195,000.00	195,000.00	-
Interest	-	59,347.50	59,348.00	(0.50)
Capital Lease	-	15,722.17	-	15,722.17
Operating Transfers to:				
General Fund	18,000.00	20,000.00	20,000.00	-
Bond and Interest Fund	254,097.50	-	-	-
Total Certified Budget			521,752.00	(9,719.56)
Adjustments for Qualifying				
Budget Credits			51,501.01	(51,501.01)
Total Expenditures	296,318.77	512,032.44	\$ 573,253.01	\$ (61,220.57)
Receipts Over(Under) Expenditures	125,523.32	56,476.97		
Unencumbered Cash, Beginning	109,795.07	235,318.39		
Unencumbered Cash, Ending	\$ 235,318.39	\$ 291,795.36		

CITY OF FREDONIA, KANSAS
CDBG-GRANT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
State Grants	\$ 78,512.49	\$ 1,503.00
Total Receipts	78,512.49	1,503.00
Expenditures		
General Government		
Capital Outlay	70,992.16	1,503.00
Total Expenditures	70,992.16	1,503.00
Receipts Over(Under) Expenditures	7,520.33	-
Unencumbered Cash, Beginning	(1,462.00)	6,058.33
Unencumbered Cash, Ending	\$ 6,058.33	\$ 6,058.33

CITY OF FREDONIA, KANSAS
BOND AND INTEREST FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 74,631.47	\$ 62,791.65	\$ 68,786.00	\$ (5,994.35)
Delinquent Tax	6,632.57	2,725.25	7,000.00	(4,274.75)
Motor Vehicle Tax	16,759.39	9,480.33	11,434.00	(1,953.67)
Recreational Vehicle Tax	277.55	163.67	181.00	(17.33)
16/20M Truck Tax	183.02	188.68	187.00	1.68
Commercial Vehicle Tax	-	1,183.15	1,001.00	182.15
Use of Money and Property				
Bond Proceeds	1,488,600.00	-	-	-
Other Receipts				
Reimbursed Expense	-	529.25	294,713.00	(294,183.75)
Operating Transfers from:				
1 Cent Swimming Pool Sales Tax Fund	254,097.50	-	-	-
Electric Utility Fund	282,950.00	304,713.00	-	304,713.00
Water Utility Fund	30,000.00	30,000.00	30,000.00	-
Sewer Utility Fund	30,000.00	30,000.00	30,000.00	-
Total Receipts	2,184,131.50	441,774.98	\$ 443,302.00	\$ (1,527.02)
Expenditures				
Debt Service				
Principal	1,915,000.00	373,600.00	\$ 450,360.00	\$ (76,760.00)
Interest	235,495.00	76,761.10	-	76,761.10
Cost of Issuance	32,810.00	-	-	-
Total Expenditures	2,183,305.00	450,361.10	\$ 450,360.00	\$ 1.10
Receipts Over(Under) Expenditures	826.50	(8,586.12)		
Unencumbered Cash, Beginning	8,008.56	8,835.06		
Unencumbered Cash, Ending	\$ 8,835.06	\$ 248.94		

CITY OF FREDONIA, KANSAS
WATER AND LIGHT METER REPLACEMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Use of Money and Property				
Bond Proceeds	\$ -	\$ 1,930,000.00	\$ 1,500,000.00	\$ 430,000.00
Total Receipts	-	1,930,000.00	\$ 1,500,000.00	\$ 430,000.00
Expenditures				
Improvements				
Capital Outlay	-	16,796.00	\$ 1,350,000.00	\$ (1,333,204.00)
Debt Service				
Cost of Issuance	-	42,412.50	-	42,412.50
Operating Transfers to				
1 Cent Swimming Pool Sales Tax Fund	-	120,000.00	150,000.00	(30,000.00)
Total Expenditures	-	179,208.50	\$ 1,500,000.00	\$ (1,320,791.50)
Receipts Over(Under) Expenditures	-	1,750,791.50		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ 1,750,791.50		

CITY OF FREDONIA, KANSAS
WATER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Water Charges	\$ 893,981.35	\$ 845,270.38	\$ 888,000.00	\$ (42,729.62)
Connection Fee	8,113.35	8,623.98	5,000.00	3,623.98
Late Fees	40,852.84	40,093.44	45,000.00	(4,906.56)
Other Receipts				
Miscellaneous	5,524.15	-	5,000.00	(5,000.00)
Reimbursed Expense	1,241.81	941.60	2,500.00	(1,558.40)
Total Receipts	949,713.50	894,929.40	\$ 945,500.00	\$ (50,570.60)
Expenditures				
Production				
Contractual Services	597,635.70	594,035.36	\$ 597,600.00	\$ (3,564.64)
Commodities	-	140.07	-	140.07
Distribution				
Personal Services	71,329.22	94,421.69	193,733.00	(99,311.31)
Contractual Services	15,896.45	16,426.16	-	16,426.16
Commodities	34,638.78	52,585.87	-	52,585.87
Capital Outlay	23,776.77	31,702.36	-	31,702.36
Commercial				
Personal Services	81,524.14	94,341.79	113,314.00	(18,972.21)
Contractual Services	11,011.63	11,290.49	-	11,290.49
Commodities	3,844.65	1,985.25	-	1,985.25
Capital Outlay	0.17	-	-	-
Refund on Deposit	-	-	50.00	(50.00)
Kansas User Tax	5,001.29	4,596.70	4,500.00	96.70
Operating Transfers to:				
General Fund	5,000.00	5,000.00	5,000.00	-
Bond and Interest Fund	30,000.00	30,000.00	30,000.00	-
Total Expenditures	879,658.80	936,525.74	\$ 944,197.00	\$ (7,671.26)
Receipts Over(Under) Expenditures	70,054.70	(41,596.34)		
Unencumbered Cash, Beginning	185,268.85	255,323.55		
Unencumbered Cash, Ending	\$ 255,323.55	\$ 213,727.21		

CITY OF FREDONIA, KANSAS
ELECTRIC UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Electric Charges	\$ 2,857,744.26	\$ 2,717,811.87	\$ 2,900,000.00	\$ (182,188.13)
Fuel Cost Adjustment	489,422.50	685,250.59	500,000.00	185,250.59
Connection Fees	6,429.17	6,460.00	6,000.00	460.00
Intergovernmental				
Sales Tax	224.31	690.09	-	690.09
Use of Money and Property				
Interest Income	267.46	194.31	-	194.31
Other Receipts				
Miscellaneous	19.91	-	-	-
Reimbursed Expense	95,496.05	25,621.57	5,000.00	20,621.57
Total Receipts	<u>3,449,603.66</u>	<u>3,436,028.43</u>	<u>\$ 3,411,000.00</u>	<u>\$ 25,028.43</u>
Expenditures				
Production				
Contractual Services	2,110,100.22	1,646,727.13	\$ 2,094,470.00	\$ (447,742.87)
Commodities	118.71	-	-	-
Capital Outlay	-	24,520.10	-	24,520.10
Distribution				
Personal Services	180,312.07	163,593.53	351,020.00	(187,426.47)
Contractual Services	23,287.71	21,971.45	-	21,971.45
Commodities	74,475.19	55,561.40	-	55,561.40
Capital Outlay	57,197.14	40,822.53	-	40,822.53
Commercial				
Personal Services	126,988.03	128,140.36	153,528.00	(25,387.64)
Contractual Services	22,091.51	17,912.23	-	17,912.23
Commodities	3,465.32	3,151.44	-	3,151.44
Capital Outlay	74.17	-	-	-
Other Expenditures				
Miscellaneous	4,326.47	5,526.65	2,000.00	3,526.65
Operating Transfers to:				
General Fund	425,000.00	495,000.00	470,000.00	25,000.00
Industrial Development Fund	-	8,000.00	-	8,000.00
1/2 Cent Infrastructure				
Sales Tax Fund	-	95,000.00	-	95,000.00
Electric Capital Reserve Fund	25,000.00	25,000.00	25,000.00	-
Bond and Interest Fund	282,950.00	304,713.00	294,713.00	10,000.00
Total Expenditures	<u>3,335,386.54</u>	<u>3,035,639.82</u>	<u>\$ 3,390,731.00</u>	<u>\$ (355,091.18)</u>
Receipts Over(Under) Expenditures	114,217.12	400,388.61		
Unencumbered Cash, Beginning	<u>629,083.24</u>	<u>743,300.36</u>		
Unencumbered Cash, Ending	<u>\$ 743,300.36</u>	<u>\$ 1,143,688.97</u>		

CITY OF FREDONIA, KANSAS
SEWER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Wastewater Charges	\$ 174,993.93	\$ 216,810.04	\$ 225,000.00	\$ (8,189.96)
Connection Fees	974.16	675.00	500.00	175.00
Other Receipts				
Reimbursed Expense	1,427.57	641.60	1,750.00	(1,108.40)
Total Receipts	177,395.66	218,126.64	\$ 227,250.00	\$ (9,123.36)
Expenditures				
Collection and Treatment				
Personal Services	81,887.02	93,249.69	\$ 100,695.00	\$ (7,445.31)
Contractual Services	26,216.23	35,347.84	25,564.00	9,783.84
Commodities	22,096.73	22,608.25	17,550.00	5,058.25
Capital Outlay	74.17	-	20,000.00	(20,000.00)
Debt Service				
Principal	35,154.90	36,196.05	40,381.00	(4,184.95)
Interest	5,226.56	4,185.41	-	4,185.41
Operating Transfers to:				
General Fund	5,000.00	5,000.00	5,000.00	-
Bond and Interest Fund	30,000.00	30,000.00	30,000.00	-
Sewer Utility Reserve Fund	5,000.00	5,000.00	5,000.00	-
Total Expenditures	210,655.61	231,587.24	\$ 244,190.00	\$ (12,602.76)
Receipts Over(Under) Expenditures	(33,259.95)	(13,460.60)		
Unencumbered Cash, Beginning	111,763.33	78,503.38		
Unencumbered Cash, Ending	\$ 78,503.38	\$ 65,042.78		

CITY OF FREDONIA, KANSAS
SOLID WASTE UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Solid Waste Fees	\$ 330,217.10	\$ 244,883.99	\$ 251,000.00	\$ (6,116.01)
Recycling Fees	21,424.47	37,609.13	20,000.00	17,609.13
Other Receipts				
Reimbursed Expense	1,319.56	1,664.60	2,000.00	(335.40)
Total Receipts	352,961.13	284,157.72	\$ 273,000.00	\$ 11,157.72
Expenditures				
Collections				
Personal Services	183,852.02	176,691.07	\$ 189,096.00	\$ (12,404.93)
Contractual Services	37,059.80	37,418.41	38,840.00	(1,421.59)
Commodities	29,054.91	31,390.59	31,075.00	315.59
Capital Outlay	108,142.17	14.99	30,165.00	(30,150.01)
Debt Service				
Capital Lease	1,077.14	23,059.35	-	23,059.35
Total Expenditures	359,186.04	268,574.41	\$ 289,176.00	\$ (20,601.59)
Receipts Over(Under) Expenditures	(6,224.91)	15,583.31		
Unencumbered Cash, Beginning	63,747.14	57,522.23		
Unencumbered Cash, Ending	\$ 57,522.23	\$ 73,105.54		

CITY OF FREDONIA, KANSAS
WATER BOND RESERVE FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ -	\$ -
Total Receipts	-	-
Expenditures		
General Government		
Contractual Services	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	127,500.00	127,500.00
Unencumbered Cash, Ending	\$ 127,500.00	\$ 127,500.00

CITY OF FREDONIA, KANSAS
WATER MAINTENANCE RESERVE FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ -	\$ -
Total Receipts	-	-
Expenditures		
General Government		
Contractual Services	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	25,000.00	25,000.00
Unencumbered Cash, Ending	\$ 25,000.00	\$ 25,000.00

CITY OF FREDONIA, KANSAS
WATER SECURITY DEPOSIT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ -	\$ -
Total Receipts	-	-
Expenditures		
General Government		
Contractual Services	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	7,195.50	7,195.50
Unencumbered Cash, Ending	\$ 7,195.50	\$ 7,195.50

CITY OF FREDONIA, KANSAS
WATER RESERVE FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ -	\$ -
Total Receipts	-	-
Expenditures		
General Government		
Contractual Services	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	50,000.00	50,000.00
Unencumbered Cash, Ending	\$ 50,000.00	\$ 50,000.00

CITY OF FREDONIA, KANSAS
ELECTRIC SECURITY DEPOSIT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ -	\$ -
Total Receipts	-	-
Expenditures		
General Government		
Contractual Services	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	17,695.71	17,695.71
Unencumbered Cash, Ending	\$ 17,695.71	\$ 17,695.71

CITY OF FREDONIA, KANSAS
ELECTRIC CAPITAL RESERVE FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from Electric Utility Fund	\$ 25,000.00	\$ 25,000.00
Total Receipts	25,000.00	25,000.00
Expenditures		
General Government Capital Outlay	5,540.00	-
Total Expenditures	5,540.00	-
Receipts Over(Under) Expenditures	19,460.00	25,000.00
Unencumbered Cash, Beginning	344,558.38	364,018.38
Unencumbered Cash, Ending	\$ 364,018.38	\$ 389,018.38

CITY OF FREDONIA, KANSAS
SEWER RESERVE FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from Sewer Utility Fund	\$ 5,000.00	\$ 5,000.00
Total Receipts	5,000.00	5,000.00
Expenditures		
General Government Contractual Services	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	5,000.00	5,000.00
Unencumbered Cash, Beginning	76,144.63	81,144.63
Unencumbered Cash, Ending	\$ 81,144.63	\$ 86,144.63

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

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Municipal Court Diversion	\$ (409.82)	\$ 3,600.00	\$ 1,196.73	\$ 1,993.45
Health Insurance	7,792.89	33,327.00	18,700.76	22,419.13
Payroll Clearing	1,950.17	8,091.44	3,187.46	6,854.15
Sales Tax	28,310.42	553,760.53	537,193.84	44,877.11
Animal Shelter	7,148.81	14,281.82	10,697.85	10,732.78
Municipal Court Bonds	7,267.21	26,693.49	24,716.50	9,244.20
Police Department Drug	791.16	151.24	250.00	692.40
National Night Out	2,440.22	171.91	1,011.75	1,600.38
Fire Donations	7,577.67	31,630.60	38,240.27	968.00
Fredonia Fast Forward	22,127.02	15,406.80	-	37,533.82
	<u>\$ 84,995.75</u>	<u>\$ 687,114.83</u>	<u>\$ 635,195.16</u>	<u>\$ 136,915.42</u>



Honorable Mayor and City Commissioners
City of Fredonia, Kansas

In planning and performing our audit of the financial statement of the City of Fredonia, 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 the City of Fredonia'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 the City of Fredonia's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Fredonia'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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Bank Reconciliations

During our fieldwork, it was noted bank statements were not properly reconciled to the appropriate general ledger accounts. Not reconciling the bank accounts on a monthly basis means errors or other problems might not be recognized and resolved on a timely basis. This deficiency in the design and operation of the internal controls in this area could adversely affect the recording, processing, summarization, and reporting of financial data if actual cash bank balances are not reconciled to the cash balances in the general ledger at the end of each month and therefore, is considered to be a material weakness. We would like to point out the timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate control over both cash receipts and cash disbursements.

Published Treasurer's Reports

The City was in violation of K.S.A. 12-1608, which requires that the treasurer of each city publish, within 30 days after the quarters ending in March, June, September and December, financial statement balances by fund. It was noted the City has not published the required financial statement balances by fund for the quarter ending December 2017. We recommend the City follow the established statutes and publish the quarterly reports within the required time frame.

Jarred, Gilmore & Phillips, PA
CERTIFIED PUBLIC ACCOUNTANTS

412 W. MAIN, P.O. BOX 97
NEODESHA, KANSAS 66757
(620) 325-3430

1815 S. SANTA FE, P.O. BOX 779
CHANUTE, KANSAS 66720
(620) 431-6342

16 W. JACKSON
IOLA, KANSAS 66749
(620) 365-3125

www.jgppa.com

Credit Cards and Charge Accounts

During our testing of City credit cards and charge accounts, we identified some charges on the VISA credit card, which did not contain adequate supporting documentation. We would like to point out that all disbursements of the City should be supported by a written claim against the City and the City charge cards and accounts should not be used for personal use. Unsupported disbursements could be cause for unallowable expenses under current Kansas statutes and deemed for personal use. There were many items that had a personal nature to them purchased with the card. If these are legitimate City expenses, notations should be made to allow approvers and outsiders to know why items of a personal nature were purchased.

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

Very truly yours,

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

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

January 9, 2019
Chanute, Kansas