CITY OF CHANUTE, KANSAS

Independent Auditors' Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2017

CITY OF CHANUTE, 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 Chanute, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Chanute, Kansas, as of and for the year ended December 31, 2017 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement
Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 Chanute 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 Chanute 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 Chanute as of December 31, 2017 and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Other Matters
Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Chanute, Kansas as of and for the year ended December 31, 2016 (not presented herein), and have issued our report theron dated June 9, 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.

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The supplementary schedule of bond information (Schedule 4 as listed in the table of contents) is presented for purposes of additional analysis as required by bond agreements and is not a required part of the financial statement. Such information has not been subjected to the auditing procedures applied in the audit of the financial statement, and, accordingly, we express no opinion on it.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

June 20, 2018
Chanute, Kansas

CITY OF CHANUTE, 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	$ 1,202,805.11	$ 7,977,461.77	$ 8,094,278.84	$ 1,085,988.04	$ 266,998.01	$ 1,352,986.05
Special Purpose Funds:						
Industrial	179,053.73	4,577.40	-	183,631.13	-	183,631.13
Library	-	359,200.82	359,200.82	-	-	-
Library Employee Benefits	-	68,042.95	68,042.95	-	-	-
City Employee Benefits	784,665.27	826,453.61	834,976.51	776,142.37	165.00	776,307.37
Special Liability Expense	351,443.34	1,871.02	264.14	353,050.22	-	353,050.22
Recreation Complex	115,342.80	42,000.00	32,911.15	124,431.65	2,768.57	127,200.22
Special Parks and Recreation	51,220.78	20,221.55	49,687.86	21,754.47	613.16	22,367.63
Special Alcohol Programs	23,339.69	20,076.91	5,160.96	38,255.64	-	38,255.64
Tourism and Convention	62,082.46	91,845.83	53,000.00	100,928.29	-	100,928.29
Special Highway Improvement	742,967.07	245,138.11	290,375.61	697,729.57	4,470.99	702,200.56
City Infrastructure	-	462,673.24	-	462,673.24	-	462,673.24
Capital Improvement #1	730,137.48	252,249.45	679,722.60	302,664.33	29,177.28	331,841.61
Capital Improvement #2	521,171.74	81,928.85	333,981.35	269,119.24	23,696.78	292,816.02
Equipment Reserve	101,915.45	658,000.00	758,459.93	1,455.52	193,085.66	194,541.18
Efficiency Kansas Grant	189.97	7,950.81	7,971.32	169.46	-	169.46
Grant Projects	15,153.40	96,280.42	96,280.42	15,153.40	983.10	16,136.50
Depot Roof Project	(13,244.41)	6,750.00	-	(6,494.41)	-	(6,494.41)
Capital Projects Funds:						
Orizon Project	-	819,307.19	819,307.19	-	341.24	341.24
I&I Phase #1 Project	(6,236.00)	647,969.65	649,574.65	(7,841.00)	-	(7,841.00)
CDBG Sewer Project	-	441,171.00	441,171.00	-	-	-
Bond and Interest Funds:						
General Obligation Bond and Interest	384,790.27	2,787,573.85	2,746,331.55	426,032.57	-	426,032.57
Special Obligation Bond and Interest	12,337.63	58,510.08	58,417.47	12,430.24	-	12,430.24
Business Funds:						
Electric Utility	1,237,699.77	22,564,700.27	22,104,992.08	1,697,407.96	902,561.67	2,599,969.63
Water Utility	339,197.16	1,701,810.61	1,679,002.24	362,005.53	57,335.44	419,340.97
Gas Utility	161,639.22	4,718,425.81	4,837,725.38	42,339.65	579,431.51	621,771.16
Refuse Utility	410,998.64	1,102,714.60	1,168,460.46	345,252.78	35,125.96	380,378.74
Sewer Utility	27,427.03	1,842,442.38	1,867,186.61	2,682.80	34,118.58	36,801.38
Fiber/Communication Utility	67,172.24	626,326.83	495,826.82	197,672.25	15,454.58	213,126.83
Electric, Water & Gas Bond and Interest	192,010.85	1,156,805.00	1,151,635.00	197,180.85	-	197,180.85
Electric, Water & Gas Bond Depreciation and Replacement	301,589.73	-	-	301,589.73	-	301,589.73

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

CITY OF CHANUTE, 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
I&I Sewer Project Reserve	$ 307,201.44	$ 551,308.00	$ 66,389.92	$ 792,119.52	$ 25,862.41	$ 817,981.93
Landfill Closing Reserve	10,000.00	-	-	10,000.00	-	10,000.00
Landfill Bond and Interest	16,685.13	24,035.59	-	40,720.72		40,720.72
Vehicle Services	36,815.42	681,698.79	679,455.60	39,058.61	23,612.77	62,671.38
Utility Services	58,688.65	1,196,397.02	1,151,802.17	103,283.50	31,767.99	135,051.49
Public Works and Utility Complex	32,188.03	176,070.18	189,328.92	18,929.29	24,489.53	43,418.82
Total Reporting Entity (Excluding Agency Funds)	$ 8,458,449.09	$ 52,319,989.59	$ 51,770,921.52	$ 9,007,517.16	$ 2,252,060.23	$ 11,259,577.39

Composition of Cash:		
Cash on Hand	$	1,890.00
Checking Accounts:		
City Treasurer		8,121,898.31
Payroll Account		6,711.61
ISF Check Account		7,790.78
General Petty Cash		3,500.00
Security Deposit Account		323,717.28
Utility Petty Cash Account		1,075.00
Golf Course Petty Cash Account		5,000.00
Investments:		
Certificates of Deposit		6,303,297.00
UMB Escrow Accounts		10.66
Total Cash		14,774,890.64
Agency Funds Per Schedule 3		(3,515,313.25)
Total Reporting Entity (Excluding Agency Funds)	$	11,259,577.39

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

CITY OF CHANUTE, KANSAS

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Chanute, Kansas (the City) is incorporated as a city of the second class under the provisions of the Kansas Constitution, Article 12, Section 5 and K.S.A. 14-101 *et seq*. The City operates under a Commission-City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water, electric, trash and sewer, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The financial statement and schedules of the City of Chanute, 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 principle standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Reporting Entity
The City of Chanute is a municipal corporation governed by an elected five-member commission. This financial statement presents the City of Chanute.

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:

> Chanute Public Library – The City of Chanute Library Board operates the City's public library. Acquisition or disposition of real property or bond issuances must be approved by the City. Separate audited financial statements are prepared and are available at the Chanute Public Library.
>
> The Housing Authority – The Housing Authority of the City of Chanute, Kansas operates the City's housing projects. The Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City. Separate audited financial statements are prepared and are available at the Housing Authority of the City of Chanute, Kansas.

Regulatory Basis Fund Types
The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its cash, liabilities, fund equity, revenues and expenditures. The various funds are grouped by type in the financial statements. The types of funds maintained by the City are as follows:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)
General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

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.

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

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

Agency fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Basis of Accounting
Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Pension Plan
Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System or the State of Kansas Police and Fire Retirement System, both of which are multi-employer, state-wide pension plans. The City's policy is to fund all pension costs accrued; such costs to be funded are actuarially determined annually by the State of Kansas.

Reimbursed Expenses
K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as 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 Special Parks and Recreation Fund, General Obligation Bond and Interest Fund, Refuse Utility Fund, and Sewer Utility Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

- Capital Improvement # 1 Fund
- Capital Improvement # 2 Fund
- Equipment Reserve Fund
- Efficiency Kansas Grant Fund
- Grant Projects Fund
- Depot Roof Project 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 Bond Ordinances

The City is required, under ordinances on general obligation utility bond issues and on revenue bond issues, to maintain in its Business Funds certain restricted accounts. The ordinances provide that the following reserve accounts be set up in amounts as described below:

Electric Light and Gas Bond Reserves

The City has outstanding general obligation utility bonds segregated and defined as follows:

General Obligation Utility Bonds:

Series 2014-A	Subordinate Lien Bonds
Series 2014-C	Subordinate Lien Bonds
Series 2015-A	Subordinate Lien Bonds
Series 2015-B	Subordinate Lien Bonds

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Debt Service Reserves	REQUIRED RESEREVES	ACTUAL
Electric Light and Gas Utility Systems refunding bonds $530,000 general obligation bond issue, Series 2014-C requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	$ 1,943.33	
Electric Light and Gas Utility Systems refunding bonds $5,320,000 general obligation bond issue, Series 2015-A, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	21,719.58	
Electric Light and Gas Utility Systems refunding bonds $5,060,000 general obligation bond issue, Series 2015-B, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	217,541.67	
Total	241,204.58	$ 426,032.57
General Obligation Bonds: Electric Light and Gas Utility Systems refunding bonds $6,990,000 general obligation bond issue, Series 2014-A, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	179,410.00	197,180.85
Depreciation and Replacement Reserve	300,000.00	301,589.73
Total Electric Light and Gas Debt Service Reserves	$ 720,614.58	$ 924,803.15

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

The City agrees to fix, establish, maintain and collect such rates, fees or charges for service furnished by or through the Electric System and Gas System which will be sufficient to enable the City to produce, in each fiscal year, Net Receipts in an amount that will be not less than 100% of the 2018 Annual Debt Service (as defined in the Indenture) of all Subordinate Lien Bonds (2014-A, 2014-C, 2015-A, and 2015-B) of the City at the time outstanding. Net revenues are defined as gross operating revenues of the systems less operation and maintenance expenses, excluding items such as capital purchases, principal and interest payments, transfers, and administrative expenses not related to the operation of the system. Compliance is calculated as follows:

	Electric Utility	Gas Utility	Total
Receipts Over (Under) Expenditures	$ 459,708.19	$ (119,229.57)	$ 340,478.62
Add:			
Administrative Expenses: Administration and General	1,559,812.72	317,668.67	1,877,481.39
Debt Service	- -	- -	- -
Transfers Out	5,769,910.00	430,000.00	6,199,910.00
Capital Outlays	3,780.15	- -	3,780.15
Net Revenues as defined in the Indenture	$ 7,793,211.06	$ 628,439.10	$ 8,421,650.16
Required Net Revenue as Defined in the Indenture			$ 2,554,162.50

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 Depot Roof Project Fund and I&I Phase #1 Project Fund, however, K.S.A 10-1,116 provides that under certain situations, the fund can end the year with a negative unencumbered cash balance and therefore, exempt from the cash basis laws of Kansas. The Depot Roof Project Fund and the I&I Phase #1 Project Fund met the criteria under the statutes and therefore, are not deemed to be in violation of the Kansas cash basis laws. As shown in Schedule 1, the City was in compliance with the budget laws of Kansas.

3. DEPOSITS AND INVESTMENTS

As of year end, the City has the following investments.

Investment Type	Cost	Rating
Security Bank Kansas City – Fidelity Treasury	$ 10.66	N/A

This investment is reflected at cost in these regulatory basis financial statements of the City of Chanute, Kansas.

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

3. DEPOSITS AND INVESTMENTS (Continued)

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

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

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 $14,772,989.98 and the bank balance was $14,757,206.01. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, $1,000,000.00 was covered by FDIC insurance, $13,757,206.01 was collateralized with pledged securities held by the pledging financial institutions' agents in the City's name.

4. CAPITAL PROJECTS

At year end, capital projects authorizations, with approved change orders, compared with expenditures from inception are as follows:

PROJECT NAME	EXPENDITURES TO DATE	PROJECT AUTHORIZATION	COMPLETION DATE
Orizon Project	$ 2,580,911.30	$ 5,100,000.00	2018
Sewer Collection System Improvements Project	655,810.65	1,461,378.00	2018
CDBG Sewer Project	441,171.00	500,000.00	2018

5. REFUNDING BONDS

On June 28, 2017, the City issued General Obligation Refunding Bonds, Series 2017-A, in the amount of $3,785,000.00 to defease in substance the outstanding General Obligation Refunding and Improvement Bonds, Series 2009-A. The net cash flow difference between the debt service requirements of the old debt compared to the debt service requirements of the new debt was $3,785,000.00. The present value of the savings on refunding the bonds was $264,376.13. The proceeds of the bond issue were irrevocably placed in a trust account and used to purchase United States Government Securities for the purpose of paying the debt requirements of the refunded revenue bonds as they come due. The following schedule lists the refunding revenue bond issues and the principal outstanding of refunded debt as of December 31, 2017.

General Obligation Refunding and Improvement Bonds, Series 2009-A	$ 3,560,000.00

6. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Paid by Tax Levies:									
Series 2009A	1.15-5.00%	March 23, 2009	$ 5,765,000.00	November 1, 2029	$ 3,785,000.00	$ -	$ (3,785,000.00)	$ -	$ 85,853.75
Series 2016B	2.45%	October 27, 2016	1,500,000.00	November 1, 2031	1,500,000.00	-	-	1,500,000.00	37,158.33
Series 2017A	2.0-3.0%	June 28, 2017	3,785,000.00	November 1, 2029	-	3,785,000.00	(45,000.00)	3,740,000.00	31,889.47
Paid by Tax Levies and Utility Receipts:									
Series 2012A	0.4-2.2%	September 27, 2012	4,940,000.00	November 1, 2024	3,185,000.00	-	(445,000.00)	2,740,000.00	50,352.50
Paid by Sales Tax Collections:									
Series 2014D	2.00%	December 1, 2014	2,010,000.00	September 1, 2019	1,230,000.00	-	(400,000.00)	830,000.00	24,600.00
Paid by Utility Receipts:									
Series 2014A	2.0-2.15%	March 11, 2014	6,990,000.00	November 1, 2022	6,670,000.00	-	(985,000.00)	5,685,000.00	136,160.00
Series 2014C	2.20%	December 1, 2014	530,000.00	November 1, 2022	530,000.00	-	-	530,000.00	11,660.00
Series 2015A	2.40-2.50%	August 26, 2015	5,320,000.00	November 1, 2023	5,320,000.00	-	-	5,320,000.00	130,317.50
Series 2015B	2.50%	August 26, 2015	5,060,000.00	November 1, 2019	3,580,000.00	-	(1,170,000.00)	2,410,000.00	89,500.00
Series 2016A	2.30%	July 15, 2016	1,325,000.00	November 1, 2031	1,325,000.00	-	-	1,325,000.00	30,475.00
Special Obligation Bonds									
Paid by Tax Levies:									
Tax Incentive Fund Series 2006	4.80%	September 27, 2006	703,000.00	September 1, 2026	454,000.00	-	(36,000.00)	418,000.00	21,360.00
Revolving Loans									
Kansas Water Pollution Control 1930	2.42%	January 23, 2012	1,267,362.00	September 1, 2033	191,995.08	647,969.65	(75,631.22)	764,333.51	9,215.86
Kansas Public Water Supply 2722	4.01%	October 30, 2012	112,638.60	August 1, 2032	52,834.02	-	(2,411.15)	50,422.87	2,094.71
Kansas Public Water Supply 2837	2.74%	September 3, 2013	424,000.00	August 1, 2035	403,931.24	-	(16,457.73)	387,473.51	10,955.75
Capital Lease									
Street Paver	2.43%	March 21, 2014	325,000.00	March 21, 2020	181,903.09	-	(54,449.65)	127,453.44	3,816.47
Smart Board - City Manager's Office	11.52%	April 23, 2014	4,679.00	April 23, 2018	1,803.23	-	(1,326.27)	476.96	139.17
Smart Board - Police Department	11.52%	March 7, 2014	4,333.00	March 7, 2018	1,572.84	-	(1,239.99)	332.85	119.07
Savin Copier - Water Treatment Plant	11.52%	May 12, 2014	2,060.00	April 12, 2018	793.96	-	(583.93)	210.03	61.31
Street Sweeper	1.83%	January 1, 2017	218,000.00	November 1, 2022	-	218,000.00	-	218,000.00	-
Fireman's Relief									
Radios	4.00%	March 4, 2013	12,000.00	June 4, 2018	3,852.63	-	(2,542.91)	1,309.72	128.93
Radios	4.00%	November 7, 2014	9,788.15	November 7, 2019	6,103.77	-	(1,954.57)	4,149.20	224.79
Total Contractual Indebtedness					$ 28,423,789.86	$ 4,650,969.65	$ (7,022,597.42)	$ 26,052,162.09	$ 676,082.61

6. LONG-TERM DEBT (Continued)

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

Issue	2018	2019	2020	2021	2022	2023-2027	2028-2032	2033-2035	Less: Proceeds Not Drawndown	Total
Principal										
General Obligation Bonds										
Paid by Tax Levies:										
Series 2016B	$ -	$ -	$ -	$ -	$ -	$ 525,000.00	$ 975,000.00	$ -	$ -	$ 1,500,000.00
Series 2017A	295,000.00	305,000.00	310,000.00	315,000.00	325,000.00	1,720,000.00	470,000.00	-	-	3,740,000.00
Paid by Tax Levies and Utility Receipts:										
Series 2012A	445,000.00	455,000.00	460,000.00	460,000.00	355,000.00	565,000.00	-	-	-	2,740,000.00
Paid by Sales Tax Collections:										
Series 2014D	415,000.00	415,000.00	-	-	-	-	-	-	-	830,000.00
Paid by Utility Receipts:										
Series 2014A	960,000.00	985,000.00	1,000,000.00	900,000.00	1,840,000.00	-	-	-	-	5,685,000.00
Series 2014C	-	-	-	-	530,000.00	-	-	-	-	530,000.00
Series 2015A	-	105,000.00	1,305,000.00	1,455,000.00	-	2,455,000.00	-	-	-	5,320,000.00
Series 2015B	1,245,000.00	1,165,000.00	-	-	-	-	-	-	-	2,410,000.00
Series 2016A	-	-	-	-	-	470,000.00	855,000.00	-	-	1,325,000.00
Special Obligation Bonds										
Paid by Tax Levies:										
Tax Incentive Fund Series 2006	38,000.00	40,000.00	42,000.00	44,000.00	46,000.00	208,000.00	-	-	-	418,000.00
Revolving Loans										
Kansas Water Pollution Control 1930	58,090.73	59,505.04	60,953.78	62,437.78	63,957.92	343,918.96	387,873.74	41,004.11	(313,408.55)	764,333.51
Kansas Public Water Supply 2722	2,508.80	2,610.41	2,716.14	2,826.15	2,940.63	16,589.04	20,231.70	-	-	50,422.87
Kansas Public Water Supply 2837	16,911.76	17,378.33	17,857.75	18,350.41	18,856.65	102,379.44	117,302.51	78,436.66	-	387,473.51
Capital Lease										
Street Paver	55,787.62	57,158.46	14,507.36	-	-	-	-	-	-	127,453.44
Smart Board - City Manager's Office	476.96	-	-	-	-	-	-	-	-	476.96
Smart Board - Police Department	332.85	-	-	-	-	-	-	-	-	332.85
Savin Copier - Water Treatment Plant	210.03	-	-	-	-	-	-	-	-	210.03
Street Sweeper	42,034.51	42,803.75	43,580.38	44,384.58	45,196.78	-	-	-	-	218,000.00
Fireman's Relief										
Radios	1,309.72	-	-	-	-	-	-	-	-	1,309.72
Radios	2,033.53	2,115.67	-	-	-	-	-	-	-	4,149.20
Total Principal Payments	3,577,696.51	3,651,571.66	3,256,615.41	3,301,998.92	3,226,951.98	6,405,887.44	2,825,407.95	119,440.77	(313,408.55)	26,052,162.09

6. LONG-TERM DEBT (Continued)

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

Issue	2018	2019	2020	2021	2022	2023-2027	2028-2032	2033-2035	Total
Interest									
General Obligation Bonds									
Paid by Tax Levies:									
Series 2016B	$ 36,750.00	$ 36,750.00	$ 36,750.00	$ 36,750.00	$ 36,750.00	$ 158,270.00	$ 49,000.00	$ -	$ 391,020.00
Series 2017A	92,435.00	86,535.00	40217.50+40217.	73,460.00	66,372.50	210,472.00	17,100.00	-	546,374.50
Paid by Tax Levies and Utility Receipts:									
Series 2012A	46,125.00	41,007.50	34,865.00	27,505.00	19,225.00	17,845.00	-	-	186,572.50
Paid by Sales Tax Receipts:									
Series 2014D	16,600.00	8,300.00	-	-	-	-	-	-	24,900.00
Paid by Utility Receipts:									
Series 2014A	116,460.00	97,260.00	77,560.00	57,560.00	39,560.00	-	-	-	388,400.00
Series 2014C	11,660.00	11,660.00	11,660.00	11,660.00	11,660.00	-	-	-	58,300.00
Series 2015A	130,317.50	130,317.50	127,692.50	95,067.50	60,147.50	60,147.50	-	-	603,690.00
Series 2015B	60,250.00	29,125.00	-	-	-	-	-	-	89,375.00
Series 2016A	30,475.00	30,475.00	30,475.00	30,475.00	30,475.00	130,870.00	40,250.00	-	323,495.00
Special Obligation Bonds									
Paid by Tax Levies:									
Tax Incentive Fund Series 2006	19,632.00	17,760.00	15,840.00	13,776.00	11,664.00	23,040.00	-	-	101,712.00
Revolving Loans									
Kansas Water Pollution Control 1930	26,756.35	25,342.04	23,893.30	22,409.30	20,889.16	80,316.44	36,361.66	1,515.69	237,483.94
Kansas Public Water Supply 2722	1,997.06	1,895.45	1,789.72	1,679.71	1,565.23	5,940.26	2,297.60	-	17,165.03
Kansas Public Water Supply 2837	10,501.72	10,035.15	9,555.73	9,063.07	8,556.83	34,687.96	19,764.89	3,803.78	105,969.13
Capital Lease									
Street Paver	2,478.50	1,107.66	58.82	-	-	-	-	-	3,644.98
Smart Board - City Manager's Office	11.52	-	-	-	-	-	-	-	11.52
Smart Board - Police Department	6.42	-	-	-	-	-	-	-	6.42
Savin Copier - Water Treatment Plant	5.05	-	-	-	-	-	-	-	5.05
Street Sweeper	3,989.40	3,220.16	2,443.53	1,639.33	827.13	-	-	-	12,119.55
Fireman's Relief									
Radios	26.19	-	-	-	-	-	-	-	26.19
Radios	145.83	63.69	-	-	-	-	-	-	209.52
Total Interest Payments	606,622.54	530,854.15	372,583.60	381,044.91	307,692.35	721,589.16	164,774.15	5,319.47	3,090,480.33
Total Principal and Interest	$ 4,184,319.05	$ 4,182,425.81	$ 3,629,199.01	$ 3,683,043.83	$ 3,534,644.33	$ 7,127,476.60	$ 2,990,182.10	$ 124,760.24	$ 29,142,642.42

7. CAPITAL LEASE OBLIGATIONS

The City has entered into a capital lease agreement in order to finance the acquisition of a Truck Mounted Paver. Payments are made monthly, including interest at 2.430%. Final maturity of the lease is March 21, 2020. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2018	$ 58,266.12
2019	58,266.12
2020	14,566.18
	131,098.42
Less imputed interest	(3,644.98)
Net Present Value of Minimum Lease Payments	127,453.44
Less: Current Maturities	(55,787.62)
Long-Term Capital Lease Obligations	$ 71,665.82

The City has entered into a capital lease agreement in order to finance the acquisition of an Aquos Board Interactive Display System for the City Manager's Office. Payments are made monthly, including interest at 11.522%. Final maturity of the lease is April 23, 2018. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2018	$ 488.48
	488.48
Less imputed interest	(11.52)
Net Present Value of Minimum Lease Payments	476.96
Less: Current Maturities	(476.96)
Long-Term Capital Lease Obligations	$ 0.00

The City has entered into a capital lease agreement in order to finance the acquisition of an Aquos Board Interactive Display System for the Police Department. Payments are made monthly, including interest at 11.522%. Final maturity of the lease is March 7, 2018. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2018	$ 339.27
	339.27
Less imputed interest	(6.42)
Net Present Value of Minimum Lease Payments	332.85
Less: Current Maturities	(332.85)
Long-Term Capital Lease Obligations	$ 0.00

The City has entered into a capital lease agreement in order to finance the acquisition of a Savin Copier for the Water Treatment Plant. Payments are made monthly, including interest at 11.522%. Final maturity of the lease is April 12, 2018. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2018	$ 215.08
	215.08
Less imputed interest	(5.05)
Net Present Value of Minimum Lease Payments	210.03
Less: Current Maturities	(210.03)
Long-Term Capital Lease Obligations	$ 0.00

7. CAPITAL LEASE OBLIGATIONS (Continued)

The City has entered into a capital lease agreement in order to finance the acquisition of a street sweeper. Payments are made annually, including interest at 1.83%. Final maturity of the lease is November 1, 2022. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2018	$ 46,023.91
2019	46,023.91
2020	46,023.91
2021	46,023.91
2020	46,023.91
	230,119.55
Less imputed interest	(12,119.55)
Net Present Value of Minimum Lease Payments	218,000.00
Less: Current Maturities	(42,034.51)
Long-Term Capital Lease Obligations	$ 175,965.49

8. INDUSTRIAL REVENUE BONDS

The City has entered into various agreements to induce businesses to locate or expand operations in Chanute, Kansas. In connection therewith, the City has issued industrial revenue bonds (IRB's) which require the businesses to make lease payments to trust accounts sufficient to pay debt service on the IRB's. The City is under no obligation to pay the IRB debt, which is to be paid from the lease payments made by the related businesses. At December 31, 2017, there were six industrial revenue bond issues with principal balances due totaling $40,202,573.40.

9. OPERATING LEASES

As of December 31, 2017the City has entered into four operating leases for copiers. The City has also entered into numerous month to month lease agreements for the use of a bobcat, fuel tanks, and an ice machine. Rent expense for the year ended December 31, 2017, was $15,135.07. Under the current lease agreements, the future minimum rental payments are as follows:

2018	$	3,590.81
2019		1,498.12

As of December 31, 2017 the City has entered an operating lease for a five acre tract of land for monitoring wells, renewable annually. Rent expense for the year ended December 31, 2017, was $3,500.00.

10. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate through March 31, 2016 with a 0% moratorium until September 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 8.46% for KPERS and 19.03% for KP&F for the fiscal year ended December 31, 2017. Contributions to the pension plan from the City were $551,888.36 for KPERS and $325,880.07 for KP&F for the year ended December 31, 2017.

Net Pension Liability

At December 31, 2017, the (non-school municipality)'s proportionate share of the collective net pension liability reported by KPERS was $5,147,797.00 and $3,179,934.00 for KP&F. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2017. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

11. NOTES RECEIVABLE AND LOANS RECEIVABLE

The City has established an Economic Development Revolving Loan Fund. The Fund is the recipient of money paid back to the City by Chanute industries which received Community Development Block Grants in earlier years. As repayment is made by these industries, the City makes loans to other qualifying industries. The loans due to the City at December 31, 2017, through the Economic Development Revolving Loan Fund are as follows:

Magna Tech, Inc.	$ 189,607.09
Tioga Suites, LLC	119,153.61
Mel's	116,939.65
Inertia	73,140.77
Get Lit	39,030.67
LaRue	68,733.34
Renewable Concepts	29,856.30
Slidewayz Productions, LLC	10,224.10
Threadworks, LLC	33,937.67
Trend	67,642.79
TOTAL NOTES RECEIVABLE	$ 680,623.20

These notes receivable and loans are not reflected in the regulatory basis financial statement of the City of Chanute, Kansas.

12. ECONOMIC DEPENDENCY

During 2017, the City collected 48.96% of its electric utility revenues and provided 62.48% of its kilowatt hours produced to Ash Grove Cement Company.

13. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences:
All full-time employees of the City with one year of employment are eligible for vacation benefits in varying annual amounts. Vacation must be used by each anniversary date. In the event of termination, unused accrued vacation time is paid.

Sick leave accrues to all full-time employees at the rate of one day per month and is limited to 120 days. Employees who terminate by other than retirement or death will not be paid for accumulated sick leave. An employee shall be paid for accumulated sick leave up to 120 days upon termination by death or retirement.

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 attributed to employee's services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the City has an unfunded liability for vacation benefits at December 31, 2017 of $222,432.39, and has not estimated a liability for sick pay which has been earned, but not taken by City employees, in as much as the amount cannot be reasonably estimated.

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

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.

Early Retirement Incentive:
The City offered an early retirement incentive program to certain eligible employees. The early retirement incentive was a 2011 budget action in order to reduce general fund expenditures by approximately $300,000.00. The incentive included union and non-union personnel for a limited period in late 2010 and early 2011, but may also be offered at the discretion of the city manager. The incentive provides for health insurance to individuals until the age of 65 is obtained or a onetime KPERS service credit payment. Individuals are limited on the maximum amount used to reduce the health insurance costs. The amount is determined annually. At December 31, 2017 there is one employee remaining that was participating and has an unused balance of $11,389.75.

14. 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 the Kansas Eastern Region Insurance Trust (KERIT). The City participates in the decision making of KERIT through trustee representation. KERIT files its annual audited financial statements with the Kansas Insurance Commissioner. The City pays annual premium to KERIT for its workers' compensation insurance coverage. The agreement to participate provides that KERIT 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 that what has been anticipated by KERIT management.

The City has established a Special Liability Fund. The purpose of this fund is to provide the cost for an investigation of, a defense to and the payment of any claim which the City is legally obligated to pay pursuant to the Kansas Tort Claims Act, to the extent that any such claim may be uninsured by the City. The Special Liability Fund is funded by charges to other funds.

The City has established a Health Insurance Fund. The purpose of this fund is to provide for an employee welfare benefit plan for health insurance. Contributions from eligible employees and the City are deposited in the name of the plan, subject to withdrawal for purposes of paying approved claims and expenses. The City has contracted with Blue Cross Blue Shield of Kansas to be the claims supervisor. The supervisor reviews all claims for allowability and issues monthly reports to the City. The City has a stop-gap policy which pays any aggregate claims over $60,000.00.

15. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE CARE

The City operates a municipal solid waste landfill which is regulated by state and federal agencies, including the State of Kansas Department of Health and Environment and the United States Environmental Protection Agency. The City's permitted landfill area is presently 80 acres with 10 acres currently open. Regulations require the City to properly close each cell upon reaching maximum capacity and to monitor the landfill for 30 years after closure. The cost of closure and post-closure care will be paid when due from funds accumulated for the purpose in restricted cash accounts, from allocation of ad valorem tax collections, from the proceeds of debt, or a combination of these.

16. COMMITMENTS AND CONTINGENCIES

The City has entered into multiyear agreements with the various unions representing policemen, firemen, and electrical and public works employees, and other utility workers.

The City has entered into a ten year agreement with Municipal Energy Resource Corporation for the purchase of natural gas effective until December 31, 2023.

The City has entered into an five year agreement with Southern Star Central Gas Pipeline, Inc. for natural gas transportation and storage effective until October 1, 2022.

The City has entered into a fifteen year agreement with Kansas Municipal Energy Agency for peek power purchasing and selling of electricity effective until December 31, 2018.

The City has entered into a ten year agreement with Cunningham Sandblasting & Painting Co., Inc. for the maintenance of the water tower located in the industrial park effective until August 21, 2021.

The City has entered into a twenty year agreement with Westar Energy, Inc. for the purchase of renewable energy effective until January 20, 2036.

A major taxpayer filed an appeal pertaining to their tax valuation. During the year ended December 31, 2017, the appeal was settled. The City will be required to have future tax payments reduced over the next three years to pay back an estimated $694,183.84, which is comprised of the following funds:

General Fund	$ 429,330.46
Library Fund	102,151.36
Library Employee Benefits	12,137.54
Bond and Interest	83,112.52
City Employee Benefits	67,451.96
	$ 694,183.84

17. INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund:	To Fund:	Statutory Authority	Amount
General	Special Obligation Bond and Interest	K.S.A. 12-197	$ 58,500.00
General	Orizon Project Fund	K.S.A. 12,1,118	719,307.19

17. INTERFUND TRANSFERS (Continued)

Operating transfers were as follows:

From Fund:	To Fund:	Statutory Authority	Amount
General	General Obligation Bond and Interest	K.S.A. 12-197	$ 515,476.53
Capital Improvement #2	Grant Projects	K.S.A. 12-1,118	8,084.36
Electric Utility	General	K.S.A. 12-825d	1,750,000.00
Electric Utility	Capital Improvement #1	K.S.A. 12-1,118	150,000.00
Electric Utility	Capital Improvement #2	K.S.A. 12-1,118	50,000.00
Electric Utility	General Obligation Bond and Interest	K.S.A 12-825d	2,127,000.00
Electric Utility	Equipment Reserve	K.S.A. 12-1,117	360,000.00
Electric Utility	Electric, Water, and Gas Bond and Interest	K.S.A. 12-197	932,910.00
Electric Utility	Gas Utility	K.S.A. 12-1,117	300,000.00
Electric Utility	Orizon Project Fund	K.S.A. 12,1,118	100,000.00
Water Utility	General	K.S.A. 12-825d	75,000.00
Water Utility	General Obligation Bond and Interest	K.S.A 12-825d	110,000.00
Water Utility	Capital Improvement #1	K.S.A. 12-1,118	100,000.00
Water Utility	Equipment Reserve	K.S.A. 12-1,117	50,000.00
Sewer Utility	General	K.S.A. 12-825d	63,650.00
Sewer Utility	General Obligation Bond and Interest	K.S.A. 12-825d	37,500.00
Sewer Utility	I&I Sewer Project Reserve	K.S.A. 12-631o	551,308.00
Refuse Utility	General	K.S.A. 12-825d	50,022.00
Refuse Utility	Electric, Water, and Gas Bond and Interest	K.S.A. 12-825d	35,555.00
Refuse Utility	Landfill Bond and Interest	K.S.A. 12-825d	24,035.59
Gas Utility	General	K.S.A. 12-825d	200,000.00
Gas Utility	Electric, Water, and Gas Bond and Interest	K.S.A. 12-825d	188,340.00
Gas Utility	General Obligation Bond and Interest	K.S.A 12-825d	11,660.00
Gas Utility	Equipment Reserve	K.S.A. 12-1,117	30,000.00

18. 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

Schedule 1

CITY OF CHANUTE, 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	$ 8,890,307.00	$ 51,671.51	$ 8,941,978.51	$ 8,094,278.84	$ (847,699.67)
Special Purpose Funds:					
Library	415,900.00	-	415,900.00	359,200.82	(56,699.18)
Library Employee Benefit	75,228.00	-	75,228.00	68,042.95	(7,185.05)
City Employee Benefit	1,653,881.00	2,353.53	1,656,234.53	834,976.51	(821,258.02)
Special Liability Expense	75,000.00	-	75,000.00	264.14	(74,735.86)
Recreation Complex	42,990.00	-	42,990.00	32,911.15	(10,078.85)
Special Parks & Recreation	50,154.00	-	50,154.00	49,687.86	(466.14)
Special Alcohol Programs	21,100.00	-	21,100.00	5,160.96	(15,939.04)
Tourism and Convention	55,000.00	-	55,000.00	53,000.00	(2,000.00)
Special Highway Improvement	480,307.00	-	480,307.00	290,375.61	(189,931.39)
Bond and Interest Funds:					
General Obligation Bond and Interest	2,755,600.00	-	2,755,600.00	2,746,331.55	(9,268.45)
Special Obligation Bond and Interest	58,420.00	-	58,420.00	58,417.47	(2.53)
Business Funds:					
Electric Utility	25,819,114.00	-	25,819,114.00	22,104,992.08	(3,714,121.92)
Water Utility	1,810,529.00	-	1,810,529.00	1,679,002.24	(131,526.76)
Gas Utility	5,607,563.00	-	5,607,563.00	4,837,725.38	(769,837.62)
Refuse Utility	1,175,879.00	-	1,175,879.00	1,168,460.46	(7,418.54)
Sewer Utility	1,948,096.00	-	1,948,096.00	1,867,186.61	(80,909.39)
Fiber/Communication Utility	621,500.00	-	621,500.00	495,826.82	(125,673.18)
Electric, Water & Gas Bond and Interest	1,151,635.00	-	1,151,635.00	1,151,635.00	-

CITY OF CHANUTE, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 686,982.89	$ 880,444.57	$ 1,038,948.00	$ (158,503.43)
Delinquent Tax	18,818.11	25,915.26	25,000.00	915.26
Motor Vehicle Tax	97,410.82	99,565.53	98,317.00	1,248.53
Commercial Vehicle Tax	9,049.54	6,550.51	18,431.00	(11,880.49)
Rental Motor Vehicle Tax	86.38	46.29	100.00	(53.71)
Recreational Vehicle Tax	747.69	939.22	693.00	246.22
16M-20M Truck Tax	367.11	458.08	642.00	(183.92)
Watercraft Taxes	273.69	392.30	-	392.30
Sales Tax	2,678,558.90	2,885,378.31	2,775,000.00	110,378.31
Franchise Taxes	368,262.74	377,921.34	359,000.00	18,921.34
Special Assessments	5,315.34	7,640.23	10,000.00	(2,359.77)
Intergovernmental				
Federal Grants - Police	758.68	-	-	-
Highway Connecting Links	16,721.51	16,698.50	16,000.00	698.50
Local Alcoholic Liquor Tax	17,412.45	14,950.78	21,177.00	(6,226.22)
Licenses and Permits				
Business Licenses, Permits & Fees	14,160.00	17,793.00	12,305.00	5,488.00
Non-Business Licenses, Permits & Fees	46,110.60	51,293.60	27,350.00	23,943.60
Charges for Services				
General Government Services	1,942.00	1,585.00	5,000.00	(3,415.00)
Fire Contracts	78,714.08	79,261.01	72,000.00	7,261.01
Public Works Services - Sidewalks	-	12,250.00	400.00	11,850.00
Animal Control Fees	6,347.00	6,501.75	8,500.00	(1,998.25)
Swimming Pool Fees	39,370.93	63,832.87	37,400.00	26,432.87
Golf Course Fees	200,520.20	210,333.35	227,000.00	(16,666.65)
Culture and Recreation Services	20,056.25	17,122.21	17,100.00	22.21
Fines, Forfeitures and Penalties				
Fines	161,924.55	138,979.39	190,050.00	(51,070.61)
Use of Money and Property				
Interest Income	9,132.45	11,569.42	-	11,569.42
Rents & Royalties	65,573.59	58,467.60	53,000.00	5,467.60
Sale of Equipment and Property	90,898.70	141,135.30	139,000.00	2,135.30
Bond Proceeds	1,500,000.00	-	-	-
Other Receipts				
Miscellaneous	6,186.11	8,026.80	25,000.00	(16,973.20)
Reimbursed Expense	38,140.70	51,671.51	20,000.00	31,671.51
Insurance Proceeds	-	652,066.04	-	652,066.04
Operating Transfers from:				
Electric Utility Fund	1,742,206.21	1,750,000.00	1,725,000.00	25,000.00
Water Utility Fund	75,000.00	75,000.00	75,000.00	-
Sewer Utility Fund	-	63,650.00	63,650.00	-

CITY OF CHANUTE, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
Receipts (Continued)				
Operating Transfers from:				
Refuse Utility Fund	$ 50,022.00	$ 50,022.00	$ 50,022.00	$ -
Gas Utility Fund	463,039.35	200,000.00	400,000.00	(200,000.00)
Ash Grove Reserve	-	-	491,778.00	(491,778.00)
Total Receipts	8,510,110.57	7,977,461.77	$ 8,002,863.00	$ 466,376.77
Expenditures				
City Commission				
Personal Services	28,435.00	28,200.00	$ 27,000.00	$ 1,200.00
Contractual Services	7,820.17	9,089.93	109,700.00	(100,610.07)
Commodities	-	-	350.00	(350.00)
Outside Appropriations	78,704.00	90,820.00	-	90,820.00
Municipal Court				
Personal Services	71,844.19	76,296.59	85,854.00	(9,557.41)
Contractual Services	62,980.51	57,962.31	-	57,962.31
Commodities	613.95	791.17	750.00	41.17
Capital Outlay	-	-	61,100.00	(61,100.00)
City Manager's Office				
Personal Services	73,272.67	78,582.55	81,463.00	(2,880.45)
Contractual Services	40,321.78	27,207.50	46,950.00	(19,742.50)
Commodities	4,270.14	8,132.93	6,500.00	1,632.93
Capital Outlay	-	-	4,750.00	(4,750.00)
Debt Service	1,465.44	1,465.44	-	1,465.44
General Administrative Services				
Contractual Services	252,512.83	243,493.77	274,769.00	(31,275.23)
Human Resource Services				
Personal Services	20,831.48	21,150.00	18,852.00	2,298.00
Contractual Services	8,699.16	7,736.63	17,600.00	(9,863.37)
Commodities	2,252.26	2,351.02	4,750.00	(2,398.98)
Capital Outlay	-	-	1,700.00	(1,700.00)
Community Development				
Personal Services	260,107.76	267,369.78	275,705.00	(8,335.22)
Contractual Services	91,601.14	122,946.58	104,100.00	18,846.58
Commodities	2,623.98	2,435.50	5,618.00	(3,182.50)
Capital Outlay	-	8,046.96	5,000.00	3,046.96
Legal Services				
Personal Services	90,209.12	96,480.23	98,210.00	(1,729.77)
Contractual Services	38,098.14	38,677.41	46,000.00	(7,322.59)
Commodities	719.75	368.50	500.00	(131.50)
Public Buildings & Grounds				
Personal Services	18,471.15	18,984.54	25,490.00	(6,505.46)
Contractual Services	284,506.04	328,312.86	398,975.00	(70,662.14)
Commodities	66,613.30	84,565.35	78,900.00	5,665.35

CITY OF CHANUTE, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
Expenditures (Continued)				
Special Projects				
Contractual Services	$ 8,820.96	$ 129,541.88	$ 9,250.00	$ 120,291.88
Police Department				
Personal Services	1,057,417.26	1,157,929.47	1,213,966.00	(56,036.53)
Contractual Services	299,592.98	298,021.43	347,361.00	(49,339.57)
Commodities	18,584.04	35,739.90	112,302.00	(76,562.10)
Capital Outlay	5,021.58	102,747.20	13,000.00	89,747.20
Debt Service	1,357.08	1,359.06	-	1,359.06
Fire Department				
Personal Services	1,003,788.37	1,015,189.74	1,075,020.00	(59,830.26)
Contractual Services	65,126.36	72,737.46	91,525.00	(18,787.54)
Commodities	53,390.95	36,611.38	96,672.00	(60,060.62)
Capital Outlay	21,651.95	-	2,000.00	(2,000.00)
Debt Service	4,851.20	4,851.21	-	4,851.21
Animal Control				
Personal Services	62,835.26	61,959.16	85,840.00	(23,880.84)
Contractual Services	10,247.54	8,060.78	20,750.00	(12,689.22)
Commodities	1,316.37	1,451.43	9,774.00	(8,322.57)
Capital Outlay	1,467.33	-	500.00	(500.00)
Civil Defense				
Contractual Services	6,340.53	3,023.02	11,400.00	(8,376.98)
Capital Outlay	6,080.00	6,080.00	10,300.00	(4,220.00)
Streets and Roads				
Personal Services	510,750.47	579,643.90	605,830.00	(26,186.10)
Contractual Services	86,243.00	97,939.50	75,420.00	22,519.50
Commodities	27,456.10	55,168.91	152,598.00	(97,429.09)
Capital Outlay	6,500.00	5,000.00	-	5,000.00
Cemetery				
Personal Services	151,402.64	176,433.57	155,940.00	20,493.57
Contractual Services	28,280.72	39,913.12	24,600.00	15,313.12
Commodities	8,219.61	4,003.48	23,135.00	(19,131.52)
Capital Outlay	11,064.61	-	-	-
Airport				
Personal Services	64,383.41	58,449.13	64,605.00	(6,155.87)
Contractual Services	49,486.62	104,447.29	63,200.00	41,247.29
Commodities	103,824.79	77,887.67	141,993.00	(64,105.33)
Parks				
Personal Services	$ 242,634.34	$ 199,156.35	$ 196,710.00	$ 2,446.35
Contractual Services	59,119.01	67,365.09	80,650.00	(13,284.91)
Commodities	27,407.43	81,177.38	84,041.00	(2,863.62)
Capital Outlay	17,650.00	-	750.00	(750.00)
Tree Program				
Contractual Services	2,000.00	3,039.89	1,500.00	1,539.89

CITY OF CHANUTE, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Swimming Pool				
Personal Services	$ -	$ 94,482.12	$ -	$ 94,482.12
Contractual Services	113,942.00	44,636.69	117,450.00	(72,813.31)
Commodities	42,596.62	38,623.00	46,300.00	(7,677.00)
Golf Course				
Personal Services	117,574.40	153,562.49	137,545.00	16,017.49
Contractual Services	68,709.44	63,169.41	41,980.00	21,189.41
Commodities	99,627.64	71,733.66	116,621.00	(44,887.34)
Auditorium Management Services				
Personal Services	24,212.32	24,641.80	25,540.00	(898.20)
Contractual Services	5,625.07	4,407.45	12,400.00	(7,992.55)
Commodities	962.50	30,739.36	25,775.00	4,964.36
Capital Outlay	-	19,509.00	20,000.00	(491.00)
Business Incubator				
Contractual Services	-	26,116.91	5,000.00	21,116.91
Economic Development				
Contractual Services	90,000.00	120,000.00	120,000.00	-
Operating Transfers to:				
Capital Improvement #2 Fund	33,462.00	-	-	-
General Obligation Bond and Interest Fund	442,459.70	515,476.53	450,000.00	65,476.53
Special Obligation Bond and Interest Fund	60,200.00	58,500.00	58,500.00	-
Orizon Project Fund	1,500,000.00	719,307.19	-	719,307.19
Other Expenses				
Ash Grove Reserves	-	-	491,778.00	(491,778.00)
Cash Basis Reserve	-	-	600,000.00	(600,000.00)
Miscellaneous	-	2,977.28	70,200.00	(67,222.72)
Total Certified Budget			8,890,307.00	(796,028.16)
Adjustments for Qualifying Budget Credits			51,671.51	(51,671.51)
Total Expenditures	8,130,658.16	8,094,278.84	$ 8,941,978.51	$ (847,699.67)
Receipts Over(Under) Expenditures	379,452.41	(116,817.07)		
Unencumbered Cash, Beginning	823,352.70	1,202,805.11		
Unencumbered Cash, Ending	$ 1,202,805.11	$ 1,085,988.04		

CITY OF CHANUTE, KANSAS
INDUSTRIAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Landfill Fees - Tires	$ 4,604.80	$ 4,577.40	$ 3,500.00	$ 1,077.40
Other Receipts				
Miscellaneous	-	-	6,000.00	(6,000.00)
Total Receipts	4,604.80	4,577.40	$ 9,500.00	$ (4,922.60)
Expenditures				
General Government				
Contractual Services	-	-	$ -	$ -
Total Expenditures	-	-	$ -	$ -
Receipts Over(Under) Expenditures	4,604.80	4,577.40		
Unencumbered Cash, Beginning	174,448.93	179,053.73		
Unencumbered Cash, Ending	$ 179,053.73	$ 183,631.13		

CITY OF CHANUTE, KANSAS
LIBRARY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 300,514.44	$ 304,253.09	$ 372,239.00	$ (67,985.91)
Delinquent Tax	7,835.01	10,637.15	7,500.00	3,137.15
Motor Vehicle Tax	42,167.58	40,819.86	39,856.00	963.86
Commercial Vehicle Tax	4,036.54	2,732.98	7,472.00	(4,739.02)
Rental Motor Vehicle Tax	38.48	19.30	-	19.30
Recreational Vehicle Tax	323.76	383.81	281.00	102.81
16M-20M Truck Tax	168.09	195.59	260.00	(64.41)
Watercraft Taxes	109.92	159.04	-	159.04
Total Receipts	355,193.82	359,200.82	$ 427,608.00	$ (68,407.18)
Expenditures				
Culture and Recreation				
Library Appropriations	355,193.82	359,200.82	$ 415,900.00	$ (56,699.18)
Total Expenditures	355,193.82	359,200.82	$ 415,900.00	$ (56,699.18)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF CHANUTE, KANSAS
LIBRARY EMPLOYEE BENEFITS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 60,164.63	$ 58,507.39	$ 68,327.00	$ (9,819.61)
Delinquent Tax	1,066.63	1,661.20	-	1,661.20
Motor Vehicle Tax	5,930.96	7,300.13	7,535.00	(234.87)
Commercial Vehicle Tax	549.64	445.93	1,413.00	(967.07)
Rental Motor Vehicle Tax	5.25	3.16	-	3.16
Recreational Vehicle Tax	45.54	69.76	53.00	16.76
16M-20M Truck Tax	22.24	25.32	49.00	(23.68)
Watercraft Taxes	21.64	30.06	-	30.06
Total Receipts	67,806.53	68,042.95	$ 77,377.00	$ (9,334.05)
Expenditures				
Culture and Recreation				
Library Appropriations	67,806.53	68,042.95	$ 75,228.00	(7,185.05)
Total Expenditures	67,806.53	68,042.95	$ 75,228.00	$ (7,185.05)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF CHANUTE, KANSAS
CITY EMPLOYEE BENEFITS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 854,528.88	$ 683,951.39	$ 859,374.00	$ (175,422.61)
Delinquent Tax	18,117.26	24,032.38	15,000.00	9,032.38
Motor Vehicle Tax	106,835.31	105,981.68	104,580.00	1,401.68
Commercial Vehicle Tax	10,517.42	6,980.71	19,606.00	(12,625.29)
Rental Motor Vehicle Tax	100.17	49.33	-	49.33
Recreational Vehicle Tax	820.50	999.54	737.00	262.54
16M-20M Truck Tax	448.20	488.92	683.00	(194.08)
Watercraft Taxes	290.35	417.27	-	417.27
Use of Money and Property				
Interest Income	1,658.95	1,198.86	-	1,198.86
Other Receipts				
Reimbursed Expense	2,482.78	2,353.53	10,000.00	(7,646.47)
Total Receipts	995,799.82	826,453.61	$ 1,009,980.00	$ (183,526.39)
Expenditures				
General Government				
Employee Benefits	815,445.19	834,976.51	$ 943,992.00	(109,015.49)
Other				
Ash Grove Reserves	-	-	250,589.00	(250,589.00)
Cash Basis Reserve	-	-	459,300.00	(459,300.00)
Total Certified Budget			1,653,881.00	(818,904.49)
Adjustments for Qualifying Budget Credits			2,353.53	(2,353.53)
Total Expenditures	815,445.19	834,976.51	$ 1,656,234.53	$ (821,258.02)
Receipts Over(Under) Expenditures	180,354.63	(8,522.90)		
Unencumbered Cash, Beginning	604,310.64	784,665.27		
Unencumbered Cash, Ending	$ 784,665.27	$ 776,142.37		

CITY OF CHANUTE, KANSAS
SPECIAL LIABILITY EXPENSE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Delinquent Tax	$ 0.79	$ (0.78)	$ -	$ (0.78)
Use of Money and Property				
Interest Income	2,590.19	1,871.80	-	1,871.80
Total Receipts	2,590.98	1,871.02	$ -	$ 1,871.02
Expenditures				
General Government				
Contractual Services	134.69	264.14	$ 75,000.00	$ (74,735.86)
Total Expenditures	134.69	264.14	$ 75,000.00	$ (74,735.86)
Receipts Over(Under) Expenditures	2,456.29	1,606.88		
Unencumbered Cash, Beginning	348,987.05	351,443.34		
Unencumbered Cash, Ending	$ 351,443.34	$ 353,050.22		

CITY OF CHANUTE, KANSAS
RECREATION COMPLEX FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Rents & Royalties	$ 42,000.00	$ 42,000.00	$ 43,500.00	$ (1,500.00)
Total Receipts	42,000.00	42,000.00	$ 43,500.00	$ (1,500.00)
Expenditures				
General Government				
Contractual Services	32,650.20	32,911.15	$ 42,990.00	(10,078.85)
Total Expenditures	32,650.20	32,911.15	$ 42,990.00	$ (10,078.85)
Receipts Over(Under) Expenditures	9,349.80	9,088.85		
Unencumbered Cash, Beginning	105,993.00	115,342.80		
Unencumbered Cash, Ending	$ 115,342.80	$ 124,431.65		

CITY OF CHANUTE, 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 Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Local Alcoholic Liquor Tax	$ 17,412.45	$ 14,950.79	$ 21,177.00	$ (6,226.21)
Intergovernmental				
State Grants - Fisheries	2,492.60	2,492.60	-	2,492.60
Fines, Forfeitures and Penalties				
Fines - Court Fees	3,510.00	2,660.00	-	2,660.00
Use of Money and Property				
Interest Income	163.50	118.16	-	118.16
Total Receipts	23,578.55	20,221.55	$ 21,177.00	$ (955.45)
Expenditures				
Culture and Recreation				
Capital Outlay	126,670.76	49,687.86	$ 50,154.00	(466.14)
Total Expenditures	126,670.76	49,687.86	$ 50,154.00	$ (466.14)
Receipts Over(Under) Expenditures	(103,092.21)	(29,466.31)		
Unencumbered Cash, Beginning	154,312.99	51,220.78		
Unencumbered Cash, Ending	$ 51,220.78	$ 21,754.47		

CITY OF CHANUTE, KANSAS
SPECIAL ALCOHOL PROGRAMS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Local Alcoholic Liquor Tax	$ 17,412.45	$ 14,950.79	$ 21,176.00	$ (6,225.21)
Use of Money and Property				
Interest Income	174.52	126.12	-	126.12
Other Receipts				
Donations	-	5,000.00	-	5,000.00
Total Receipts	17,586.97	20,076.91	$ 21,176.00	$ (1,099.09)
Expenditures				
Culture and Recreation				
Personal Services	-	-	$ 16,100.00	$ (16,100.00)
Contractual Services	-	-	3,000.00	(3,000.00)
Capital Outlay	-	-	2,000.00	(2,000.00)
Alcohol Programs	13,478.16	5,160.96	-	5,160.96
Total Expenditures	13,478.16	5,160.96	$ 21,100.00	$ (15,939.04)
Receipts Over(Under) Expenditures	4,108.81	14,915.95		
Unencumbered Cash, Beginning	19,230.88	23,339.69		
Unencumbered Cash, Ending	$ 23,339.69	$ 38,255.64		

CITY OF CHANUTE, KANSAS
TOURISM AND CONVENTION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Transient Guest Tax	$ 65,725.82	$ 91,582.27	$ 60,000.00	$ 31,582.27
Use of Money and Property				
Interest Income	364.71	263.56	-	263.56
Total Receipts	66,090.53	91,845.83	$ 60,000.00	$ 31,845.83
Expenditures				
General Government				
Contractual Services	61,475.52	53,000.00	$ 55,000.00	$ (2,000.00)
Total Expenditures	61,475.52	53,000.00	$ 55,000.00	$ (2,000.00)
Receipts Over(Under) Expenditures	4,615.01	38,845.83		
Unencumbered Cash, Beginning	57,467.45	62,082.46		
Unencumbered Cash, Ending	$ 62,082.46	$ 100,928.29		

CITY OF CHANUTE, KANSAS
SPECIAL HIGHWAY IMPROVEMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Motor Fuel Tax	$ 246,050.17	$ 245,138.11	$ 241,250.00	$ 3,888.11
Total Receipts	246,050.17	245,138.11	$ 241,250.00	$ 3,888.11
Expenditures				
General Government				
Personal Services	68,250.35	69,999.75	$ 71,987.00	(1,987.25)
Contractual Services	-	36,145.65	-	36,145.65
Commodities	8.99	2,747.62	-	2,747.62
Capital Outlay	173,683.78	123,216.47	350,000.00	(226,783.53)
Debt Service				
Principal	53,143.78	54,449.65	54,500.00	(50.35)
Interest	5,122.34	3,816.47	3,820.00	(3.53)
Total Expenditures	300,209.24	290,375.61	$ 480,307.00	$ (189,931.39)
Receipts Over(Under) Expenditures	(54,159.07)	(45,237.50)		
Unencumbered Cash, Beginning	797,126.14	742,967.07		
Unencumbered Cash, Ending	$ 742,967.07	$ 697,729.57		

CITY OF CHANUTE, KANSAS
CITY INFRASTRUCTURE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Connecting Links	$ -	$ 462,673.24	$ -	$ 462,673.24
Total Receipts	-	462,673.24	$ -	$ 462,673.24
Expenditures				
General Government				
Personal Services	-	-	$ -	-
Contractual Services	-	-	-	-
Commodities	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	$ -	$ -
Receipts Over(Under) Expenditures	-	462,673.24		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ 462,673.24		

CITY OF CHANUTE, KANSAS
CAPITAL IMPROVEMENT #1 FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Water Pollution Control		
Revolving Loan Proceeds	$ 209,505.00	$ -
Interest Income	8,965.00	2,249.45
Bond Proceeds	1,299,803.25	-
Operating Transfers from:		
Gas Utility Fund	75,000.00	-
Water Utility Fund	-	100,000.00
Electric Utility Fund	318,750.00	150,000.00
Sewer Utility Fund	154,752.90	-
Total Receipts	2,066,776.15	252,249.45
Expenditures		
Capital Projects		
Capital Outlay	1,933,951.00	679,722.60
Operating Transfers to		
Orizon Project Fund	261,604.11	-
Total Expenditures	2,195,555.11	679,722.60
Receipts Over(Under) Expenditures	(128,778.96)	(427,473.15)
Unencumbered Cash, Beginning	858,916.44	730,137.48
Unencumbered Cash, Ending	$ 730,137.48	$ 302,664.33

CITY OF CHANUTE, KANSAS
CAPITAL IMPROVEMENT #2 FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Sale of Property and Materials	$ -	$ 14,772.50
Interest Income	10,620.39	17,156.35
Operating Transfers from:		
General Fund	33,462.00	-
Electric Utility Fund	243,750.00	50,000.00
Gas Utility Fund	56,250.00	-
Total Receipts	344,082.39	81,928.85
Expenditures		
Capital Projects		
Capital Outlay	-	325,896.99
Operating transfers to		
Grant Projects Fund	215,111.67	8,084.36
Total Expenditures	215,111.67	333,981.35
Receipts Over(Under) Expenditures	128,970.72	(252,052.50)
Unencumbered Cash, Beginning	392,201.02	521,171.74
Unencumbered Cash, Ending	$ 521,171.74	$ 269,119.24

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

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants - Forestry	$ 1,825.00	$ -
Use of Money and Property		
Capial Lease Proceeds	-	218,000.00
Operating Transfers from:		
Electric Utility Fund	100,000.00	360,000.00
Water Utility Fund	-	50,000.00
Gas Utility Fund	-	30,000.00
Utility Services Fund	11,000.00	-
Total Receipts	112,825.00	658,000.00
Expenditures		
Equipment and Machinery		
Capital Outlay	79,354.94	758,459.93
Total Expenditures	79,354.94	758,459.93
Receipts Over(Under) Expenditures	33,470.06	(100,459.93)
Unencumbered Cash, Beginning	68,445.39	101,915.45
Unencumbered Cash, Ending	$ 101,915.45	$ 1,455.52

CITY OF CHANUTE, KANSAS
EFFICIENCY KANSAS GRANT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Charges for Services		
Utility Collections	$ 8,061.13	$ 7,664.81
Service Fees	288.00	286.00
Total Receipts	8,349.13	7,950.81
Expenditures		
Special Projects		
Contractual Services	8,442.14	7,971.32
Total Expenditures	8,442.14	7,971.32
Receipts Over(Under) Expenditures	(93.01)	(20.51)
Unencumbered Cash, Beginning	282.98	189.97
Unencumbered Cash, Ending	$ 189.97	$ 169.46

CITY OF CHANUTE, KANSAS
GRANT PROJECTS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Receipts		
Federal Grants - ESG	$ 73,111.80	$ 31,199.16
Federal Grants - FAA	8,784.00	35,345.34
State Grants - E Rate	64,200.00	21,651.56
State Grants - FAA	2,857.18	-
Operating Transfer from:		
Capital Improvements #2 Fund	-	8,084.36
Total Receipts	148,952.98	96,280.42
Expenditures		
Special Projects		
Capital Outlay	137,311.79	96,280.42
Total Expenditures	137,311.79	96,280.42
Receipts Over(Under) Expenditures	11,641.19	-
Unencumbered Cash, Beginning	3,512.21	15,153.40
Unencumbered Cash, Ending	$ 15,153.40	$ 15,153.40

CITY OF CHANUTE, KANSAS
DEPOT ROOF PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Other Receipts		
Reimbursed Expense - Museum	$ 6,750.00	$ 6,750.00
Total Receipts	6,750.00	6,750.00
Expenditures		
Capital Improvements		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	6,750.00	6,750.00
Unencumbered Cash, Beginning	(19,994.41)	(13,244.41)
Unencumbered Cash, Ending	$ (13,244.41)	$ (6,494.41)

CITY OF CHANUTE, KANSAS
ORIZON PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from:		
General Fund	$ 1,500,000.00	$ 719,307.19
Capital Improvement #1 Fund	261,604.11	-
Electric Utility Fund	-	100,000.00
Total Receipts	1,761,604.11	819,307.19
Expenditures		
Capital Improvements		
Capital Outlay	1,733,604.11	819,307.19
Operating Transfers to		
General Obligation		
Bond and Interest Fund	28,000.00	-
Total Expenditures	1,761,604.11	819,307.19
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

CITY OF CHANUTE, KANSAS
I&I PHASE #1 PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Revolving Loan Proceeds - KDHE	$ -	$ 647,969.65
Total Receipts	-	647,969.65
Expenditures		
Capital Improvements		
Capital Outlay	6,236.00	649,574.65
Total Expenditures	6,236.00	649,574.65
Receipts Over(Under) Expenditures	(6,236.00)	(1,605.00)
Unencumbered Cash, Beginning	-	(6,236.00)
Unencumbered Cash, Ending	$ (6,236.00)	$ (7,841.00)

CITY OF CHANUTE, KANSAS
CDBG SEWER PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants - CDBG	$ -	$ 441,171.00
Total Receipts	-	441,171.00
Expenditures		
Capital Improvements		
Capital Outlay	-	441,171.00
Total Expenditures	-	441,171.00
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

CITY OF CHANUTE, KANSAS
GENERAL OBLIGATION BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ (41,056.26)	$ (41,056.26)	$ -	$ (41,056.26)
Delinquent Tax	7,366.33	7,776.41	-	7,776.41
Motor Vehicle Tax	33,803.41	7,215.72	-	7,215.72
Commercial Vehicle Tax	3,235.70	1,227.39	-	1,227.39
Rental Motor Vehicle Tax	30.84	8.41	-	8.41
Recreational Vehicle Tax	259.54	48.21	-	48.21
16M-20M Truck Tax	114.51	142.03	-	142.03
Watercraft Taxes	80.45	-	-	-
Special Assessments	5,518.34	5,385.70	-	5,385.70
Use of Money and Property				
Bond Proceeds	-	5,189.71	-	5,189.71
Operating Transfers from:				
General Fund	442,459.70	515,476.53	450,000.00	65,476.53
Electric Utility Fund	2,467,950.00	2,127,000.00	3,059,910.00	(932,910.00)
Water Utility Fund	139,999.52	110,000.00	110,000.00	-
Gas Utility Fund	5,830.00	11,660.00	200,000.00	(188,340.00)
Sewer Utility Fund	69,999.76	37,500.00	37,468.00	32.00
Orizon Project Fund	28,000.00	-	-	-
Total Receipts	3,163,591.84	2,787,573.85	$ 3,857,378.00	$ (1,069,804.15)
Expenditures				
Debt Service				
Bond Principal	2,530,000.00	2,285,000.00	$ 2,240,000.00	45,000.00
Bond Interest	572,219.84	461,331.55	470,601.00	(9,269.45)
Bond Issuance Costs	27,393.00	-	-	-
Other Expenditures				
Ash Grove Reserves	-	-	44,999.00	(44,999.00)
Total Expenditures	3,129,612.84	2,746,331.55	$ 2,755,600.00	$ (9,268.45)
Receipts Over(Under) Expenditures	33,979.00	41,242.30		
Unencumbered Cash, Beginning	350,811.27	384,790.27		
Unencumbered Cash, Ending	$ 384,790.27	$ 426,032.57		

CITY OF CHANUTE, KANSAS
SPECIAL OBLIGATION BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Use of Money and Property				
Interest Income	$ 0.30	$ 10.08	$ -	$ 10.08
Operating Transfers from				
General Fund	60,200.00	58,500.00	58,500.00	-
Total Receipts	60,200.30	58,510.08	$ 58,500.00	$ 10.08
Expenditures				
Debt Service				
Bond Principal	36,000.00	36,000.00	$ 36,000.00	-
Bond Interest	23,088.00	21,360.00	21,360.00	-
Debt Service Cost	1,160.00	1,057.47	1,060.00	(2.53)
Total Expenditures	60,248.00	58,417.47	$ 58,420.00	$ (2.53)
Receipts Over(Under) Expenditures	(47.70)	92.61		
Unencumbered Cash, Beginning	12,385.33	12,337.63		
Unencumbered Cash, Ending	$ 12,337.63	$ 12,430.24		

CITY OF CHANUTE, KANSAS
ELECTRIC UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Electric Sales	$ 24,075,826.62	$ 21,487,763.12	$ 25,514,450.00	$ (4,026,686.88)
Service Fees	12,503.94	6,339.75	-	6,339.75
Franchise Fees	322,661.87	336,928.61	312,000.00	24,928.61
Use of Money and Property				
Sale of Property and Materials	1,950.70	906.45	-	906.45
Interest Income	5,004.11	10,622.19	-	10,622.19
Other Receipts				
Claims	6,891.20	-	-	-
Recovery of Bad Debts	(2,215.20)	5,689.80	2,000.00	3,689.80
Miscellaneous	12,237.98	14,446.88	7,000.00	7,446.88
Refunds & Reimbursements	19,395.70	6,880.35	5,000.00	1,880.35
Security Deposit Returned	-	-	-	-
Generation Reimbursement	2,268,437.58	695,123.12	-	695,123.12
Total Receipts	26,722,694.50	22,564,700.27	$ 25,840,450.00	$ (3,275,749.73)
Expenditures				
Production				
Personal Services	1,269,530.49	1,320,262.96	$ 1,557,604.00	(237,341.04)
Contractual Services	15,654,979.40	10,410,732.10	14,817,043.00	(4,406,310.90)
Commodities	252,463.31	1,234,316.57	763,000.00	471,316.57
Capital Outlay	1,213.45	3,780.15	10,000.00	(6,219.85)
Distribution				
Personal Services	1,260,420.09	1,240,874.37	920,655.00	320,219.37
Contractual Services	39,113.45	73,992.49	412,436.00	(338,443.51)
Commodities	358,147.55	379,567.94	341,100.00	38,467.94
Fiber Communications				
Contractual Services	100.11	409.13	-	409.13
Commodities	76.18	-	-	-
Administration and General				
Personal Services	79,586.60	82,083.87	49,055.00	33,028.87
Contractual Services	1,461,283.37	1,477,728.85	1,512,811.00	(35,082.15)
Street & Special Lighting				
Contractual Services	135,847.34	111,333.65	75,500.00	35,833.65
Operating Transfers to:				
General Fund	1,742,206.21	1,750,000.00	1,750,000.00	-
Capital Improvement #1 Fund	318,750.00	150,000.00	150,000.00	-
Orizon Project Fund	-	100,000.00	-	100,000.00
Gas Utility Fund	-	300,000.00	-	300,000.00

CITY OF CHANUTE, KANSAS
ELECTRIC UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Operating Transfers to: (Continued)				
Capital Improvement #2 Fund	$ 243,750.00	$ 50,000.00	$ 50,000.00	$ -
General Obligation Bond and Interest Fund	2,467,950.00	2,127,000.00	2,127,000.00	-
Equipment Reserve Fund	100,000.00	360,000.00	350,000.00	10,000.00
Electric, Water, and Gas Bond and Interest Fund	552,760.00	932,910.00	932,910.00	-
Total Expenditures	25,938,177.55	22,104,992.08	$ 25,819,114.00	$ (3,714,121.92)
Receipts Over(Under) Expenditures	784,516.95	459,708.19		
Unencumbered Cash, Beginning	453,182.82	1,237,699.77		
Unencumbered Cash, Ending	$ 1,237,699.77	$ 1,697,407.96		

CITY OF CHANUTE, KANSAS
WATER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Water Sales	$ 1,608,627.80	$ 1,689,256.68	$ 1,842,300.00	$ (153,043.32)
Other Receipts				
Recovery of Bad Debts	90.67	211.93	-	211.93
Refunds & Reimbursements	13,037.59	12,342.00	11,500.00	842.00
Total Receipts	1,621,756.06	1,701,810.61	$ 1,853,800.00	$ (151,989.39)
Expenditures				
Source of Supply				
Contractual Services	12,259.58	17,423.02	20,800.00	(3,376.98)
Treatment Plant				
Personal Services	408,184.85	403,848.09	424,114.00	(20,265.91)
Contractual Services	110,321.20	119,528.46	114,150.00	5,378.46
Commodities	183,648.66	232,035.11	206,500.00	25,535.11
Capital Outlay	700.91	-	15,000.00	(15,000.00)
Debt Service	645.24	-	-	-
Transmission and Distribution				
Personal Services	305,196.65	260,835.80	342,683.00	(81,847.20)
Contractual Services	12,280.19	30,060.38	56,700.00	(26,639.62)
Commodities	34,432.63	45,142.68	44,500.00	642.68
Capital Outlay	-	1,414.64	-	1,414.64
Administration and General				
Personal Services	52,036.13	62,483.07	67,055.00	(4,571.93)
Contractual Services	158,105.86	139,311.65	151,797.00	(12,485.35)
Debt Service - Revolving Loan				
Principal	22,386.05	18,868.88	19,040.00	(171.12)
Interest	8,519.46	11,468.17	13,190.00	(1,721.83)
Service Fees	1,146.11	1,582.29	-	1,582.29
Operating Transfers to:				
General Fund	75,000.00	75,000.00	75,000.00	-
Capital Improvement #1 Fund	-	100,000.00	100,000.00	-
Equipment Reserve Fund	-	50,000.00	50,000.00	-
General Obligation Bond and Interest Fund	139,999.52	110,000.00	110,000.00	-
Total Expenditures	1,524,863.04	1,679,002.24	$ 1,810,529.00	$ (131,526.76)
Receipts Over(Under) Expenditures	96,893.02	22,808.37		
Unencumbered Cash, Beginning	242,304.14	339,197.16		
Unencumbered Cash, Ending	$ 339,197.16	$ 362,005.53		

CITY OF CHANUTE, KANSAS
GAS UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Gas Sales	$ 3,857,224.04	$ 4,389,995.16	$ 5,624,000.00	$ (1,234,004.84)
Service Fees	9,735.33	6,353.83	-	6,353.83
Use of Money and Property				
Sale of Property and Materials	5,080.12	8,889.54	3,000.00	5,889.54
Interest Income	1,582.20	2,889.19	-	2,889.19
Other Receipts				
Claims	919.79	4,351.55	-	4,351.55
Recovery of Bad Debts	3,492.43	4,636.54	400.00	4,236.54
Miscellaneous	1,480.00	1,310.00	-	1,310.00
Operating Transfer from				
Electric Utility Fund	-	300,000.00	-	300,000.00
Total Receipts	3,879,513.91	4,718,425.81	$ 5,627,400.00	$ (908,974.19)
Expenditures				
Gas Supply				
Contractual Services	774,615.29	723,544.49	$ 750,000.00	(26,455.51)
Commodities	1,765,911.19	2,553,089.86	3,237,500.00	(684,410.14)
Distribution				
Personal Services	654,322.84	680,008.57	647,370.00	32,638.57
Contractual Services	55,581.77	68,828.03	97,450.00	(28,621.97)
Commodities	87,935.53	64,585.76	75,600.00	(11,014.24)
Capital Outlay	23,018.79	-	-	-
Administration and General				
Personal Services	50,812.98	57,838.48	61,838.00	(3,999.52)
Contractual Services	293,067.83	259,830.19	307,805.00	(47,974.81)
Operating Transfers to:				
General Fund	463,039.35	200,000.00	200,000.00	-
General Obligation Bond and Interest Fund	5,830.00	11,660.00	200,000.00	(188,340.00)
Capital Improvement #1 Fund	75,000.00	-	-	-
Capital Improvement #2 Fund	56,250.00	-	-	-
Electric, Water, and Gas Bond and Interest Fund	220,000.00	188,340.00	-	188,340.00
Equipment Reserve Fund	-	30,000.00	30,000.00	-
Total Expenditures	4,525,385.57	4,837,725.38	$ 5,607,563.00	$ (769,837.62)
Receipts Over(Under) Expenditures	(645,871.66)	(119,299.57)		
Unencumbered Cash, Beginning	807,510.88	161,639.22		
Unencumbered Cash, Ending	$ 161,639.22	$ 42,339.65		

CITY OF CHANUTE, KANSAS
REFUSE UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Utility Collections	$ 837,387.39	$ 904,171.58	$ 834,910.00	$ 69,261.58
Landfill Fees	133,069.46	174,799.86	141,000.00	33,799.86
Use of Money and Property				
Sale of Property or Materials	3,868.50	-	-	-
Other Receipts				
Recovery of Bad Debts	(50.46)	263.94	-	263.94
Refunds & Reimbursements	-	23,329.22	-	23,329.22
Refuse Licenses & Permits	875.00	150.00	650.00	(500.00)
Total Receipts	975,149.89	1,102,714.60	$ 976,560.00	$ 126,154.60
Expenditures				
Collections				
Personal Services	355,782.37	322,096.19	$ 353,180.00	$ (31,083.81)
Contractual Services	5,122.67	6,294.64	6,850.00	(555.36)
Commodities	11,155.02	10,678.32	14,750.00	(4,071.68)
Capital Outlay	-	131,901.00	202,290.00	(70,389.00)
Refuse Landfill				
Personal Services	201,810.80	213,406.64	185,511.00	27,895.64
Contractual Services	30,805.76	61,393.73	38,611.00	22,782.73
Commodities	49,123.70	96,500.14	60,100.00	36,400.14
Capital Outlay	978.75	93.89	700.00	(606.11)
Administration and General				
Personal Services	62,581.26	62,995.00	48,843.00	14,152.00
Contractual Services	273,079.21	153,488.32	179,467.00	(25,978.68)
Operating Transfers to:				
General Fund	50,022.00	50,022.00	50,022.00	-
Electric, Water, and Gas Bond and Interest Fund	14,052.37	35,555.00	35,555.00	-
Landfill Closing Reserve Fund	10,000.00	-	-	-
Landfill Bond and Interest Fund	16,685.13	24,035.59	-	24,035.59
Total Expenditures	1,081,199.04	1,168,460.46	$ 1,175,879.00	$ (7,418.54)
Receipts Over(Under) Expenditures	(106,049.15)	(65,745.86)		
Unencumbered Cash, Beginning	517,047.79	410,998.64		
Unencumbered Cash, Ending	$ 410,998.64	$ 345,252.78		

CITY OF CHANUTE, KANSAS
SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Sewer Sales	$ 1,580,011.67	$ 1,785,374.52	$ 1,886,700.00	$ (101,325.48)
Service Fees	300.00	800.00	-	800.00
Other Receipts				
Refunds & Reimbursements	192,011.12	51,928.22	-	51,928.22
Recovery of Bad Debts	(564.47)	344.35	-	344.35
Miscellaneous	40,839.28	3,995.29	-	3,995.29
Total Receipts	1,812,597.60	1,842,442.38	$ 1,886,700.00	$ (44,257.62)
Expenditures				
Collections				
Personal Services	310,022.74	245,111.00	254,911.00	(9,800.00)
Contractual Services	4,587.36	10,496.06	3,200.00	7,296.06
Commodities	13,174.23	16,356.56	22,500.00	(6,143.44)
Pumping				
Contractual Services	8,091.54	6,494.85	8,500.00	(2,005.15)
Commodities	-	4,802.81	6,000.00	(1,197.19)
Treatment and Disposal				
Personal Services	432,050.93	412,123.95	425,300.00	(13,176.05)
Contractual Services	124,153.36	132,620.16	148,650.00	(16,029.84)
Commodities	35,659.72	79,565.40	44,350.00	35,215.40
Capital Outlay	12,374.23	-	2,000.00	(2,000.00)
Storm Drainage				
Contractual Services	-	1,248.94	-	1,248.94
Commodities	8,489.88	29,067.85	-	29,067.85
Administration and General				
Personal Services	52,363.33	55,599.53	49,322.00	6,277.53
Contractual Services	135,254.87	136,394.42	162,293.00	(25,898.58)
Debt Service - Revolving Loan				
Principal	78,768.30	75,631.22	56,720.00	18,911.22
Interest	5,450.81	8,263.80	25,250.00	(16,986.20)
Service Fee	627.97	952.06	2,950.00	(1,997.94)
Operating Transfers to:				
General Fund	-	63,650.00	63,650.00	-
Capital Improvement #1 Fund	154,752.90	-	160,000.00	(160,000.00)
I&I Sewer Project Reserve Fund	369,116.00	551,308.00	475,000.00	76,308.00

CITY OF CHANUTE, KANSAS
SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Operating Transfers to: (Continued)				
General Obligation Bond and Interest Fund	$ 69,999.76	$ 37,500.00	$ 37,500.00	$ -
Total Expenditures	1,814,937.93	1,867,186.61	$ 1,948,096.00	$ (80,909.39)
Receipts Over(Under) Expenditures	(2,340.33)	(24,744.23)		
Unencumbered Cash, Beginning	29,767.36	27,427.03		
Unencumbered Cash, Ending	$ 27,427.03	$ 2,682.80		

CITY OF CHANUTE, KANSAS
FIBER/COMMUNICATION UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Communications - Service	$ 629,185.73	623,553.74	$ 630,000.00	$ (6,446.26)
Other Receipts				
Refunds & Reimbursements	1,527.76	2,773.09	-	2,773.09
Total Receipts	630,713.49	626,326.83	$ 630,000.00	$ (3,673.17)
Expenditures				
Fiber/Communications				
Contractual Services	514,648.05	420,830.55	$ 536,500.00	(115,669.45)
Commodities	10,441.97	14,854.37	5,000.00	9,854.37
Capital Outlay	38,451.23	60,141.90	80,000.00	(19,858.10)
Total Expenditures	563,541.25	495,826.82	$ 621,500.00	$ (125,673.18)
Receipts Over(Under) Expenditures	67,172.24	130,500.01		
Unencumbered Cash, Beginning	-	67,172.24		
Unencumbered Cash, Ending	$ 67,172.24	$ 197,672.25		

CITY OF CHANUTE, KANSAS
ELECTRIC, WATER, AND GAS BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Use of Money and Property				
Bond Proceeds	$ 25,196.75	$ -	$ -	$ -
Operating Transfers from:				
Gas Utility Fund	220,000.00	188,340.00	-	188,340.00
Refuse Utility Fund	14,052.37	35,555.00	-	35,555.00
Electric Utility Fund	552,760.00	932,910.00	1,156,805.00	(223,895.00)
Total Receipts	812,009.12	1,156,805.00	$ 1,156,805.00	$ -
Expenditures				
Debt Service				
Bond Principal	580,000.00	985,000.00	$ 985,000.00	$ -
Bond Interest	156,733.19	166,635.00	166,635.00	-
Bond Issuance Costs	25,891.75	-	-	-
Total Expenditures	762,624.94	1,151,635.00	$ 1,151,635.00	$ -
Receipts Over(Under) Expenditures	49,384.18	5,170.00		
Unencumbered Cash, Beginning	142,626.67	192,010.85		
Unencumbered Cash, Ending	$ 192,010.85	$ 197,180.85		

CITY OF CHANUTE, KANSAS
ELECTRIC, WATER, AND GAS BOND
DEPRECIATION AND REPLACEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	$ -	$ -
Total Receipts	-	-
Expenditures		
Debt Service		
Bond Principal	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	301,589.73	301,589.73
Unencumbered Cash, Ending	$ 301,589.73	$ 301,589.73

CITY OF CHANUTE, KANSAS
I&I SEWER PROJECT RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from		
Sewer Utility Fund	$ 369,116.00	$ 551,308.00
Total Receipts	369,116.00	551,308.00
Expenditures		
Capital Improvements		
Contractual Services	595.40	37,714.01
Commodities	198,675.82	28,675.91
Total Expenditures	199,271.22	66,389.92
Receipts Over(Under) Expenditures	169,844.78	484,918.08
Unencumbered Cash, Beginning	137,356.66	307,201.44
Unencumbered Cash, Ending	$ 307,201.44	$ 792,119.52

CITY OF CHANUTE, KANSAS
LANDFILL CLOSING RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from		
Refuse Utility Fund	$ 10,000.00	$ -
Total Receipts	10,000.00	-
Expenditures		
Capital Improvements		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	10,000.00	-
Unencumbered Cash, Beginning	-	10,000.00
Unencumbered Cash, Ending	$ 10,000.00	$ 10,000.00

CITY OF CHANUTE, KANSAS
LANDFILL BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Transfers from				
Refuse Utility Fund	$ 16,685.13	$ 24,035.59	$ -	$ 24,035.59
Total Receipts	16,685.13	24,035.59	$ -	$ 24,035.59
Expenditures				
Debt Service				
Bond Principal	-	-	$ -	$ -
Bond Interest	-	-	-	-
Bond Issuance Costs	-	-	-	-
Total Expenditures	-	-	$ -	$ -
Receipts Over(Under) Expenditures	16,685.13	24,035.59		
Unencumbered Cash, Beginning	-	16,685.13		
Unencumbered Cash, Ending	$ 16,685.13	$ 40,720.72		

CITY OF CHANUTE, KANSAS
VEHICLE SERVICES FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Charges for Services		
Internal Vehicle Service Charges	$ 612,340.04	$ 672,388.02
Use of Money and Property		
Sale of Property and Materials	11,755.06	6,131.55
Other Receipts		
Miscellaneous	3,460.96	3,179.22
Total Receipts	627,556.06	681,698.79
Expenditures		
Vehicle Service Shop		
Personal Services	174,385.95	190,117.20
Contractual Services	139,524.48	174,999.28
Commodities	295,257.36	308,904.12
Capital Outlay	11,347.50	5,435.00
Total Expenditures	620,515.29	679,455.60
Receipts Over(Under) Expenditures	7,040.77	2,243.19
Unencumbered Cash, Beginning	29,774.65	36,815.42
Unencumbered Cash, Ending	$ 36,815.42	$ 39,058.61

CITY OF CHANUTE, KANSAS
UTILITY SERVICES FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Receipts		
Charges for Services		
Utility Internal Service Charges	$ 1,064,999.96	$ 1,029,999.97
Utility Service Initiation Fee	19,660.45	21,150.00
Utility Service Reconnection Fee	5,535.00	4,946.69
Utility Late Payment Fees	75,228.28	139,309.19
Bad Check Charges	2,033.00	1,907.00
Other Receipts		
Recovery of Bad Debts	(431.49)	(1,612.08)
Miscellaneous	666.25	696.25
Total Receipts	1,167,691.45	1,196,397.02
Expenditures		
Utility Business Office		
Personal Services	227,493.87	229,153.26
Contractual Services	83,055.77	100,126.27
Commodities	5,733.47	3,594.10
Capital Outlay	-	2,744.57
Utility Administrative		
Personal Services	166,837.98	169,238.21
Contractual Services	40,556.20	42,168.08
Commodities	12,206.68	11,284.76
Capital Outlay	2,086.12	5,486.44
Data Processing		
Personal Services	285,478.87	287,041.93
Contractual Services	63,661.62	76,410.35
Commodities	15,124.14	14,524.62
Capital Outlay	19,942.27	22,540.84
Meter Reading		
Personal Services	156,980.34	168,395.78
Contractual Services	7,322.89	7,437.27
Commodities	447.48	295.71
Capital Outlay	23,018.79	-

CITY OF CHANUTE, KANSAS
UTILITY SERVICES FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Current Year Actual
Expenditures (Continued)		
Information Service		
Contractual Services	$ 7,590.51	$ 7,899.10
Commodities	2,293.37	189.16
Capital Outlay	6,624.48	3,271.72
Operating Transfer to		
Equipment Reserve Fund	11,000.00	-
Total Expenditures	1,137,454.85	1,151,802.17
Receipts Over(Under) Expenditures	30,236.60	44,594.85
Unencumbered Cash, Beginning	28,452.05	58,688.65
Unencumbered Cash, Ending	$ 58,688.65	$ 103,283.50

CITY OF CHANUTE, KANSAS
PUBLIC WORKS AND UTILITY COMPLEX FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2017
(With Comparative Actual Totals for the Prior Year Ended December 31, 2016)

	Prior Year Actual	Actual
Receipts		
Charges for Services		
Public Works Internal Charges	$ 181,854.95	$ 176,059.98
Other Receipts		
Miscellaneous	-	10.20
Total Receipts	181,854.95	176,070.18
Expenditures		
Public Works and Utility Complex		
Personal Services	106,749.72	109,488.01
Contractual Services	55,039.70	62,057.50
Commodities	17,601.04	17,783.41
Total Expenditures	179,390.46	189,328.92
Receipts Over(Under) Expenditures	2,464.49	(13,258.74)
Unencumbered Cash, Beginning	29,723.54	32,188.03
Unencumbered Cash, Ending	$ 32,188.03	$ 18,929.29

CITY OF CHANUTE, 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
Payroll Clearing	$ 152,449.73	$ 1,942,264.00	$ 1,936,016.88	$ 158,696.85
Health Insurance Fund	636,315.90	1,870,562.00	1,799,063.24	707,814.66
CID Sales Tax	-	38,990.25	5,753.57	33,236.68
Sales Tax Collections	(33,842.16)	477,801.94	493,311.14	(49,351.36)
State Water Fees	2,039.31	8,060.47	8,038.17	2,061.61
Kansas Solid Waste Fees	23,955.20	11,722.79	8,928.18	26,749.81
Southwind Energy Group	1,552,422.99	10,796,410.06	10,704,938.62	1,643,894.43
Utility Security Deposit	402,853.02	159,934.00	98,740.79	464,046.23
Utility Security Deposit Interest	51,289.83	665.00	2,283.78	49,671.05
Alliance of Churches Utility Aid	368.47	312.71	368.47	312.71
Katy Park Project	(19,297.28)	21,149.78	1,852.50	-
Law Enforcement Drug Funds	37,651.15	34,376.99	44,086.36	27,941.78
Donations/Contributions	14,487.71	27,550.00	21,609.54	20,428.17
Franchise Fee Refund Fund	51.35	-	-	51.35
City Revolving Loan	388,082.09	109,010.66	70,375.50	426,717.25
Fire Insurance Proceeds	2,388.67	11,583.63	11,583.63	2,388.67
City Events	653.36	-	-	653.36
	$ 3,211,869.34	$ 15,510,394.28	$ 15,206,950.37	$ 3,515,313.25

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

	Date Expires	Amount
Travelers Indemnity Company:		
Coverages:		
Buildings and Contents	12/31/2017	$ 48,767,967.00
Liability		2,000,000.00
Deductible:		1,000.00
Premium:		110,723.20

Total electric and gas users for the beginning and end of the fiscal year 2015 were as follows:

	12/31/2017	1/1/2017
Electric	5,678	5,674
Gas	4,202	4,227

Jarred
Gilmore
Phillips

The Honorable Mayor and City Commissioners
City of Chanute, Kansas

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
June 20, 2018