

**CITY OF ALTAMONT, KANSAS**

Independent Auditors' Report and  
Financial Statement with  
Supplementary Information

For the Year Ended December 31, 2017

**CITY OF ALTAMONT, KANSAS**

December 31, 2017

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**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of Altamont, Kansas

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

***Management's Responsibility for the Financial Statement***

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

***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

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

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Altamont, Kansas as of December 31, 2017, or changes in financial position and cash flows thereof for the year then ended.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Altamont, Kansas as of December 31, 2017, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

***Other Matters******Supplementary Information***

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Altamont, Kansas as of and for the year ended December 31, 2016 (not presented herein), and have issued our report thereon dated May 30, 2017, which contained an unmodified opinion on the basic financial statement. The 2016 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2016 actual column (2016 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2017 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2016 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2016 basic financial statement. The 2016 comparative information was subjected to the auditing procedures applied in the audit of the 2016 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2016 basic financial statement or to the 2016 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2016 comparative information is fairly stated in all material respects in relation to

the basic financial statement as a whole for the year ended December 31, 2016, on the basis of accounting described in Note 1.

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

JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

August 2, 2018  
Chanute, Kansas

## CITY OF ALTAMONT, 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	Ending Cash Balance December 31, 2017
General	\$ 46,529.25	\$ 380,726.01	\$ 396,552.02	\$ 30,703.24	\$ 1,716.64	\$ 32,419.88
Special Purpose Funds:						
Special Highway	39,335.96	29,684.84	60,643.39	8,377.41	264.34	8,641.75
Recreation	10.12	5,350.13	5,021.83	338.42	-	338.42
Utility Service	48,172.39	38,797.75	20,401.09	66,569.05	2,006.77	68,575.82
Library	10,098.63	25,924.68	23,260.31	12,763.00	-	12,763.00
Insurance and Equipment						
Reserve	74,027.40	30,186.67	60,182.15	44,031.92	-	44,031.92
Police Vehicles	24,684.26	28,104.93	34,197.02	18,592.17	-	18,592.17
City Sales Tax	97,947.56	87,614.30	114,428.00	71,133.86	-	71,133.86
Utility Equipment	86,592.84	6,087.26	61,500.00	31,180.10	-	31,180.10
Bond and Interest Funds:						
Fire Truck and Siren G.O.	16,772.96	19,767.04	36,540.00	-	-	-
Bond and Interest						
Business Funds:						
Electric Utility	23,459.21	807,346.63	790,891.09	39,914.75	42,596.76	82,511.51
Electric Utility Reserve	78,062.59	2,906.83	1,240.05	79,729.37	-	79,729.37
Water Utility	28,468.46	309,263.52	280,961.29	56,770.69	11,242.62	68,013.31
Water Utility Reserve	18,997.58	24.92	580.67	18,441.83	-	18,441.83
Water Utility Bond and Interest	143,330.10	42,000.00	40,576.50	144,753.60	-	144,753.60
Sewer Utility	63,045.11	150,349.85	121,750.59	91,644.37	543.20	92,187.57
Sewer Utility Reserve	165,136.63	11,614.12	90,063.81	86,686.94	-	86,686.94

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

## CITY OF ALTAMONT, 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	Ending Cash Balance December 31, 2017
<b>Business Funds: (Continued)</b>						
Gas Utility	\$ 32,158.89	\$ 307,040.19	\$ 302,865.72	\$ 36,333.36	\$ 606.60	\$ 36,939.96
Gas Utility Reserve	88,770.56	121.59	580.67	88,311.48	-	88,311.48
Sanitation Utility	16,860.52	125,388.41	105,299.28	36,949.65	2,769.13	39,718.78
Swimming Pool	659.84	41,657.39	41,319.22	998.01	-	998.01
<b>Total Reporting Entity (Excluding Agency Funds)</b>	<b>\$ 1,103,120.86</b>	<b>\$ 2,449,957.06</b>	<b>\$ 2,588,854.70</b>	<b>\$ 964,223.22</b>	<b>\$ 61,746.06</b>	<b>\$ 1,025,969.28</b>
<b>Composition of Cash:</b>						
Petty Cash.....						\$ 300.00
Operating Checking Account.....						460,998.60
Municipal Court Checking Account.....						2,048.00
Certificates of Deposit.....						600,000.00
Total Cash.....						1,063,346.60
Less: Agency Funds Per Schedule 3.....						(37,377.32)
Total Reporting Entity.....						\$ 1,025,969.28

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

## **CITY OF ALTAMONT, KANSAS**

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

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### Financial Reporting Entity

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

*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:

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

#### Altamont Recreation Commission

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

#### Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Altamont, Kansas, for the year of 2017:

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

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.



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

### Regulatory Basis Fund Types (Continued)

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

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

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

### Basis of Presentation – Regulatory Basis of Accounting

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

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

### Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1<sup>st</sup> 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 amounts 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 commensurate in the year levied prior to January 1<sup>st</sup> of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

### Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, which is a multi-employer state-wide pension plan. The City's policy is to fund all pension costs accrued. Such costs to be funded are actuarially determined annually by the State of Kansas.

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

### 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. There were no such budget amendments for this year.

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

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

A legal operating budget is not required for capital project funds, trust funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

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

### **Compliance with Kansas Statutes**

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

## **3. DEPOSITS AND INVESTMENTS**

K.S.A 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main branch or branch bank in the county in which the City is located, or in an adjoining county if such has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

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

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

At year-end, the City's carrying amount of deposits was \$1,063,046.60 and the bank balance was \$1,121,988.57. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$500,000.00 was covered by FDIC insurance and \$621,988.57 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

## **4. DEFINED BENEFIT PENSION PLAN**

### **General Information about the Pension Plan**

*Plan description.* The (non-school municipality) 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](http://www.kpers.org) or by writing to KPERs (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

#### **4. DEFINED BENEFIT PENSION PLAN** (Continued)

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

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate 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 the fiscal year ended December 31, 2017. Contributions to the pension plan from the City were \$43,206.48 for the year ended December 31, 2017.

##### Net Pension Liability

At December 31, 2017, the City's proportionate share of the collective net pension liability reported by KPERS was \$404,583.00. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and nonemployer 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 publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

## 5. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Amount of issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Paid with Tax Levies									
Series 2005	5.10-5.70%	June 1, 2005	\$ 330,000.00	September 1, 2017	\$ 35,000.00	\$ -	\$ 35,000.00	\$ -	\$ 1,540.00
Paid with Utility Receipts									
Series 2015	2.75%	June 18, 2015	977,000.00	June 18, 2055	963,291.00	-	14,086.00	949,205.00	26,490.50
Fireman's Relief									
2014 Chevy Fire Truck	1.00%	September 1, 2013	34,000.00	February 1, 2024	24,185.31	-	-	24,185.31	-
Total Contractual Indebtedness					<u>\$ 1,022,476.31</u>	<u>\$ -</u>	<u>\$ 49,086.00</u>	<u>\$ 973,390.31</u>	<u>\$ 28,030.50</u>

## 5. LONG-TERM DEBT (Continued)

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

Issue	2018	2019	2020	2021	2022	2023-2027	2028-2032	2033-2037	2038-2042
<b>Principal</b>									
General Obligation Bonds									
Paid with Utility Receipts									
Series 2015	\$ 14,473.00	\$ 14,871.00	\$ 15,280.00	\$ 15,700.00	\$ 16,132.00	\$ 87,565.00	\$ 100,285.00	\$ 114,854.00	\$ 131,538.00
Fireman's Relief									
2014 Chevy Fire Truck	3,348.26	3,381.74	3,415.56	3,449.72	3,484.21	7,105.82	-	-	-
Total Principal Payments	17,821.26	18,252.74	18,695.56	19,149.72	19,616.21	94,670.82	100,285.00	114,854.00	131,538.00
<b>Interest</b>									
General Obligation Bonds									
Paid with Utility Receipts									
Series 2015	26,103.14	25,705.13	25,296.18	24,875.98	24,444.23	115,317.52	102,596.70	88,027.98	71,342.79
Fireman's Relief									
2014 Chevy Fire Truck	241.53	208.05	174.23	140.07	105.58	73.76	-	-	-
Total Interest Payments	26,344.67	25,913.18	25,470.41	25,016.05	24,549.81	115,391.28	102,596.70	88,027.98	71,342.79
Total Principal and Interest	\$ 44,165.93	\$ 44,165.92	\$ 44,165.97	\$ 44,165.77	\$ 44,166.02	\$ 210,062.10	\$ 202,881.70	\$ 202,881.98	\$ 202,880.79
<b>Issue</b>	<b>2043-2047</b>	<b>2048-2052</b>	<b>2053-2055</b>	<b>Total</b>					
<b>Principal</b>									
General Obligation Bonds									
Paid with Utility Receipts									
Series 2015	\$ 150,647.00	\$ 172,532.00	\$ 115,328.00	\$ 949,205.00					
Fireman's Relief									
2014 Chevy Fire Truck	-	-	-	24,185.31					
Total Principal Payments	150,647.00	172,532.00	115,328.00	973,390.31					
<b>Interest</b>									
General Obligation Bonds									
Paid with Utility Receipts									
Series 2015	52,233.84	30,348.87	6,400.38	592,692.74					
Fireman's Relief									
2014 Chevy Fire Truck	-	-	-	943.22					
Total Interest Payments	52,233.84	30,348.87	6,400.38	593,635.96					
Total Principal and Interest	\$ 202,880.84	\$ 202,880.87	\$ 121,728.38	\$ 1,567,026.27					

## **6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS**

### *Compensated Absences:*

All full-time employees of the City after one year of employment are eligible for 10 days of vacation benefits. All full-time employees of the City after ten years of employment are eligible for 15 days of vacation benefits. All full-time employees of the City after twenty years of employment are eligible for 20 days of vacation benefits. Vacation is not earned for partial years worked. Vacation must be used by each anniversary date. In the event of termination, unused accrued vacation time is paid.

Sick leave accrues to all full-time employees at the rate of one day per month until a maximum of 60 days has been accrued. An employee shall be paid for accumulated sick leave up to 25% up to 60 days.

The City determines a liability for compensated absences when the following conditions are met:

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

In accordance with the above criteria, the City has accrued a liability for annual leave and sick time which has been earned, but not taken, by City employees. The estimated liability at December 31, 2017, was \$9,433.51 for annual leave and \$17,993.15 for sick leave.

### *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 the level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under 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.

## **7. OTHER COMMITMENTS**

In May 1980, the City entered into a forty year purchase agreement with Public Wholesale Water Supply District #4 for the purchase of water. The City has agreed to purchase 35 million gallons of water annually at the rate set annually by the District. 100% of the water is purchased from Public Wholesale Water Supply District #4.

## **8. 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.

## **8. RISK MANAGEMENT** (Continued)

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

## **9. INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>From:</u>	<u>To:</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Police Vehicles	K.S.A. 12-1,117	\$ 18,000.00
Electric Utility	General	K.S.A. 12-825d	40,000.00
Electric Utility	Swimming Pool	K.S.A. 12-825d	15,000.00
Electric Utility	Insurance and Equipment Reserve	K.S.A. 12-825d	2,000.00
Water Utility	Water Utility Bond and Interest	K.S.A. 12-825d	42,000.00
Water Utility	Insurance and Equipment Reserve	K.S.A. 12-825d	3,000.00
Water Utility	Library	K.S.A. 12-825d	3,000.00
Water Utility	Swimming Pool	K.S.A. 12-825d	6,000.00
Gas Utility	Swimming Pool	K.S.A. 12-825d	7,000.00
Sanitation Utility	Fire Truck and Siren G.O. Bond and Interest	K.S.A. 12-825d	8,400.00

## **10. SUBSEQUENT EVENTS**

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



## **SUPPLEMENTARY INFORMATION**

## CITY OF ALTAMONT, KANSAS

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

Funds	Total Certified Budget	Qualifying Adjustments for Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General	\$ 515,350.00	\$ 5,672.97	\$ 521,022.97	\$ 396,552.02	\$ (124,470.95)
Special Purpose Funds:					
Special Highway	88,178.00	-	88,178.00	60,643.39	(27,534.61)
Recreation	5,300.00	-	5,300.00	5,021.83	(278.17)
Utility Service	57,000.00	-	57,000.00	20,401.09	(36,598.91)
Library	29,125.00	-	29,125.00	23,260.31	(5,864.69)
Insurance and Equipment Reserve	236,813.00	25,140.32	261,953.32	60,182.15	(201,771.17)
Police Vehicles	38,496.00	-	38,496.00	34,197.02	(4,298.98)
City Sales Tax	170,989.00	-	170,989.00	114,428.00	(56,561.00)
Utility Equipment	151,736.00	-	151,736.00	61,500.00	(90,236.00)
Bond and Interest Funds:					
Fire Truck and Siren G.O.					
Bond and Interest	37,000.00	-	37,000.00	36,540.00	(460.00)
Business Funds:					
Electric Utility	1,067,406.00	-	1,067,406.00	790,891.09	(276,514.91)
Water Utility	352,315.00	-	352,315.00	280,961.29	(71,353.71)
Water Utility Bond and Interest	42,000.00	-	42,000.00	40,576.50	(1,423.50)
Sewer Utility	225,344.00	-	225,344.00	121,750.59	(103,593.41)
Gas Utility	622,150.00	-	622,150.00	302,865.72	(319,284.28)
Sanitation Utility	182,198.00	-	182,198.00	105,299.28	(76,898.72)
Swimming Pool	56,408.00	-	56,408.00	41,319.22	(15,088.78)

**CITY OF ALTAMONT, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 131,568.10	\$ 153,138.80	\$ 146,652.00	\$ 6,486.80
Delinquent Tax	3,044.08	2,834.68	-	2,834.68
Motor Vehicle Tax	34,383.99	34,324.46	30,808.00	3,516.46
Recreational Vehicle Tax	174.19	203.02	168.00	35.02
16/20M Truck Tax	526.83	644.57	452.00	192.57
Commercial Vehicle Tax	189.57	271.51	360.00	(88.49)
Watercraft Tax	-	-	162.00	(162.00)
Intergovernmental				
Sales Tax	89,034.60	90,147.07	90,000.00	147.07
Special Assessments	225.00	-	1,000.00	(1,000.00)
Charges for Services				
Copies	185.57	208.66	300.00	(91.34)
Advertising	198.50	114.45	250.00	(135.55)
Permits/ Dog Tags	1,445.00	2,375.00	2,500.00	(125.00)
Cereal Malt Beverage Licenses	150.00	150.00	300.00	(150.00)
Utility Penalties	10,173.96	11,292.62	11,000.00	292.62
Court Fines	27,110.94	17,586.16	29,000.00	(11,413.84)
Gate Receipts	10,950.00	15,148.50	22,000.00	(6,851.50)
Use of Money and Property				
Interest Income	745.09	1,016.29	-	1,016.29
Park Building Rent	3,000.00	3,135.00	4,050.00	(915.00)
Other Receipts				
Donations	275.00	-	-	-
Reimbursed Expense	7,056.44	5,672.97	12,500.00	(6,827.03)
Miscellaneous	1,069.00	2,462.25	50.00	2,412.25
Operating Transfers from:				
City Sales Tax Fund	10,000.00	-	131,000.00	(131,000.00)
Electric Utility Fund	8,000.00	40,000.00	-	40,000.00
Total Receipts	339,505.86	380,726.01	\$ 482,552.00	\$ (101,825.99)

**CITY OF ALTAMONT, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures				
General Government				
Personal Services	\$ 45,593.97	\$ 39,945.09	\$ 57,700.00	\$ (17,754.91)
Contractual Services	8,439.87	7,449.71	8,500.00	(1,050.29)
Commodities	332.53	979.16	1,000.00	(20.84)
Capital Outlay	-	672.97	1,000.00	(327.03)
Police Department				
Personal Services	162,063.24	166,132.04	175,000.00	(8,867.96)
Contractual Services	21,750.67	19,776.41	27,700.00	(7,923.59)
Commodities	4,652.66	5,376.36	7,200.00	(1,823.64)
Capital Outlay	8,458.36	9,260.56	32,000.00	(22,739.44)
Court				
Personal Services	4,348.48	5,003.79	9,400.00	(4,396.21)
Contractual Services	1,294.65	2,901.05	2,300.00	601.05
Commodities	206.91	411.18	500.00	(88.82)
Fire Department				
Personal Services	10,708.48	9,324.05	17,000.00	(7,675.95)
Contractual Services	4,740.84	4,044.52	11,000.00	(6,955.48)
Commodities	2,791.45	3,044.44	4,000.00	(955.56)
Capital Outlay	6,963.42	26,111.50	32,000.00	(5,888.50)
Park				
Personal Services	613.70	927.70	1,100.00	(172.30)
Contractual Services	4,302.72	534.38	1,000.00	(465.62)
Commodities	6,883.02	7,097.12	7,100.00	(2.88)
Capital Outlay	2,644.64	5,783.39	6,000.00	(216.61)
Building Maintenance				
Personal Services	1,083.35	1,009.27	4,000.00	(2,990.73)
Contractual Services	310.97	100.56	500.00	(399.44)
Commodities	252.19	231.00	600.00	(369.00)
Capital Improvement				
Capital Outlay	6,224.30	15,991.31	20,000.00	(4,008.69)
Lake				
Personal Services	2,521.19	3,320.22	4,500.00	(1,179.78)
Contractual Services	6,418.28	9,358.79	17,250.00	(7,891.21)
Commodities	5,845.34	11,723.02	15,000.00	(3,276.98)
Street				
Commodities	146.67	2,042.43	-	2,042.43
Capital Outlay	15,593.32	20,000.00	52,000.00	(32,000.00)
Debt Service				
Principal	3,249.79	-	-	-
Interest	340.00	-	-	-

**CITY OF ALTAMONT, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures (Continued)				
Operating Transfers to				
Police Vehicles Fund	\$ 18,000.00	\$ 18,000.00	\$ -	\$ 18,000.00
Total Certified Budget			515,350.00	(118,797.98)
Adjustments for Qualifying				
Budget Credits			5,672.97	(5,672.97)
Total Expenditures	356,775.01	396,552.02	\$ 521,022.97	\$ (124,470.95)
Receipts Over(Under) Expenditures	(17,269.15)	(15,826.01)		
Unencumbered Cash, Beginning	63,798.40	46,529.25		
Unencumbered Cash, Ending	\$ 46,529.25	\$ 30,703.24		

**CITY OF ALTAMONT, KANSAS**  
**SPECIAL HIGHWAY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Special Highway Tax	\$ 27,807.31	\$ 27,860.87	\$ 27,230.00	\$ 630.87
Use of Money and Property				
Interest Income	101.08	53.07	200.00	(146.93)
Other Receipts				
Reimbursed Expense	7,469.49	1,770.90	1,000.00	770.90
Miscellaneous	-	-	100.00	(100.00)
Total Receipts	35,377.88	29,684.84	\$ 28,530.00	\$ 1,154.84
Expenditures				
Street Maintenance				
Personal Services	5,792.93	9,139.89	\$ 20,500.00	\$ (11,360.11)
Contractual Services	3,727.25	2,000.00	7,000.00	(5,000.00)
Commodities	29,485.86	47,158.18	50,000.00	(2,841.82)
Capital Outlay	5,163.90	2,345.32	10,678.00	(8,332.68)
Total Expenditures	44,169.94	60,643.39	\$ 88,178.00	\$ (27,534.61)
Receipts Over(Under) Expenditures	(8,792.06)	(30,958.55)		
Unencumbered Cash, Beginning	48,128.02	39,335.96		
Unencumbered Cash, Ending	\$ 39,335.96	\$ 8,377.41		

**CITY OF ALTAMONT, KANSAS**  
**RECREATION FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 4,141.70	\$ 4,149.73	\$ 4,240.00	\$ (90.27)
Delinquent Tax	93.33	86.41	-	86.41
Motor Vehicle Tax	1,048.18	1,079.42	970.00	109.42
Recreational Vehicle Tax	5.31	6.38	5.00	1.38
16/20M Truck Tax	16.33	19.65	14.00	5.65
Commercial Vehicle Tax	5.78	8.54	11.00	(2.46)
Watercraft Tax	-	-	5.00	(5.00)
Total Receipts	5,310.63	5,350.13	\$ 5,245.00	\$ 105.13
Expenditures				
Culture and Recreation				
Appropriations to the				
Recreation Commission	5,374.00	5,021.83	\$ 5,300.00	\$ (278.17)
Total Expenditures	5,374.00	5,021.83	\$ 5,300.00	\$ (278.17)
Receipts Over(Under) Expenditures	(63.37)	328.30		
Unencumbered Cash, Beginning	73.49	10.12		
Unencumbered Cash, Ending	\$ 10.12	\$ 338.42		

**CITY OF ALTAMONT, KANSAS**  
**UTILITY SERVICE FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year			
	Prior Year Actual	Actual	Budget	Variance - Over (Under)	
Receipts					
Taxes and Shared Receipts					
Ad Valorem Property Tax	\$ 30,138.88	\$ 30,082.77	\$ 30,744.00	\$ (661.23)	
Delinquent tax	569.64	566.73	-	566.73	
Motor Vehicle Tax	6,518.40	7,820.44	7,057.00	763.44	
Recreational Vehicle Tax	33.07	46.51	39.00	7.51	
16/20M Truck Tax	92.35	122.44	104.00	18.44	
Commercial Vehicle Tax	36.01	62.20	82.00	(19.80)	
Watercraft Tax	-	-	37.00	(37.00)	
Use of Money or Property					
Interest Income	95.38	96.66	-	96.66	
Total Receipts	37,483.73	38,797.75	\$ 38,063.00	\$ 734.75	
Expenditures					
General Government					
Contractual Services	21,782.99	20,401.09	\$ 57,000.00	\$ (36,598.91)	
Total Expenditures	21,782.99	20,401.09	\$ 57,000.00	\$ (36,598.91)	
Receipts Over(Under) Expenditures	15,700.74	18,396.66			
Unencumbered Cash, Beginning	32,471.65	48,172.39			
Unencumbered Cash, Ending	\$ 48,172.39	\$ 66,569.05			



**CITY OF ALTAMONT, KANSAS**  
**LIBRARY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 17,747.00	\$ 17,781.85	\$ 18,171.00	\$ (389.15)
Delinquent Tax	376.27	355.65	-	355.65
Motor Vehicle Tax	4,258.20	4,618.39	4,156.00	462.39
Recreational Vehicle Tax	21.59	27.38	23.00	4.38
16/20M Truck Tax	64.13	79.86	61.00	18.86
Commercial Vehicle Tax	23.50	36.63	49.00	(12.37)
Watercraft Tax	-	-	22.00	(22.00)
Use of Money and Property				
Interest Income	19.34	24.92	25.00	(0.08)
Operating Transfers from				
Water Utility Fund	3,000.00	3,000.00	3,000.00	-
Total Receipts	25,510.03	25,924.68	\$ 25,507.00	\$ 417.68
Expenditures				
General Government				
Personal Services	21,478.50	21,985.37	\$ 26,325.00	\$ (4,339.63)
Contractual Services	968.75	1,244.56	1,800.00	(555.44)
Commodities	50.05	30.38	1,000.00	(969.62)
Total Expenditures	22,497.30	23,260.31	\$ 29,125.00	\$ (5,864.69)
Receipts Over(Under) Expenditures	3,012.73	2,664.37		
Unencumbered Cash, Beginning	7,085.90	10,098.63		
Unencumbered Cash, Ending	\$ 10,098.63	\$ 12,763.00		

**CITY OF ALTAMONT, KANSAS**  
**INSURANCE AND EQUIPMENT RESERVE FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Receipts				
Use of Money and Property				
Interest Income	\$ 87.88	\$ 46.35	\$ 500.00	\$ (453.65)
Other Receipts				
Reimbursed Expense	23,972.18	25,140.32	48,000.00	(22,859.68)
Operating Transfers from:				
Water Utility Fund	3,000.00	3,000.00	3,000.00	-
Gas Utility Fund	-	-	8,000.00	(8,000.00)
Sanitation Utility Fund	-	-	15,600.00	(15,600.00)
Electric Utility Fund	10,000.00	2,000.00	34,000.00	(32,000.00)
Total Receipts	37,060.06	30,186.67	\$ 109,100.00	\$ (78,913.33)
Expenditures				
General Government				
Contractual Services	33,337.52	60,182.15	\$ 91,673.00	\$ (31,490.85)
Capital Outlay	-	-	145,140.00	(145,140.00)
Total Certified Budget			236,813.00	(176,630.85)
Adjustments for Qualifying				
Budget Credits			25,140.32	(25,140.32)
Total Expenditures	33,337.52	60,182.15	\$ 261,953.32	\$ (201,771.17)
Receipts Over(Under) Expenditures	3,722.54	(29,995.48)		
Unencumbered Cash, Beginning	70,304.86	74,027.40		
Unencumbered Cash, Ending	\$ 74,027.40	\$ 44,031.92		

**CITY OF ALTAMONT, KANSAS**  
**POLICE VEHICLES FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Use of Money and Property				
Interest Income	\$ 43.02	\$ 24.93	\$ -	\$ 24.93
Other Receipts				
Miscellaneous	2,661.00	10,080.00	-	10,080.00
Operating Transfers from General Fund	18,000.00	18,000.00	18,000.00	-
Total Receipts	20,704.02	28,104.93	\$ 18,000.00	\$ 10,104.93
Expenditures				
General Government				
Capital Outlay	3,516.60	34,197.02	\$ 38,496.00	\$ (4,298.98)
Total Expenditures	3,516.60	34,197.02	\$ 38,496.00	\$ (4,298.98)
Receipts Over(Under) Expenditures	17,187.42	(6,092.09)		
Unencumbered Cash, Beginning	7,496.84	24,684.26		
Unencumbered Cash, Ending	\$ 24,684.26	\$ 18,592.17		

**CITY OF ALTAMONT, KANSAS**  
**CITY SALES TAX FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Receipts				
Intergovernmental				
Sales Tax	\$ 85,554.45	\$ 87,535.67	\$ 120,000.00	\$ (32,464.33)
State Grants	2,461.00	-	-	-
Use of Money or Property				
Interest Income	124.76	78.63	100.00	(21.37)
Total Receipts	88,140.21	87,614.30	\$ 120,100.00	\$ (32,485.70)
Expenditures				
General Government				
Contractual Services	-	24,650.00	\$ 40,000.00	\$ (15,350.00)
Commodities	-	2,625.00	7,989.00	(5,364.00)
Capital Outlay	-	87,153.00	89,000.00	(1,847.00)
Debt Service				
Interest Payments	20,000.00	-	-	-
Operating Transfers to:				
General Fund	10,000.00	-	34,000.00	(34,000.00)
Economic Development Fund	11,581.30	-	-	-
Total Expenditures	41,581.30	114,428.00	\$ 170,989.00	\$ (56,561.00)
Receipts Over(Under) Expenditures	46,558.91	(26,813.70)		
Unencumbered Cash, Beginning	51,388.65	97,947.56		
Unencumbered Cash, Ending	\$ 97,947.56	\$ 71,133.86		

**CITY OF ALTAMONT, KANSAS**  
**UTILITY EQUIPMENT FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Use of Money and Property				
Interest Income	\$ 99.73	\$ 87.26	\$ -	\$ 87.26
Sale of Assets	-	6,000.00	-	6,000.00
Other Receipts				
Reimbursed Expense	7,025.00	-	5,000.00	(5,000.00)
Operating Transfers from Electric Utility Fund	-	-	32,000.00	(32,000.00)
Total Receipts	7,124.73	6,087.26	\$ 37,000.00	\$ (30,912.74)
Expenditures				
Capital Projects				
Contractual Services	2,943.86	500.00	\$ -	\$ 500.00
Capital Outlay	15,323.78	61,000.00	151,736.00	(90,736.00)
Total Expenditures	18,267.64	61,500.00	\$ 151,736.00	\$ (90,236.00)
Receipts Over(Under) Expenditures	(11,142.91)	(55,412.74)		
Unencumbered Cash, Beginning	97,735.75	86,592.84		
Unencumbered Cash, Ending	\$ 86,592.84	\$ 31,180.10		

**CITY OF ALTAMONT, KANSAS**  
**FIRE TRUCK AND SIREN G.O. BOND AND INTEREST FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 15,413.33	\$ 6,793.90	\$ 16,798.00	\$ (10,004.10)
Delinquent Tax	388.47	352.14	-	352.14
Motor Vehicle Tax	4,304.96	4,067.59	3,645.00	422.59
Recreational Vehicle Tax	21.77	24.03	20.00	4.03
16/20M Truck Tax	71.29	80.53	54.00	26.53
Commercial Vehicle Tax	23.68	32.12	43.00	(10.88)
Watercraft Tax	-	-	19.00	(19.00)
Use of Money and Property				
Interest Income	37.37	16.73	-	16.73
Operating Transfers from Sanitation Utility Fund	15,996.00	8,400.00	8,400.00	-
Total Receipts	36,256.87	19,767.04	\$ 28,979.00	\$ (9,211.96)
Expenditures				
Debt Service				
Bond Principal	30,000.00	35,000.00	\$ 37,000.00	\$ (2,000.00)
Bond Interest	2,830.00	1,540.00	-	1,540.00
Total Expenditures	32,830.00	36,540.00	\$ 37,000.00	\$ (460.00)
Receipts Over(Under) Expenditures	3,426.87	(16,772.96)		
Unencumbered Cash, Beginning	13,346.09	16,772.96		
Unencumbered Cash, Ending	\$ 16,772.96	\$ -		

**CITY OF ALTAMONT, KANSAS**  
**ECONOMIC DEVELOPMENT FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 108.92	\$ -
Operating Transfers from:		
City Sales Tax Fund	11,581.30	-
Water Utility Fund	3,000.00	-
Sewer Utility Fund	2,000.00	-
Gas Utility Fund	6,000.00	-
Total Receipts	22,690.22	-
Expenditures		
Debt Service		
Principal Payments	100,000.00	-
Interest Payments	1,952.86	-
Total Expenditures	101,952.86	-
Receipts Over(Under) Expenditures	(79,262.64)	-
Unencumbered Cash, Beginning	79,262.64	-
Unencumbered Cash, Ending	\$ -	\$ -

**CITY OF ALTAMONT, KANSAS**  
**WATER PROJECT FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants - CDBG	\$ 191,201.43	\$ -
Federal Grants - USDA	371,000.00	-
Total Receipts	562,201.43	-
Expenditures		
Capital Improvements		
Capital Outlay	355,456.63	-
Operating Transfers to		
Water Utility Bond and Interest Fund	97,906.60	-
Total Expenditures	453,363.23	-
Receipts Over(Under) Expenditures	108,838.20	-
Unencumbered Cash, Beginning	(108,838.20)	-
Unencumbered Cash, Ending	\$ -	\$ -



**CITY OF ALTAMONT, KANSAS**  
**ELECTRIC UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Receipts				
Charges for Services				
Electricity Sales	\$ 818,591.67	\$ 802,050.39	\$ 1,062,000.00	\$ (259,949.61)
Service Fees	1,270.00	3,020.00	1,500.00	1,520.00
Use of Money and Property				
Interest Income	368.85	399.99	500.00	(100.01)
Other Receipts				
Reimbursed Expense	3,016.08	1,876.25	2,000.00	(123.75)
Total Receipts	823,246.60	807,346.63	\$ 1,066,000.00	\$ (258,653.37)
Expenditures				
Generation and Distribution				
Personal Services	172,489.55	148,531.25	\$ 169,406.00	\$ (20,874.75)
Contractual Services	572,282.21	553,974.92	640,000.00	(86,025.08)
Commodities	17,757.05	23,564.41	35,000.00	(11,435.59)
Capital Outlay	4,086.80	7,820.51	29,000.00	(21,179.49)
Operating Transfers to:				
General Fund	8,000.00	40,000.00	84,000.00	(44,000.00)
Swimming Pool Fund	18,000.00	15,000.00	-	15,000.00
Insurance and Equipment				
Reserve Fund	10,000.00	2,000.00	20,000.00	(18,000.00)
Electric Utility Reserve Fund	5,000.00	-	58,000.00	(58,000.00)
Utility Equipment Fund	-	-	32,000.00	(32,000.00)
Total Expenditures	807,615.61	790,891.09	\$ 1,067,406.00	\$ (276,514.91)
Receipts Over(Under) Expenditures	15,630.99	16,455.54		
Unencumbered Cash, Beginning	7,828.22	23,459.21		
Unencumbered Cash, Ending	\$ 23,459.21	\$ 39,914.75		

**CITY OF ALTAMONT, KANSAS**  
**ELECTRIC UTILITY RESERVE FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 68.52	\$ 124.67
Reimbursed Expense	-	2,782.16
Operating Transfers from Electric Utility Fund	5,000.00	-
Total Receipts	5,068.52	2,906.83
Expenditures		
General Government		
Capital Outlay	14,512.51	1,240.05
Total Expenditures	14,512.51	1,240.05
Receipts Over(Under) Expenditures	(9,443.99)	1,666.78
Unencumbered Cash, Beginning	87,506.58	78,062.59
Unencumbered Cash, Ending	\$ 78,062.59	\$ 79,729.37

**CITY OF ALTAMONT, KANSAS**  
**WATER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year			Variance -
	Prior Year Actual	Actual	Budget		Over (Under)
Receipts					
Charges for Services					
Water Sales	\$ 279,713.48	\$ 302,594.55	\$ 325,000.00	\$	(22,405.45)
Service Fees	1,480.00	2,640.00	6,300.00		(3,660.00)
Use of Money and Property					
Interest Income	44.15	112.20	500.00		(388.00)
Other Receipts					
Miscellaneous	2,890.01	2,940.50	-		2,941.00
Reimbursed Expense	516.98	976.27	1,000.00		(24.00)
Total Receipts	284,644.62	309,263.52	\$ 332,800.00	\$	(23,536.45)
Expenditures					
Treatment and Distribution					
Personal Services	32,832.96	62,539.44	\$ 76,000.00	\$	(13,460.56)
Contractual Services	22,311.30	22,808.50	26,315.00		(3,506.50)
Commodities	129,007.28	137,640.49	158,000.00		(20,359.51)
Capital Outlay	8,250.23	3,972.86	11,000.00		(7,027.14)
Operating Transfers to:					
General Fund	-	-	5,000.00		(5,000.00)
Library Fund	3,000.00	3,000.00	3,000.00		-
Swimming Pool Fund	7,000.00	6,000.00	10,000.00		(4,000.00)
Insurance and Equipment					
Reserve Fund	3,000.00	3,000.00	3,000.00		-
Water Utility Bond and Interest Fund	46,000.00	42,000.00	42,000.00		-
Economic Development Fund	3,000.00	-	-		-
Water Utility Reserve Fund	10,500.00	-	18,000.00		(18,000.00)
Total Expenditures	264,901.77	280,961.29	\$ 352,315.00	\$	(71,353.71)
Receipts Over(Under) Expenditures	19,742.85	28,302.23			
Unencumbered Cash, Beginning	8,725.61	28,468.46			
Unencumbered Cash, Ending	\$ 28,468.46	\$ 56,770.69			

**CITY OF ALTAMONT, KANSAS**  
**WATER UTILITY RESERVE FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 16.21	\$ 24.92
Operating Transfers from		
Water Utility Fund	10,500.00	-
Total Receipts	10,516.21	24.92
Expenditures		
General Government		
Capital Outlay	-	580.67
Total Expenditures	-	580.67
Receipts Over(Under) Expenditures	10,516.21	(555.75)
Unencumbered Cash, Beginning	8,481.37	18,997.58
Unencumbered Cash, Ending	\$ 18,997.58	\$ 18,441.83

**CITY OF ALTAMONT, KANSAS**  
**WATER UTILITY BOND AND INTEREST FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Transfers from:				
Water Project Fund	\$ 97,906.60	\$ -	\$ -	\$ -
Water Utility Fund	46,000.00	42,000.00	42,000.00	-
Total Receipts	143,906.60	42,000.00	\$ 42,000.00	\$ -
Expenditures				
Debt Service				
Bond Principal	13,709.00	14,086.00	\$ 42,000.00	\$ (27,914.00)
Bond Interest	6,867.50	26,490.50	-	26,490.50
Total Expenditures	20,576.50	40,576.50	\$ 42,000.00	\$ (1,423.50)
Receipts Over(Under) Expenditures	123,330.10	1,423.50		
Unencumbered Cash, Beginning	20,000.00	143,330.10		
Unencumbered Cash, Ending	\$ 143,330.10	\$ 144,753.60		

**CITY OF ALTAMONT, KANSAS**  
**SEWER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Receipts				
Charges for Services				
Sewer Collections	\$ 149,123.79	\$ 145,351.33	\$ 184,000.00	\$ (38,648.67)
Service Fees	500.00	600.00	500.00	100.00
Use of Money and Property				
Interest Income	82.86	98.20	200.00	(101.80)
Other Receipts				
Reimbursed Expense	6,233.46	4,300.32	1,000.00	3,300.32
Total Receipts	155,940.11	150,349.85	\$ 185,700.00	\$ (35,350.15)
Expenditures				
General Government				
Personal Services	63,912.58	85,631.80	\$ 81,000.00	\$ 4,631.80
Contractual Services	22,225.92	19,961.75	29,500.00	(9,538.25)
Commodities	19,034.47	13,928.70	22,000.00	(8,071.30)
Capital Outlay	-	2,228.34	15,044.00	(12,815.66)
Operating Transfers to:				
Economic Development Fund	2,000.00	-	-	-
Sewer Utility Reserve Fund	24,000.00	-	77,800.00	(77,800.00)
Total Expenditures	131,172.97	121,750.59	\$ 225,344.00	\$ (103,593.41)
Receipts Over(Under) Expenditures	24,767.14	28,599.26		
Unencumbered Cash, Beginning	38,277.97	63,045.11		
Unencumbered Cash, Ending	\$ 63,045.11	\$ 91,644.37		

**CITY OF ALTAMONT, KANSAS**  
**SEWER UTILITY RESERVE FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 68.52	\$ 139.12
Reimbursed Expense	-	11,475.00
Operating Transfers from Sewer Utility Fund	24,000.00	-
Total Receipts	24,068.52	11,614.12
Expenditures		
General Government		
Capital Outlay	6,277.91	90,063.81
Total Expenditures	6,277.91	90,063.81
Receipts Over(Under) Expenditures	17,790.61	(78,449.69)
Unencumbered Cash, Beginning	147,346.02	165,136.63
Unencumbered Cash, Ending	\$ 165,136.63	\$ 86,686.94

**CITY OF ALTAMONT, KANSAS**  
**GAS UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Receipts				
Charges for Services				
Gas Sales	\$ 275,205.33	\$ 302,110.22	\$ 600,000.00	\$ (297,889.78)
Service Fees	925.00	3,140.00	1,500.00	1,640.00
Use of Money and Property				
Interest Income	115.27	103.22	200.00	(96.78)
Other Receipts				
Reimbursed Expense	610.91	1,686.75	1,000.00	686.75
Total Receipts	276,856.51	307,040.19	\$ 602,700.00	\$ (295,659.81)
Expenditures				
General Government				
Personal Services	93,355.06	65,169.73	\$ 129,000.00	\$ (63,830.27)
Contractual Services	154,841.31	204,455.49	353,650.00	(149,194.51)
Commodities	11,990.09	16,700.81	25,000.00	(8,299.19)
Capital Outlay	2,190.51	9,539.69	20,000.00	(10,460.31)
Operating Transfers to:				
General Fund	-	-	51,000.00	(51,000.00)
Swimming Pool Fund	3,000.00	7,000.00	-	7,000.00
Gas Utility Reserve Fund	-	-	35,500.00	(35,500.00)
Insurance and Equipment				
Reserve Fund	-	-	8,000.00	(8,000.00)
Economic Development Fund	6,000.00	-	-	-
Total Expenditures	271,376.97	302,865.72	\$ 622,150.00	\$ (319,284.28)
Receipts Over(Under) Expenditures	5,479.54	4,174.47		
Unencumbered Cash, Beginning	26,679.35	32,158.89		
Unencumbered Cash, Ending	\$ 32,158.89	\$ 36,333.36		



**CITY OF ALTAMONT, KANSAS**  
**GAS UTILITY RESERVE FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2017

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 62.97	\$ 121.59
Total Receipts	62.97	121.59
Expenditures		
General Government		
Capital Outlay	522.20	580.67
Total Expenditures	522.20	580.67
Receipts Over(Under) Expenditures	(459.23)	(459.08)
Unencumbered Cash, Beginning	89,229.79	88,770.56
Unencumbered Cash, Ending	\$ 88,770.56	\$ 88,311.48

**CITY OF ALTAMONT, KANSAS**  
**SANITATION UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year			Variance -
	Prior Year Actual	Actual	Budget		Over (Under)
Receipts					
Charges for Services					
Sanitation Collections	\$ 112,585.32	\$ 125,297.47	\$ 170,000.00	\$	(44,702.53)
Use of Money and Property					
Interest Income	18.06	37.39	500.00		(462.61)
Other Receipts					
Miscellaneous	63.55	53.55	-		53.55
Reimbursed Expense	-	-	500.00		(500.00)
Total Receipts	112,666.93	125,388.41	\$ 171,000.00	\$	(45,611.59)
Expenditures					
General Government					
Personal Services	19,400.57	30,561.13	\$ 60,100.00	\$	(29,538.87)
Contractual Services	52,684.94	54,299.22	78,000.00		(23,700.78)
Commodities	6,334.84	11,135.89	10,000.00		1,135.89
Capital Outlay	1,715.00	903.04	10,098.00		(9,194.96)
Operating Transfers to:					
Insurance and Equipment					
Reserve Fund	-	-	15,600.00		(15,600.00)
Fire Truck and Siren G.O. Bond and Interest Fund	15,996.00	8,400.00	8,400.00		-
Total Expenditures	96,131.35	105,299.28	\$ 182,198.00	\$	(76,898.72)
Receipts Over(Under) Expenditures	16,535.58	20,089.13			
Unencumbered Cash, Beginning	324.94	16,860.52			
Unencumbered Cash, Ending	\$ 16,860.52	\$ 36,949.65			

**CITY OF ALTAMONT, KANSAS**  
**SWIMMING POOL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2017

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

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Receipts				
Charges for Services				
Gate Receipts, Swimming Lessons, and Season Tickets	\$ 12,233.80	\$ 13,577.39	\$ 13,200.00	\$ 377.39
Use of Money and Property				
Interest Income	-	-	10.00	(10.00)
Other Receipts				
Miscellaneous	-	-	400.00	(400.00)
Reimbursed Expense	-	80.00	-	80.00
Operating Transfers from:				
Electric Utility Fund	18,000.00	15,000.00	39,000.00	(24,000.00)
Gas Utility Fund	3,000.00	7,000.00	-	7,000.00
Water Utility Fund	7,000.00	6,000.00	-	6,000.00
Total Receipts	40,233.80	41,657.39	\$ 52,610.00	\$ (10,952.61)
Expenditures				
Culture and Recreation				
Personal Services	22,088.77	23,120.83	\$ 25,400.00	\$ (2,279.17)
Contractual Services	1,547.06	2,390.26	5,000.00	(2,609.74)
Commodities	17,063.90	13,993.28	19,000.00	(5,006.72)
Capital Outlay	1,163.00	1,814.85	7,008.00	(5,193.15)
Total Expenditures	41,862.73	41,319.22	\$ 56,408.00	\$ (15,088.78)
Receipts Over(Under) Expenditures	(1,628.93)	338.17		
Unencumbered Cash, Beginning	2,288.77	659.84		
Unencumbered Cash, Ending	\$ 659.84	\$ 998.01		

**CITY OF ALTAMONT, KANSAS**  
**AGENCY FUNDS**  
Summary of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended December 31, 2017

Funds	Beginning Cash Balances	Receipts	Disbursements	Ending Cash Balances
Sales Tax Fund	\$ 2,268.16	\$ 26,861.58	\$ 26,852.28	\$ 2,277.46
Utility Deposits Fund	8,961.37	4,080.00	5,409.49	7,631.88
Unapplied Utility Credit Fund	20,133.08	4,744.37	539.47	24,337.98
Heatshare Donations Fund	14.55	1,710.62	1,725.17	-
Al's Fitness Center	-	1,775.00	1,640.00	135.00
Flexible Medical Spending Account	-	4,110.00	4,110.00	-
Fire Department Donations	325.00	2,670.00	-	2,995.00
Total Agency Funds	<u>\$ 31,702.16</u>	<u>\$ 45,951.57</u>	<u>\$ 40,276.41</u>	<u>\$ 37,377.32</u>



The Honorable Mayor and City Council  
City of Altamont, Kansas

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

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

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

#### Preparation of Financial Statement

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

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Jarred, Gilmore & Phillips, PA  
CERTIFIED PUBLIC ACCOUNTANTS

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### Segregation of Duties

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

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

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

JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
August 2, 2018