

THE CITY OF INDEPENDENCE, KANSAS

**AUDITORS' REPORTS AND
FINANCIAL STATEMENT**

December 31, 2016

CITY OF INDEPENDENCE, KANSAS
FINANCIAL STATEMENT
For the Year Ended
December 31, 2016
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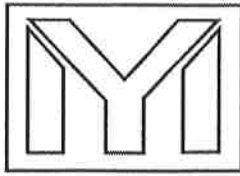
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John D. Carroll, CPA
Emily S. Erbe, CPA
Ashley R. Osburn, CPA, MBAA
David W. Schwenker

YERKES & MICHELS, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS
American Institute of Certified Public Accountants
Kansas Society of Certified Public Accountants
An Independent C.P.A. Firm

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Commissioners
City of Independence, Kansas
120 N. 6th Street
Independence, KS 67301

Report on the Financial Statements

We were engaged to audit the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Independence, Kansas, as of and for the year ended December 31, 2016 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 statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter(s) described in the basis for disclaimer of opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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 Independence, 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 Independence, Kansas, as of December 31, 2016, or changes in financial position or cash flows thereof for the year then ended.

Basis for Disclaimer of Opinion on Regulatory Basis of Accounting

As described in the accompanying schedule of findings and questioned costs as Findings 2016-001 and 2016-002, a material amount of journal entries were posted to numerous funds and accounts that lacked documentation and were considered unreasonable. Additionally, a material adjustment to cash was required to be made to reconcile the cash account to the bank balance; however, this adjustment is due to unknown errors or omissions and sufficient evidence could not be obtained to support the adjustment beyond the cash account. As we were unable to obtain sufficient appropriate audit evidence supporting the financial statement of the City of Independence, Kansas, consequently we were unable to determine whether the City of Independence, Kansas’s financial statement was present fairly, in all material respects in accordance with the regulatory basis of accounting.

Disclaimer of Opinion

Because of the significance of the matter described in the “Basis for Disclaimer of Opinion on Regulatory Basis of Accounting” paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statement of the City of Independence, Kansas. Accordingly, we do not express an opinion on these financial statements.

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, summary of regulatory basis receipts and disbursements – agency funds, schedules of regulatory basis receipts and expenditures – actual and budget – related municipal entities, (Schedules 1, 2, 3, and 4 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*. The *schedule of expenditures of federal awards* (Schedule 5 as listed in the table of contents) is presented for the purpose of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, and is also not a required part of the basic financial statement.

The *Supplementary 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. Because the matter discussed in the “Basis for Disclaimer of Opinion on Regulatory Basis of Accounting” extends to the underlying accounting and other records used to prepare the supplementary information, we have not been able to obtain sufficient appropriate

audit evidence to provide a basis for an audit opinion on the supplementary information of the City of Independence, Kansas. Accordingly, we do not express an opinion on the supplementary information.

The 2015 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2016 basic financial statement upon which we rendered a disclaimer of opinion. The 2015 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://da.ks.gov/ar/muniserv/>. Such 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 2015 basic financial statement. The 2015 comparative information was 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 2015 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 2015 comparative information is fairly stated in all material respects in relation to the 2015 basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Independence's internal control over financial reporting and compliance.



YERKES & MICHELS, CPA, LLC
Independence, Kansas

February 28, 2018

THE CITY OF INDEPENDENCE, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
Regulatory Basis

For the Year Ended December 31, 2016

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance	
<u>GOVERNMENTAL TYPE FUNDS:</u>								<u>GOVERNMENTAL TYPE FUNDS:</u>
General	\$ 1,375,873	\$ -	\$ 6,663,593	\$ 6,336,833	1,702,633	\$ 231,712	\$ 1,934,345	General
Special Purpose								Special Purpose
D.A.R.E. Fund	304	-	-	-	304	-	304	D.A.R.E. Fund
Industrial Fund	46,109	-	11,134	22,000	35,243	25,500	60,743	Industrial Fund
Crime Prevention Program Fund	1,776	-	71	-	1,847	-	1,847	Crime Prevention Program Fund
Economic Development Transportation Fund	864,735	-	297,096	175,221	986,610	65,739	1,052,349	Economic Development Transportation Fund
E 911 (NEW) Fund	(8,435)	-	195,779	123,341	64,003	42	64,045	E 911 (NEW) Fund
Incubator Building Fund	210,820	-	37,140	-	247,960	-	247,960	Incubator Building Fund
Education Sales Tax Fund	250,066	-	1,928,886	1,773,105	405,847	-	405,847	Education Sales Tax Fund
Pride Signs Fund	121	-	-	-	121	-	121	Pride Signs Fund
Skate Park Fund	1,675	-	-	-	1,675	-	1,675	Skate Park Fund
Special Use Sales Tax Fund	2,804,273	-	2,263,085	2,937,904	2,129,454	266,136	2,395,591	Special Use Sales Tax Fund
City Employee Benefits Fund	182,644	-	655,749	714,950	123,443	(380)	123,063	City Employee Benefits Fund
Special Park Fund	17,498	-	8,463	11,151	14,810	-	14,810	Special Park Fund
Library Fund	5,868	-	252,932	253,572	5,228	-	5,228	Library Fund
Downtown Tree Replacement Fund	34,447	-	-	16,393	18,054	-	18,054	Downtown Tree Replacement Fund
Special Park & Recreation Fund	27,029	-	25,844	31,540	21,333	-	21,333	Special Park & Recreation Fund
Special Alcohol Fund	20,051	-	25,844	26,825	19,070	-	19,070	Special Alcohol Fund
Demolition Fund	30,212	-	119,370	96,299	53,283	10,700	63,983	Demolition Fund
Liability Insurance Fund	5,944	-	72,482	78,218	208	-	208	Liability Insurance Fund
E-911 Fund	50,602	-	785	43,153	8,234	-	8,234	E-911 Fund
Quality of Life Tax Credits Fund	510,792	-	410	148,861	362,341	-	362,341	Quality of Life Tax Credits Fund
Quality of Life Tax Projects Fund	220,021	-	5,511	58,022	167,510	-	167,510	Quality of Life Tax Projects Fund
Cultural Arts Fund	3,487	-	-	-	3,487	-	3,487	Cultural Arts Fund
KHRC # ESG-FFY2013 Emerg. Shelter Grant	(1,000)	-	1,000	-	-	-	-	KHRC # ESG-FFY2013 Emerg. Shelter Grant
Law Enforcement Trust Fund	26,103	-	4,040	2,904	27,239	-	27,239	Law Enforcement Trust Fund
KHRC # ESG-FFY2012 Emerg. Shelter Grant	200	-	15,063	15,263	-	-	-	KHRC # ESG-FFY2012 Emerg. Shelter Grant
Walmart Grant	2,500	-	-	1,519	981	-	981	Walmart Grant
KHRC # ESG-FFY2014 Emerg. Shelter Grant	405	-	-	405	-	-	-	KHRC # ESG-FFY2014 Emerg. Shelter Grant
Debt Service Fund								Debt Service Fund
Bond and Interest Fund	277,262	-	2,079,476	1,277,356	1,079,382	-	1,079,382	Bond and Interest Fund

THE CITY OF INDEPENDENCE, KANSAS

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SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
Regulatory Basis

For the Year Ended December 31, 2016

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance	
<u>GOVERNMENTAL TYPE FUNDS:</u>								<u>GOVERNMENTAL TYPE FUNDS:</u>
Capital Project Funds								Capital Project Funds
AIP 3-20-0036-22-2016	-	-	837,657	637,719	199,938	(52,222)	147,716	AIP 3-20-0036-22-2016
Logan Fountain Fund	(1,906)	-	10,000	7,589	505	4,616	5,121	Logan Fountain Fund
Airport - Design Terminal Upgrade	(19,000)	-	-	-	(19,000)	1,646	(17,354)	Airport - Design Terminal Upgrade
Geometric - 10th & Chestnut	(78,429)	-	77,271	-	(1,158)	1,158	-	Geometric - 10th & Chestnut
FORPAZ Ticket Booth	(1,308)	-	1,308	-	-	-	-	FORPAZ Ticket Booth
2015 Community Chest	1,676	-	-	-	1,676	-	1,676	2015 Community Chest
CDBG # 15-PF-008	42,715	-	896,405	1,020,987	(81,867)	19,156	(62,710)	CDBG # 15-PF-008
CDBG #13-PF-013 Curb Ramps	(42,349)	-	42,349	-	-	-	-	CDBG #13-PF-013 Curb Ramps
AIP 3-20-00369-021 Runway Rehab	(3,527)	-	9,505	-	5,978	-	5,978	AIP 3-20-00369-021 Runway Rehab
KHRC # ESG-FFY 2016 Emergency Shelter	-	-	10,745	8,282	2,463	-	2,463	KHRC # ESG-FFY 2016 Emergency Shelter
2014 Street Projects	333,457	-	-	333,515	(58)	58	0	2014 Street Projects
ADA DJ # 204-29-144 Curb Ramps Design	316,583	-	-	28,830	287,753	-	287,753	ADA DJ # 204-29-144 Curb Ramps Design
10th & Main to 10th & Laurel Imprv. Fund	(5,100)	-	-	-	(5,100)	7,269	2,169	10th & Main to 10th & Laurel Imprv. Fund
USD #446 School Infrastructure Fund	(14,957)	-	14,957	-	-	-	-	USD #446 School Infrastructure Fund
Airport - Upgrade Restrooms	2,500	-	-	-	2,500	-	2,500	Airport - Upgrade Restrooms
Southeast Lift Station Fund	(463,430)	-	49,741	11,371	(425,060)	-	(425,060)	Southeast Lift Station Fund
West Main - 10 to 18th Fund	(387,259)	-	387,259	-	-	-	-	West Main - 10 to 18th Fund
2015-2016 KLINK Projects	466,796	-	-	266,448	200,348	4,662	205,010	2015-2016 KLINK Projects
CDBG #14-PF-018 Curb Ramps	276,712	-	282,852	585,653	(26,089)	-	(26,089)	CDBG #14-PF-018 Curb Ramps
Peter Pan Geometric	(87,694)	-	-	53,494	(141,188)	27,032	(114,156)	Peter Pan Geometric
<u>BUSINESS FUNDS:</u>								<u>BUSINESS FUNDS:</u>
Airport Fund	80,303	-	443,990	543,218	(18,925)	9,658	(9,267)	Airport Fund
Water & Sewer Fund	1,613,149	-	3,565,923	3,643,642	1,535,430	68,792	1,604,222	Water & Sewer Fund
Grinder Pump Replacement Fund	194,152	-	11,054	-	205,206	137	205,343	Grinder Pump Replacement Fund
Sanitation Fund	502,184	-	1,206,681	1,343,195	365,670	44,669	410,339	Sanitation Fund
TOTAL PRIMARY GOVERNMENT	\$ 9,686,651	\$ -	\$ 22,511,450	\$ 22,628,779	\$ 9,569,322	\$ 736,080	\$ 10,305,402	
<u>RELATED MUNICIPAL ENTITIES</u>								<u>RELATED MUNICIPAL ENTITIES</u>
Independence Public Library	122,489	-	606,884	560,358	169,015	18,944	187,959	Independence Public Library
Independence Housing Authority	6,126,393	-	1,143,924	1,458,723	5,811,595	121,057	5,932,652	Independence Housing Authority
TOTAL REPORTING ENTITY (Excluding Agency Funds)	\$ 15,935,534	\$ -	\$ 24,262,258	\$ 24,647,860	\$ 15,549,932	\$ 876,081	\$ 16,426,013	TOTAL REPORTING ENTITY (Excluding Agency Funds)

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT.

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2016

COMPOSITION OF CASH-Primary Government

Clerk's Cash On Hand		\$	550
Community National Bank - Independence, Ks.			
Checking Account (Operating)	\$	8,228,942	
Certificates of Deposit		6,437,076	
Less: Amount Allocated to Housing Authority		(5,932,652)	
		8,733,366	
Checking Account (Petty Cash)		1,500	
			8,734,866
Equity Bank, Independence, Ks.			
Monet Market Account	\$	603,031	
Certificate of Deposit		200,000	
			803,031
Commercial Bank, Independence, Ks.			
Monet Market Account			802,440
Rounding			(2)
Total Primary Government			10,340,885
Less: Agency Funds (Schedule 3)			(35,483)
TOTAL PRIMARY GOVERNMENT			10,305,402
RELATED MUNICIPAL ENTITIES			
Independence Public Library			
Cash on Hand	\$	50	
FirstOak Bank, Independence, Ks.			
Checking Account	\$	18,501	
Money Market Account		164,389	
	\$	182,890	
Community National Bank - Independence, Ks.			
Certificate of Deposit		5,019	
		\$	187,959
Independence Housing Authority			
Community National Bank - Independence, Ks.			
Checking Account			5,932,652
TOTAL RELATED MUNICIPAL ENTITIES		\$	6,120,611
TOTAL REPORTING ENTITY		\$	16,426,013

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1A. FINANCIAL REPORTING ENTITY

The City of Independence is a municipal corporation under the laws of the State of Kansas and is governed by an elected three-member Commission. The financial statement of the reporting entity includes those of the City of Independence (the primary government) and its related municipal entities. The related municipal entities are included in the City's reporting entity because they were established to benefit the City and/or its constituents.

- The *Independence Housing Authority* (IHA) is governed by a City-appointed board. The City appoints the Board, provides some administrative services to the Board and owns the buildings which the Housing Authority operates. The Housing Authority also manages and operates a duplex project jointly owned by the City and SEK Housing of Sedan, Kansas.
- The *Independence Library District*, which operates the City's public library, is governed by an appointed board. Four of the seven board members are appointed by the City. The Library is also fiscally dependent on the City for a portion of its revenue, but does receive tax revenues from other sources within the district.

1B. BASIS OF PRESENTATION AND 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 receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The 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 City to use the regulatory basis of accounting.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

1C. REGULATORY BASIS FUND TYPES

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities.

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 Independence, Kansas, for the year 2016:

GOVERNMENTAL FUNDS

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

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

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.

Capital Project Funds -- used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

BUSINESS FUNDS

Business Funds -- 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.).

FIDUCIARY TYPE FUNDS

Agency Funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

1D. REIMBURSEMENTS

The City of Independence, Kansas records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

1E. JOINTLY-GOVERNED ORGANIZATIONS

The City of Independence appoints two members to the board of the Independence Recreation Commission and Montgomery County Action Council, but does not control the boards or have financial responsibility for the organizations.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2A. 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 regulatory receipts 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. The budgets for the following funds were amended for the 2016 year: General, Library, and Sanitation.

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.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (cont'd)

2A. BUDGETARY INFORMATION (cont'd.)

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 regulatory receipts 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, agency funds, and the following special purpose and business funds: D.A.R.E., Crime Prevention Program, E 911 (New), Incubator Building, Smoke Detector Grant, Pride Signs, Miniature Train, Skate Park, Special Park, Downtown Tree Replacement, Demolition, E-911, Quality of Life Credits, Cultural Arts, Emergency Shelter Grant funds, Waste Tire Grant, Air Traffic Control Tower, Law Enforcement Trust, Wal-Mart Grant, WWTP Sales Tax, Map existing Airport Cir, Curb Ramps, Logan Fountain and Grinder Pump Replacement 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.

2B. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL MATTERS

Kansas Statute 10-816 states that warrants/checks outstanding for two years or more are to be cancelled and restored to the fund originally charged. As of December 31, 2016 the city had eight checks totaling \$3,472.72 that fit this criteria.

Kansas municipalities are subject to the cash-basis law as stated in Kansas Statute 10-1113 and Penal Statute 10-1121. The following Funds have a negative unencumbered cash balance at December 31, 2016:

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2016

2B. COMPLIANCE WITH FINANCE-RELATED LEGAL AND CONTRACTUAL MATTERS (cont'd)

- Peter Pan Geometric
- Airport Design Terminal Upgrade Fund
- Airport Fund
- 2014 Street Projects Fund
- 10th & Main Improvements Fund
- Southeast Lift Station Fund
- Geometric 10th & Chestnut

For funds reimbursed in the following fiscal year from Federal grant programs, the negative unencumbered cash is allowable under Kansas Statute 12-1663. This applies to:

- CDBG 14-PF-018 Fund
- CDBG 15-PF-008 Fund

Management is not aware of any other violations of compliance with Kansas Statutes or violations of other finance related legal matters.

NOTE 3 - DEPOSITS AND INVESTMENTS

At December 31, 2016, the City had no 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 or branch bank in the county in which the City is located or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

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

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2016

NOTE 3 - DEPOSITS AND INVESTMENTS (Cont'd)

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, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2014.

At December 31, 2016, the carrying amount of the City's deposits, including certificates of deposit, was \$16,272,989, which included \$5,932,652 belonging to the Independence Housing Authority and \$35,483 in agency funds. The bank balance was \$16,387,566. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was held by three banks. Of the bank balance \$750,000.00 was covered by FDIC insurance, creating a custodial credit risk and the remaining \$15,637,566 was collateralized by pledged securities held by the pledging financial institution's agents in the City's name.

At year-end the carrying amount of the Independence Public Library Board's deposits, including certificates of deposit was \$187,942.36. The bank balance was \$190,356.54. All of the bank balance was covered by FDIC insurance.

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

NOTE 4 – LONG-TERM DEBT

4A. LONG-TERM DEBT INFORMATION

SEE SCHEDULE ON PAGES 18-19.

4B. PRIOR YEAR DEFEASANCE OF DEBT

In prior years, the City defeased certain general obligation bonds by placing the proceeds of a new bond in an irrevocable trust to provide for all future debt service payments on the old bond. Accordingly, the trust account assets and the liability for the defeased bond is not included in the financial statements of the reporting entity. At December 31, 2016, the following defeased bond from prior years are outstanding:

<u>Bond Series</u>	<u>Amount</u>
Series 2010	1,865,000

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2016

NOTE 4 – LONG-TERM DEBT (Cont'd)

4C. PRIOR YEAR DEFEASANCE OF DEBT

The City issued \$1,875,000 of general obligation refunding bonds to advance refund a portion of the City's Series 2010-A General Obligation Bonds. The purpose of the refunding was to lower interest rates and provide taxpayers savings. As a result, the refunded bonds are considered to be defeased and the proceeds of new bonds were placed in an irrevocable trust to provide for all future debt service payments on the portion of the old bonds that were refunded. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements and the liability of the defeased debt has been removed from the government-wide financial statements. At December 31, 2016, the amount of outstanding defeased bonds totaled \$1,865,000.

NOTE 5 – CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

<u>Fund</u>	<u>Project Authorization</u>	<u>Expenditures To Date</u>
Southeast Lift Station	4,111,958.81	2,833,436.57
ADA DJ #204-29-144 Design Phase	2,906,552.80	1,769,416.31
W. Main 10 th to 18 th St.	5,620,386.35	5,555,178.85
CDBG #14-PF-022 Curb Ramps	800,000.00	775,348.11
CDBG #15-PF-008 Basin 5	1,000,000.00	1,081,271.85
AIP 20-0036-021 Airport Runway	1,140,777.90	1,146,894.62
AIP 20-0036-022 Airport Taxiway	915,317.00	637,719.01
Logan Fountain	249,000.00	196,107.48
Airport – Upgrade Restrooms	9,360.00	0.00
Airport – Design Terminal	500,000.00	20,000.00
2015-2016 KLINK US 160	737,313.42	746,966.67

NOTE 6 - DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are

THE CITY OF INDEPENDENCE, KANSAS
NOTES TO THE FINANCIAL STATEMENT

December 31, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN (cont'd)

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. 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 June 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 9.18% for the fiscal year ended December 31, 2016. Contributions to the pension plan from the City were \$444,856.24 and \$24,394.90 from the Library for the year ended December 31, 2016.

Net Pension Liability

At December 31, 2016, the City's proportionate share of the collective net pension liability reported by KPERS was \$4,196,612.00 and the Library's proportionate share is \$202,243.00. The net pension liability was measured as of June 30, 2016, 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, 2016. 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 publicly available on the website at www.kpers.org or can be obtained as described above.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2016

NOTE 7 - COMPENSATED ABSENCES

City employees with one year or more of service are eligible for vacation benefits varying from ten (10) days to twenty (20) days. Unused vacation earned during the current year can be carried over beyond the end of the succeeding year after it was earned. A maximum of 20 days may be carried over, but no new vacation time would be earned until a portion of the previous time was used. Any unused vacation time will be purchased from the employee upon termination.

City employees accumulate sick leave at the rate of one (1) day per month of service, up to one hundred-eighty (180) days. Sick leave may be accumulated and carried over to the next year, but is lost if the employee leaves the City's service. The liability for accrued vacation and sick pay is not reflected on the financial statements. Neither the actual or estimated amount of the liability was available at December 31, 2016. The cost of vacation and sick pay are recognized as expenditures when paid.

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to 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.

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. Settlements of claims have not exceeded coverage during the past three fiscal years.

NOTE 10 – USE OF ESTIMATES

The preparation of regulatory basis financial statements requires management to make estimates and assumptions that affect the reported amounts of expenditures during the audit period, encumbrances outstanding, and disclosure of contingencies at the end of the audit period. Actual results could differ from the estimates.

NOTE 11 - FLEXIBLE BENEFIT PLAN (I.R.C. SECTION 125)

The City adopted a salary-reduction flexible benefit plan under Section 125 of the Internal Revenue Code. All full time employees of the City are eligible to participate in the plan after 90 days of employment. Each employee may elect to reduce his or her salary to purchase benefits through the plan. Currently benefits offered through the plan involve health insurance, cancer insurance, and advantage disability insurance.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2016

NOTE 12 - INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	E-911 (New)		36,600.00
General	Logan Fountain		10,000.00
General	Demolition		50,000.00
General	KHRC #ESG-FFY2013		1,000.00
General	School Infrastructure		14,957.36
Education Sales Tax	Bond & Interest	K.S.A. 12-197	287,743.76
Special Use Sales Tax	Geometric – 10 th /Chest	K.S.A. 12-197	77,271.63
Special Use Sales Tax	W. Main – 10 th to 18th	K.S.A. 12-197	352,209.29
Special Use Sales Tax	Bond and Interest	K.S.A. 12-197	1,040,650.00
Housing Authority	Demolition		50,000.00
Water & Sewer	Bond & Interest	K.S.A. 12-825d	11,300.00
E-911 (Old)	E-911 (New)		43,152.62
Mem. Hall Tax Credit	General		148,861.00
2014 Street Projects	Special Use Sales Tax		333,515.18
KHRC #ESG-FFY2012	General		550.00
KHRC #ESG-FFY2012	KHRC #ESG-FFY2016		50.00

NOTE 13 – SUBSEQUENT EVENTS

On April 27, 2017 the commission approved to award the request of \$200,000 to Labette Health for economic development for the purpose of purchasing equipment for the emergency room department.

On May 11, 2017 the commission approved the contract for a new City Manager. He began his employment on June 8, 2017.

On September 14, 2017 the commission approved a resolution authorizing the application for a loan with KDHE not to exceed \$3,100,000 for wastewater system improvements.

On October 12, 2017 the commission adopted ordinances increasing the sanitation rates by 5%, the sewer rates by 16.5% in 2018 with annual increase of 3% each year until 2022 and water rates by 100% in 2018 with a 6.5% increase in 2019 and an annual increase of 3% each year until beginning in 2020 through 2022. The new rates will be effective January 1, 2018. The aggregate increase is not determinable but is material.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2016

NOTE 13 – SUBSEQUENT EVENTS (cont'd)

On December 14, 2017 the commission approved a settlement with the Rural Sewer District No. 2. The city will take over the operations and maintain the sewer district. The sewer district will continue to hold title and full ownership of its sewer collection system. The agreement ends an ongoing lawsuit. Both sides will bear its own attorney fees and costs. The city will receive the income from acquiring the District's customers; however, the city will pay equal portions of the District's outstanding debt, which at the date of the agreement is equal to \$87,407.12. The city's share would be \$43,703.56 or \$4,014.23 payable every March and September 1st, until 2023.

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

For the Year Ended December 31, 2016

NOTE 4 - LONG-TERM DEBT

Changes in long-term liabilities for the Entity
for the year ended December 31, 2016, were as follows:

Issue	Interest Rates %	Date of Issue	Amount Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
GENERAL OBLIGATION BONDS										
Series A 2007	3.95-5.00	04/01/2007	620,000.00	2027	300,000.00		50,000.00	(50,000.00)	250,000.00	12,437.50
Series A 2009	3.00-4.00	10/01/2009	170,000.00	2019	80,000.00		20,000.00	(20,000.00)	60,000.00	3,200.00
Series A 2010	3.25-4.125	12/22/2010	3,240,000.00	2026	2,525,000.00		2,070,000.00	(2,070,000.00)	455,000.00	91,931.26
Series A 2012	2.00-2.75	02/01/2012	4,065,000.00	2026	2,985,000.00		335,000.00	(335,000.00)	2,650,000.00	66,518.76
Series A 2013	2.00-2.70	09/19/2013	2,940,000.00	2023	2,400,000.00		280,000.00	(280,000.00)	2,120,000.00	53,700.00
Series A 2015	0.7-3.00	07/22/2015	1,960,000.00	2030	1,925,000.00		110,000.00	(110,000.00)	1,815,000.00	46,895.00
Series A 2016	2.00-3.00	07/12/2016	1,875,000.00	2026		1,875,000.00		1,875,000.00	1,875,000.00	9,787.23
					<u>\$ 10,215,000.00</u>	<u>\$ 1,875,000.00</u>	<u>\$ 2,865,000.00</u>	<u>\$ (990,000.00)</u>	<u>\$ 9,225,000.00</u>	<u>\$ 284,469.75</u>
CAPITAL LEASES										
2007 International	2.67	01/18/2013	112,500.00	2018	58,114.23		22,784.34	(22,784.34)	35,329.89	1,400.58
Case Wheel Loader	1.85	04/16/2014	139,300.00	2018	85,114.13		13,861.17	(13,861.17)	71,252.96	787.31
2015 Traumahawk	1.76	10/15/2015	230,000.00	2020	230,000.00		46,811.68	(46,811.68)	183,188.32	1,020.32
Toshiba Phone System	1.89	07/25/2015	28,135.00	2020	28,135.00		5,418.28	(5,418.28)	22,716.72	531.76
2015 Osage	1.89	05/15/2015	149,610.95	2020	149,610.95		28,807.82	(28,807.82)	120,803.13	2,832.14
Sanitation Truck & Backhoe	1.95	04/01/2016	169,500.00	2021		169,500.00	16,215.53	153,284.47	153,284.47	1,657.15
					<u>\$ 550,974.31</u>	<u>\$ 169,500.00</u>	<u>\$ 133,898.82</u>	<u>\$ 35,601.18</u>	<u>\$ 586,575.49</u>	<u>\$ 8,229.26</u>
OTHER DEBT										
Kansas Dept. of Health and Environment (KDHE)										
Loan C-20-1241-01	3.54	08/31/1995	418,306.00	2016	28,287.29		28,287.29	(28,287.29)	-	753.23
Loan C-20-1915-01	2.25	10/24/2011	225,000.00	2028	2,050,124.78	405,655.00	173,828.80	231,826.20	2,281,950.98	50,173.44
					<u>\$ 2,078,412.07</u>	<u>\$ 405,655.00</u>	<u>\$ 202,116.09</u>	<u>\$ 203,538.91</u>	<u>\$ 2,281,950.98</u>	<u>\$ 50,926.67</u>
TOTAL LONG TERM DEBT					<u>\$ 12,844,386.38</u>	<u>\$ 2,450,155.00</u>	<u>\$ 3,201,014.91</u>	<u>\$ (750,859.91)</u>	<u>\$ 12,093,526.47</u>	<u>\$ 343,625.68</u>

THE CITY OF INDEPENDENCE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2016

NOTE 4 - LONG-TERM DEBIT (cont'd)

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

	Year <u>2017</u>	Year <u>2018</u>	Year <u>2019</u>	Year <u>2020</u>	Year <u>2021</u>	<u>2022-2026</u>	<u>2027-2031</u>	<u>TOTAL</u>
PRINCIPAL								
General Obligation Bonds								
Series A 2007	\$ 50,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ 70,000.00	\$ 10,000.00	\$ 250,000.00
Series A 2009	20,000.00	20,000.00	20,000.00	-	-	-	-	60,000.00
Series A 2010	220,000.00	235,000.00	-	-	-	-	-	455,000.00
Series A 2012	320,000.00	240,000.00	240,000.00	250,000.00	255,000.00	1,345,000.00	-	2,650,000.00
Series A 2013	285,000.00	290,000.00	295,000.00	300,000.00	310,000.00	640,000.00	-	2,120,000.00
Series A 2015	110,000.00	115,000.00	120,000.00	120,000.00	120,000.00	645,000.00	585,000.00	1,815,000.00
Series A 2016	-	-	260,000.00	265,000.00	205,000.00	1,145,000.00	-	1,875,000.00
Capital Leases								
2015 Traumahawk	44,599.05	45,392.83	46,191.74	47,004.70	-	-	-	183,188.32
2008 International	23,396.74	11,933.15	-	-	-	-	-	35,329.89
Toshiba Phone System	5,520.68	5,625.03	5,731.34	5,839.67	-	-	-	22,716.72
Case Wheel Loader	42,357.57	28,895.39	-	-	-	-	-	71,252.96
2015 Osage	29,353.16	29,908.81	30,474.99	31,066.17	-	-	-	120,803.13
Sanitation Truck & Backhoe	32,916.48	33,561.48	34,219.12	34,886.81	17,700.58	-	-	153,284.47
Other Debt								
KDHE Loan 20-1915	167,996.92	172,223.09	176,555.58	180,997.06	185,550.27	1,000,160.77	398,467.29	2,281,950.98
TOTAL PRINCIPAL	\$ 1,351,140.60	\$ 1,257,539.78	\$ 1,258,172.77	\$ 1,264,794.41	\$ 1,123,250.85	\$ 4,845,160.77	\$ 993,467.29	\$ 12,093,526.47
INTEREST								
General Obligation Bonds								
Series A 2007	\$ 10,462.50	\$ 8,487.50	\$ 7,227.50	\$ 5,967.50	\$ 4,707.50	\$ 9,572.50	\$ 437.50	\$ 46,862.50
Series A 2009	2,400.00	1,600.00	800.00	-	-	-	-	4,800.00
Series A 2010	14,237.50	7,637.50	-	-	-	-	-	21,875.00
Series A 2012	59,818.76	53,418.76	48,618.76	43,818.76	38,818.76	106,400.04	-	350,893.84
Series A 2013	48,100.00	42,400.00	36,600.00	30,700.00	24,250.00	25,740.00	-	207,790.00
Series A 2015	46,125.00	43,925.00	41,625.00	39,225.00	36,825.00	142,750.00	44,400.00	394,875.00
Series A 2016	44,600.00	44,600.00	44,600.00	39,400.00	34,100.00	98,750.00	-	306,050.00
Capital Leases								
2015 Traumahawk	3,232.95	2,439.17	1,640.26	827.28	-	-	-	8,139.66
2008 International	788.17	159.31	-	-	-	-	-	947.48
Toshiba Phone System	429.36	325.01	218.70	110.37	-	-	-	1,083.44
Case Wheel Loader	1,587.87	401.54	-	-	-	-	-	1,989.41
2015 Osage	2,286.80	1,731.15	1,164.97	588.08	-	-	-	5,771.00
Sanitation Truck & Backhoe	2,828.88	2,183.88	1,526.24	858.55	172.11	-	-	7,569.66
Other Debt								
KDHE Loan 20-1915	56,005.32	51,779.15	47,446.66	43,005.18	38,451.97	119,850.43	11,829.75	368,368.46
TOTAL INTEREST	\$ 292,903.11	\$ 261,087.97	\$ 231,468.09	\$ 204,500.72	\$ 177,325.34	\$ 503,062.97	\$ 56,667.25	\$ 1,727,015.45
TOTAL PRINCIPAL AND INTEREST	\$ 1,644,043.71	\$ 1,518,627.75	\$ 1,489,640.86	\$ 1,469,295.13	\$ 1,300,576.19	\$ 5,348,223.74	\$ 1,050,134.54	\$ 13,820,541.92

SCHEDULE 1

THE CITY OF INDEPENDENCE, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2016

	<u>Certified Budget</u>	<u>Adjmt. For Qualifying Budget Cr.</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavorable)</u>	
<u>GOVERNMENTAL TYPE FUNDS:</u>						<u>GOVERNMENTAL TYPE FUNDS:</u>
General	\$ 6,880,037.00	\$ -	\$ 6,880,037.00	\$ 6,336,833.00	\$ 543,204.00	General
Special Purpose						Special Purpose
Industrial Fund	91,000.00	-	91,000.00	22,000.00	69,000.00	Industrial Fund
Economic Development Transportation Fund	1,080,141.00	-	1,080,141.00	175,220.86	904,920.14	Economic Development Transportation Fund
Education Sales Tax Fund	1,931,000.00	-	1,931,000.00	1,773,105.00	157,895.00	Education Sales Tax Fund
Special Use Sales Tax Fund	3,997,623.00	-	3,997,623.00	2,937,904.27	1,059,718.73	Special Use Sales Tax Fund
City Employee Benefits Fund	810,702.00	-	810,702.00	714,950.00	95,752.00	City Employee Benefits Fund
Library Fund	274,508.00	-	274,508.00	253,572.00	20,936.00	Library Fund
Special Park & Recreation Fund	44,000.00	-	44,000.00	31,540.00	12,460.00	Special Park & Recreation Fund
Special Alcohol Fund	30,000.00	-	30,000.00	26,825.00	3,175.00	Special Alcohol Fund
Liability Insurance Fund	84,100.00	-	84,100.00	78,218.00	5,882.00	Liability Insurance Fund
Quality of Life Tax Credits Fund	410,791.00	-	410,791.00	148,861.00	261,930.00	Quality of Life Tax Credits Fund
Quality of Life Tax Projects Fund	241,468.00	-	241,468.00	58,022.00	183,446.00	Quality of Life Tax Projects Fund
Debt Service Fund						Debt Service Fund
Bond and Interest	1,543,432.00	-	1,543,432.00	1,277,356.00	266,076.00	Bond and Interest
<u>BUSINESS FUNDS:</u>						<u>BUSINESS FUNDS:</u>
Airport Fund	632,922.00	-	632,922.00	543,218.00	89,704.00	Airport Fund
Water & Sewer Fund	4,016,881.00	-	4,016,881.00	3,643,642.00	373,239.00	Water & Sewer Fund
Sanitation Fund	1,641,948.00	-	1,641,948.00	1,343,195.00	298,753.00	Sanitation Fund
<u>RELATED MUNICIPAL ENTITIES:</u>						<u>RELATED MUNICIPAL ENTITIES:</u>
Independence Public Library						Independence Public Library
General Fund	606,700.00	-	606,700.00	560,358.00	46,342.00	General Fund

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

GENERAL FUND

For the Year Ended December 31, 2016

	Prior Year Actual	CURRENT YEAR		Variance Favorable (Unfavorable)
		Actual	Budget	
RECEIPTS				
Taxes	\$ 606,152.00	\$ 790,935.00	\$ 1,143,416.00	\$ (352,481.00)
Local Sales Tax	1,996,191.00	1,928,886.00	2,413,750.00	(484,864.00)
Special Use Sales Tax	-	482,221.00	-	482,221.00
Franchise Tax	516,559.00	464,271.00	526,000.00	(61,729.00)
Ambulance	1,210,363.00	735,098.00	1,000,500.00	(265,402.00)
Municipal Court	159,055.00	150,020.00	195,000.00	(44,980.00)
Streets & traffic	338,955.00	338,396.00	344,000.00	(5,604.00)
Memorial Hall	44,704.00	174,926.00	27,000.00	147,926.00
Cemetery	66,165.00	56,395.00	49,100.00	7,295.00
Interest Income	3,695.00	8,375.00	3,500.00	4,875.00
Park	35,906.00	95,607.00	38,400.00	57,207.00
Miscellaneous	515,638.00	1,289,052.00	265,418.00	1,023,634.00
Transfers	501,375.00	149,411.00	-	149,411.00
TOTAL RECEIPTS	\$ 5,994,758.00	\$ 6,663,593.00	\$ 6,006,084.00	\$ 657,509.00
EXPENDITURES				
General Government	\$ 661,079.00	\$ 528,140.00	\$ 519,851.00	\$ (8,289.00)
Municipal Court	139,050.00	137,275.00	146,237.00	8,962.00
City Hall	114,235.00	307,568.00	106,800.00	(200,768.00)
Police Department	1,275,935.00	1,270,172.00	1,372,016.00	101,844.00
Animal Control	59,010.00	50,704.00	52,776.00	2,072.00
Emergency Preparedness	6,033.00	6,721.00	19,600.00	12,879.00
Public Safety	2,009,984.00	1,790,065.00	1,970,130.00	180,065.00
Engineering	13,200.00	10,920.00	20,000.00	9,080.00
Streets & Traffic	514,629.00	501,374.00	682,824.00	181,450.00
Street Lighting	155,273.00	157,163.00	156,000.00	(1,163.00)
Park	531,186.00	531,499.00	614,402.00	82,903.00
Cemetery	158,398.00	199,461.00	183,591.00	(15,870.00)
Memorial Hall	186,962.00	198,658.00	214,079.00	15,421.00
Special Improvements	122,285.00	169,354.00	723,730.00	554,376.00
City Hall Relocation	-	365,202.00	-	(365,202.00)
Transfers	169,772.00	112,557.00	98,001.00	(14,556.00)
TOTAL EXPENDITURES	\$ 6,117,031.00	\$ 6,336,833.00	\$ 6,880,037.00	\$ 543,204.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (122,273.00)	\$ 326,760.00		
UNENCUMBERED CASH, BEGINNING	1,498,146.00	1,375,873.00		
UNENCUMBERED CASH, ENDING	\$ 1,375,873.00	\$ 1,702,633.00		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

D.A.R.E. FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Miscellaneous	\$ -	\$ -
TOTAL RECEIPTS	\$ -	\$ -
EXPENDITURES		
Commodities	\$ -	\$ -
TOTAL EXPENDITURES	\$ -	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ -
UNENCUMBERED CASH, BEGINNING	304.00	304.00
UNENCUMBERED CASH, ENDING	\$ 304.00	\$ 304.00

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

INDUSTRIAL FUND

For the Year Ended December 31, 2016

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
RECEIPTS				
Taxes	\$ 16,073.00	\$ 11,134.00	\$ 44,439.00	\$ (33,305.00)
Other Income	-	-	-	-
TOTAL RECEIPTS	\$ 16,073.00	\$ 11,134.00	\$ 44,439.00	\$ (33,305.00)
EXPENDITURES				
Capital Projects	\$ -	\$ -	\$ 71,500.00	\$ 71,500.00
Big Mac	15,680.00	17,000.00	17,000.00	-
Chamber of Commerce	-	5,000.00	2,500.00	(2,500.00)
TOTAL EXPENDITURES	\$ 15,680.00	\$ 22,000.00	\$ 91,000.00	\$ 69,000.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 393.00	\$ (10,866.00)		
UNENCUMBERED CASH, BEGINNING	45,716.00	46,109.00		
UNENCUMBERED CASH, ENDING	\$ 46,109.00	\$ 35,243.00		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

CRIME PREVENTION PROGRAM FUND

For the Year Ended December 31, 2016

	Prior Year Actual	Actual
RECEIPTS		
Miscellaneous	\$ -	\$ 71.00
TOTAL RECEIPTS	\$ -	\$ 71.00
EXPENDITURES		
Capital Outlay	\$ -	\$ -
TOTAL EXPENDITURES	\$ -	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ 71.00
UNENCUMBERED CASH, BEGINNING	1,776.00	1,776.00
UNENCUMBERED CASH, ENDING	\$ 1,776.00	\$ 1,847.00

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

ECONOMIC DEVELOPMENT TRANSPORTATION FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS				
Franchise Tax	\$ 275,755.00	\$ 297,096.00	\$ 289,000.00	\$ 8,096.00
Other	-	-	-	-
TOTAL RECEIPTS	\$ 275,755.00	\$ 297,096.00	\$ 289,000.00	\$ 8,096.00
EXPENDITURES				
Economic Development Incentives	\$ 137,942.00	\$ 175,221.00	\$ 1,080,141.00	\$ 904,920.00
Transfers	-	-	-	-
TOTAL EXPENDITURES	\$ 137,942.00	\$ 175,221.00	\$ 1,080,141.00	\$ 904,920.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 137,813.00	\$ 121,875.00		
UNENCUMBERED CASH, BEGINNING	726,922.00	864,735.00		
UNENCUMBERED CASH, ENDING	\$ 864,735.00	\$ 986,610.00		

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

E 911 (NEW) FUND

For the-Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
State of Kansas	\$ 91,938.00	\$ 115,728.00
Interest	1.00	298.00
Transfers	-	79,753.00
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ 91,939.00	\$ 195,779.00
	<hr/>	<hr/>
EXPENDITURES		
Capital Outlay	\$ 82,059.00	\$ 123,341.00
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 82,059.00	\$ 123,341.00
	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 9,880.00	\$ 72,438.00
UNENCUMBERED CASH, BEGINNING	<hr/> (18,315.00)	<hr/> (8,435.00)
UNENCUMBERED CASH, ENDING	<hr/> \$ (8,435.00)	<hr/> \$ 64,003.00

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

INCUBATOR BUILDING FUND

For the Year Ended December 31, 2016

	<u>CURRENT YEAR</u>	
	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Rent Income	\$ 43,330.00	\$ 37,140.00
	<hr/>	
TOTAL RECEIPTS	\$ 43,330.00	\$ 37,140.00
	<hr/>	
EXPENDITURES		
Contactual	\$ -	\$ -
	<hr/>	
TOTAL EXPENDITURES	\$ -	\$ -
	<hr/>	
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 43,330.00	\$ 37,140.00
	<hr/>	
UNENCUMBERED CASH, BEGINNING	167,490.00	210,820.00
	<hr/>	
UNENCUMBERED CASH, ENDING	\$ 210,820.00	\$ 247,960.00
	<hr/>	

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

EDUCATION SALES TAX FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS				
Sales Taxes	\$ 1,996,191.00	\$ 1,928,886.00	\$ 1,931,000.00	\$ (2,114.00)
TOTAL RECEIPTS	\$ 1,996,191.00	\$ 1,928,886.00	\$ 1,931,000.00	\$ (2,114.00)
EXPENDITURES				
Capital Outlay	\$ 1,596,232.00	\$ 1,485,361.00	\$ 1,698,000.00	\$ 212,639.00
Transfers	225,894.00	287,744.00	233,000.00	(54,744.00)
TOTAL EXPENDITURES	\$ 1,822,126.00	\$ 1,773,105.00	\$ 1,931,000.00	\$ 157,895.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 174,065.00	\$ 155,781.00		
UNENCUMBERED CASH, BEGINNING	76,001.00	250,066.00		
UNENCUMBERED CASH, ENDING	\$ 250,066.00	\$ 405,847.00		

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

PRIDE SIGNS FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Miscellaneous	\$ -	\$ -
TOTAL RECEIPTS	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES		
Capital Outlay	\$ -	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ -
UNENCUMBERED CASH, BEGINNING	<u>121.00</u>	<u>121.00</u>
UNENCUMBERED CASH, ENDING	<u>\$ 121.00</u>	<u>\$ 121.00</u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

SKATE PARK FUND

For the Year Ended December 31, 2016

	Prior Year Actual	Actual
RECEIPTS		
Miscellaneous	\$ -	\$ -
	<hr/>	
TOTAL RECEIPTS	\$ -	\$ -
	<hr/>	
EXPENDITURES		
Capital Outlay	\$ -	\$ -
	<hr/>	
TOTAL EXPENDITURES	\$ -	\$ -
	<hr/>	
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ -
	<hr/>	
UNENCUMBERED CASH, BEGINNING	1,675.00	1,675.00
	<hr/>	
UNENCUMBERED CASH, ENDING	\$ 1,675.00	\$ 1,675.00
	<hr/>	

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

SPECIAL USE SALES TAX FUND

For the Year Ended December 31, 2016

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
RECEIPTS				
Sales Tax	\$ 1,996,191.00	\$ 1,928,886.00	\$ 1,931,000.00	\$ (2,114.00)
Interest	-	684.00	-	684.00
Transfers	-	333,515.00	-	333,515.00
TOTAL RECEIPTS	\$ 1,996,191.00	\$ 2,263,085.00	\$ 1,931,000.00	\$ 332,085.00
EXPENDITURES				
Capital Outlay	\$ 146,088.00	\$ 863,802.00	\$ 3,023,978.00	\$ 2,160,176.00
Transfers	1,125,404.00	2,074,102.00	973,645.00	(1,100,457.00)
TOTAL EXPENDITURES	\$ 1,271,492.00	\$ 2,937,904.00	\$ 3,997,623.00	\$ 1,059,719.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 724,699.00	\$ (674,819.00)		
UNENCUMBERED CASH, BEGINNING	2,079,574.00	2,804,273.00		
UNENCUMBERED CASH, ENDING	\$ 2,804,273.00	\$ 2,129,454.00		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

CITY EMPLOYEE BENEFITS FUND

For the Year Ended December 31, 2016

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
RECEIPTS				
Taxes	\$ 767,667.00	\$ 655,627.00	\$ 700,704.00	\$ (45,077.00)
Other Income	17,743.00	122.00		122.00
TOTAL RECEIPTS	\$ 785,410.00	\$ 655,749.00	\$ 700,704.00	\$ (44,955.00)
EXPENDITURES				
Personnel	\$ 586,353.00	\$ 591,555.00	\$ 606,636.00	15,081.00
Contractual	149,506.00	99,700.00	204,066.00	104,366.00
Miscellaneous	-	23,695.00	-	(23,695.00)
TOTAL EXPENDITURES	\$ 735,859.00	\$ 714,950.00	\$ 810,702.00	\$ 95,752.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 49,551.00	\$ (59,201.00)		
UNENCUMBERED CASH, BEGINNING	133,093.00	182,644.00		
UNENCUMBERED CASH, ENDING	\$ 182,644.00	\$ 123,443.00		

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

SPECIAL PARK FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Memorials	\$ 9,804.00	\$ 8,463.00
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ 9,804.00	\$ 8,463.00
	<hr/>	<hr/>
EXPENDITURES		
Commodities	\$ -	\$ -
Capital Outlay	3,462.00	11,151.00
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 3,462.00	\$ 11,151.00
	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 6,342.00	\$ (2,688.00)
	<hr/>	<hr/>
UNENCUMBERED CASH, BEGINNING	11,156.00	17,498.00
	<hr/>	<hr/>
UNENCUMBERED CASH, ENDING	\$ 17,498.00	\$ 14,810.00
	<hr/>	<hr/>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

LIBRARY FUND

For the Year Ended December 31, 2016

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
RECEIPTS				
Taxes	\$ 249,447.00	\$ 252,932.00	\$ 268,640.00	\$ (15,708.00)
TOTAL RECEIPTS	\$ 249,447.00	\$ 252,932.00	\$ 268,640.00	\$ (15,708.00)
EXPENDITURES				
Payments to the Library	\$ 243,579.00	\$ 253,572.00	\$ 274,508.00	\$ 20,936.00
TOTAL EXPENDITURES	\$ 243,579.00	\$ 253,572.00	\$ 274,508.00	\$ 20,936.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 5,868.00	\$ (640.00)		
UNENCUMBERED CASH, BEGINNING		5,868.00		
UNENCUMBERED CASH, ENDING	\$ 5,868.00	\$ 5,228.00		

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

DOWNTOWN TREE REPLACEMENT FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Transfers	\$ 33,447.00	\$ -
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ 33,447.00	\$ -
	<hr/>	<hr/>
EXPENDITURES		
Commodities	\$ -	\$ 16,393.00
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ -	\$ 16,393.00
	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 33,447.00	\$ (16,393.00)
UNENCUMBERED CASH, BEGINNING	<hr/> 1,000.00	<hr/> 34,447.00
UNENCUMBERED CASH, ENDING	<hr/> \$ 34,447.00	<hr/> \$ 18,054.00

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

SPECIAL PARK & RECREATION FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS				
Liquor Taxes	\$ 27,143.00	\$ 25,844.00	\$ 33,000.00	\$ (7,156.00)
Other revenue	5,214.00	-	-	-
TOTAL RECEIPTS	\$ 32,357.00	\$ 25,844.00	\$ 33,000.00	\$ (7,156.00)
EXPENDITURES				
Contractual	\$ 39,092.00	\$ 31,540.00	\$ 44,000.00	\$ 12,460.00
Reimbursed Expense			-	-
TOTAL EXPENDITURES	\$ 39,092.00	\$ 31,540.00	\$ 44,000.00	\$ 12,460.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (6,735.00)	\$ (5,696.00)		
UNENCUMBERED CASH, BEGINNING	33,764.00	27,029.00		
UNENCUMBERED CASH, ENDING	\$ 27,029.00	\$ 21,333.00		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

SPECIAL ALCOHOL FUND

For the Year Ended December 31, 2016

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
RECEIPTS				
Liquor Taxes	\$ 27,323.00	\$ 25,844.00	\$ 30,000.00	\$ (4,156.00)
TOTAL RECEIPTS	\$ 27,323.00	\$ 25,844.00	\$ 30,000.00	\$ (4,156.00)
EXPENDITURES				
Contractual	\$ 7,272.00	\$ 26,825.00	\$ 30,000.00	\$ 3,175.00
TOTAL EXPENDITURES	\$ 7,272.00	\$ 26,825.00	\$ 30,000.00	\$ 3,175.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 20,051.00	\$ (981.00)		
UNENCUMBERED CASH, BEGINNING		20,051.00		
UNENCUMBERED CASH, ENDING	\$ 20,051.00	\$ 19,070.00		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

DEMOLITION FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Demolition Proceeds	\$ 4,700.00	\$ 19,370.00
Transfers	100,000.00	100,000.00
TOTAL RECEIPTS	\$ 104,700.00	\$ 119,370.00
EXPENDITURES		
Contractual	\$ 136,851.00	\$ 96,299.00
TOTAL EXPENDITURES	\$ 136,851.00	\$ 96,299.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (32,151.00)	\$ 23,071.00
UNENCUMBERED CASH, BEGINNING	62,363.00	30,212.00
UNENCUMBERED CASH, ENDING	\$ 30,212.00	\$ 53,283.00

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

LIABILITY INSURANCE FUND

For the Year Ended December 31, 2016

	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
RECEIPTS				
Taxes	\$ 66,866.00	\$ 72,482.00	\$ 76,909.00	\$ (4,427.00)
Transfers	-	-	2,500.00	(2,500.00)
TOTAL RECEIPTS	\$ 66,866.00	\$ 72,482.00	\$ 79,409.00	\$ (6,927.00)
EXPENDITURES				
Contractual	\$ 73,241.00	\$ 78,218.00	\$ 84,100.00	\$ 5,882.00
TOTAL EXPENDITURES	\$ 73,241.00	\$ 78,218.00	\$ 84,100.00	\$ 5,882.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (6,375.00)	\$ (5,736.00)		
UNENCUMBERED CASH, BEGINNING	12,319.00	5,944.00		
UNENCUMBERED CASH, ENDING	\$ 5,944.00	\$ 208.00		

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

E-911 FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Interest	\$ 339.00	\$ 785.00
TOTAL RECEIPTS	<u>\$ 339.00</u>	<u>\$ 785.00</u>
EXPENDITURES		
Transfers	\$ -	\$ 43,153.00
Capital Outlay	6,615.00	
TOTAL EXPENDITURES	<u>\$ 6,615.00</u>	<u>\$ 43,153.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (6,276.00)	\$ (42,368.00)
UNENCUMBERED CASH, BEGINNING	<u>56,878.00</u>	<u>50,602.00</u>
UNENCUMBERED CASH, ENDING	<u>\$ 50,602.00</u>	<u>\$ 8,234.00</u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

QUALITY OF LIFE TAX CREDITS FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS				
Interest	\$ -	\$ 410.00	\$ -	\$ 410.00
Other Income	-	-	40,000.00	(40,000.00)
 TOTAL RECEIPTS	 \$ -	 \$ 410.00	 \$ 40,000.00	 \$ (39,590.00)
EXPENDITURES				
Transfers	\$ -	\$ 148,861.00	\$ 410,791.00	\$ 261,930.00
 TOTAL EXPENDITURES	 \$ -	 \$ 148,861.00	 \$ 410,791.00	 \$ 261,930.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ (148,451.00)		
UNENCUMBERED CASH, BEGINNING	510,792.00	510,792.00		
UNENCUMBERED CASH, ENDING	\$ 510,792.00	\$ 362,341.00		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

QUALITY OF LIFE TAX PROJECTS FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS				
Interest	\$ 1,704.00	\$ 5,511.00	\$ -	\$ 5,511.00
TOTAL RECEIPTS	\$ 1,704.00	\$ 5,511.00	\$ -	\$ 5,511.00
EXPENDITURES				
Capital Outlay	\$ 63,316.00	\$ 58,022.00	\$ 241,468.00	\$ 183,446.00
TOTAL EXPENDITURES	\$ 63,316.00	\$ 58,022.00	\$ 241,468.00	\$ 183,446.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (61,612.00)	\$ (52,511.00)		
UNENCUMBERED CASH, BEGINNING	281,633.00	220,021.00		
UNENCUMBERED CASH, ENDING	\$ 220,021.00	\$ 167,510.00		

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

CULTURAL ARTS FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Donations	\$ -	\$ -
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ -	\$ -
	<hr/>	<hr/>
EXPENDITURES		
Capital Outlay	\$ -	\$ -
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ -	\$ -
	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ -
UNENCUMBERED CASH, BEGINNING	<hr/> 3,487.00	<hr/> 3,487.00
UNENCUMBERED CASH, ENDING	<hr/> \$ 3,487.00	<hr/> \$ 3,487.00

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

KHRC ESG-FFY2013 EMERGENCY SHELTER GRANT

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Transfers	\$ -	\$ 1,000.00
TOTAL RECEIPTS	<u>\$ -</u>	<u>\$ 1,000.00</u>
EXPENDITURES		
Project Cost	\$ 1,000.00	\$ -
Transfers	216.00	
TOTAL EXPENDITURES	<u>\$ 1,216.00</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (1,216.00)	\$ 1,000.00
UNENCUMBERED CASH, BEGINNING	<u>216.00</u>	<u>(1,000.00)</u>
UNENCUMBERED CASH, ENDING	<u>\$ (1,000.00)</u>	<u>\$ -</u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

LAW ENFORCEMENT TRUST FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Other Income	\$ 5,020.00	\$ 4,040.00
 TOTAL RECEIPTS	 \$ 5,020.00	 \$ 4,040.00
EXPENDITURES		
Commodities	\$ 1,696.00	\$ 2,904.00
 TOTAL EXPENDITURES	 \$ 1,696.00	 \$ 2,904.00
 RECEIPTS OVER (UNDER) EXPENDITURES	 \$ 3,324.00	 \$ 1,136.00
 UNENCUMBERED CASH, BEGINNING	 22,779.00	 26,103.00
 UNENCUMBERED CASH, ENDING	 \$ 26,103.00	 \$ 27,239.00

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

KHRC # ESG-FFY2012 EMERGENCY SHELTER GRANT

For the Year Ended December 31, 2016

	Prior Year Actual	Actual
RECEIPTS		
Federal Grant	\$ 7,532.00	\$ 15,063.00
TOTAL RECEIPTS	<u>\$ 7,532.00</u>	<u>\$ 15,063.00</u>
EXPENDITURES		
Project Costs	\$ 7,332.00	\$ 14,663.00
Transfers	641.00	600.00
TOTAL EXPENDITURES	<u>\$ 7,973.00</u>	<u>\$ 15,263.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (441.00)	\$ (200.00)
UNENCUMBERED CASH, BEGINNING	<u>641.00</u>	<u>200.00</u>
UNENCUMBERED CASH, ENDING	<u>\$ 200.00</u>	<u>\$ -</u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

WALMART GRANT

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Grant Revenue	\$ -	\$ -
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ -	\$ -
	<hr/>	<hr/>
EXPENDITURES		
Contractual	\$ -	\$ 1,519.00
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ -	\$ 1,519.00
	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ (1,519.00)
UNENCUMBERED CASH, BEGINNING	<hr/> 2,500.00	<hr/> 2,500.00
UNENCUMBERED CASH, ENDING	<hr/> \$ 2,500.00	<hr/> \$ 981.00

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

KHRC #ESG-FFY2014 EMERGENCY SHELTER GRANT

For the Year Ended December 31, 2016

	Prior Year Actual	Actual
RECEIPTS		
Federal Grant Revenue	\$ 10,434.00	\$ -
TOTAL RECEIPTS	\$ 10,434.00	\$ -
EXPENDITURES		
Payments to Grantee	\$ 10,175.00	\$ 405.00
TOTAL EXPENDITURES	\$ 10,175.00	\$ 405.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 259.00	\$ (405.00)
UNENCUMBERED CASH, BEGINNING	146.00	405.00
UNENCUMBERED CASH, ENDING	\$ 405.00	\$ -

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

BOND AND INTEREST FUND

For the Year Ended December 31, 2016

	CURRENT YEAR			
	Prior Year Actual	Actual	Budget	Variance Favorable (Unfavorable)
RECEIPTS				
Taxes	\$ 478,962.00	\$ 708,146.00	\$ 721,955.00	\$ (13,809.00)
Special Assessments	26,893.00	27,843.00	60,175.00	(32,332.00)
Transfers	863,394.00	1,339,694.00	732,198.00	607,496.00
Other	8,000.00	3,793.00	8,000.00	(4,207.00)
TOTAL RECEIPTS	\$ 1,377,249.00	\$ 2,079,476.00	\$ 1,522,328.00	\$ 561,355.00
EXPENDITURES				
Bond Principal	\$ 905,000.00	\$ 1,000,000.00	\$ 1,115,000.00	\$ 115,000.00
Interest	256,085.00	274,682.00	378,432.00	103,750.00
Other Professional Services	-	2,674.00	-	(2,674.00)
TOTAL EXPENDITURES	\$ 1,161,085.00	\$ 1,277,356.00	\$ 1,493,432.00	\$ 216,076.00
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 216,164.00	\$ 802,120.00		
UNENCUMBERED CASH, BEGINNING	61,098.00	277,262.00		
UNENCUMBERED CASH, ENDING	\$ 277,262.00	\$ 1,079,382.00		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

AIP 3-20-0036-22-2016

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
State	\$ -	\$ 164,901.00
Federal	-	372,756.00
Miscellaneous	-	300,000.00
		<hr/>
TOTAL RECEIPTS	\$ -	\$ 837,657.00
		<hr/>
EXPENDITURES		
Capital Outlay	\$ -	\$ 637,719.00
		<hr/>
TOTAL EXPENDITURES	\$ -	\$ 637,719.00
		<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ 199,938.00
		<hr/>
UNENCUMBERED CASH, BEGINNING	-	-
		<hr/>
UNENCUMBERED CASH, ENDING	\$ -	\$ 199,938.00
		<hr/>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

LOGAN FOUNTAIN FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Donations	\$ 950.00	\$ -
Transfers	94,772.00	10,000.00
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ 95,722.00	\$ 10,000.00
	<hr/>	<hr/>
EXPENDITURES		
Capital Outlay	\$ 23,583.00	\$ 7,589.00
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 23,583.00	\$ 7,589.00
	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 72,139.00	\$ 2,411.00
UNENCUMBERED CASH, BEGINNING	<hr/> (74,045.00)	<hr/> (1,906.00)
UNENCUMBERED CASH, ENDING	<hr/> \$ (1,906.00)	<hr/> \$ 505.00

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

AIRPORT - DESIGN TERMINAL UPGRADE FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Transfers	\$ -	\$ -
TOTAL RECEIPTS	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES		
Project Costs	\$ -	\$ -
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ -
UNENCUMBERED CASH, BEGINNING	<u>(19,000.00)</u>	<u>(19,000.00)</u>
UNENCUMBERED CASH, ENDING	<u>\$ (19,000.00)</u>	<u>\$ (19,000.00)</u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

GEOMETRIC - 10TH & CHESTNUT FUND

For the Year Ended December 31, 2016

	Prior Year Actual	Actual
RECEIPTS		
State	\$ 63,018.00	\$ -
Transfers	-	77,271.00
TOTAL RECEIPTS	\$ 63,018.00	\$ 77,271.00
EXPENDITURES		
Project Costs	\$ 759,618.00	\$ -
TOTAL EXPENDITURES	\$ 759,618.00	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (696,600.00)	\$ 77,271.00
UNENCUMBERED CASH, BEGINNING	618,171.00	(78,429.00)
UNENCUMBERED CASH, ENDING	\$ (78,429.00)	\$ (1,158.00)

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

FORPAZ NEW TICKET BOOTH

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Other Income	\$ 2,272.00	\$ 1,308.00
TOTAL RECEIPTS	<u>\$ 2,272.00</u>	<u>\$ 1,308.00</u>
EXPENDITURES		
Project Costs	\$ 2,990.00	\$ -
TOTAL EXPENDITURES	<u>\$ 2,990.00</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (718.00)	\$ 1,308.00
UNENCUMBERED CASH, BEGINNING	<u>(590.00)</u>	<u>(1,308.00)</u>
UNENCUMBERED CASH, ENDING	<u>\$ (1,308.00)</u>	<u>\$ -</u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

2015 Community Chest

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
Cemetery		
Other Income	\$ 1,676.00	\$ -
TOTAL RECEIPTS	<u>\$ 1,676.00</u>	<u>\$ -</u>
EXPENDITURES		
Project Costs	<u>\$ -</u>	<u>\$ -</u>
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,676.00	\$ -
UNENCUMBERED CASH, BEGINNING	<u>-</u>	<u>1,676.00</u>
UNENCUMBERED CASH, ENDING	<u>\$ 1,676.00</u>	<u>\$ 1,676.00</u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

CDBG # 15-PF-008

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
TOTAL RECEIPTS		
Grants	\$ 3,000.00	\$ 490,750.00
Other Income	-	405,655.00
Transfers	100,000.00	-
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ 103,000.00	\$ 896,405.00
	<hr/>	<hr/>
EXPENDITURES		
Project Costs	\$ 60,285.00	\$ 1,020,987.00
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 60,285.00	\$ 1,020,987.00
	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 42,715.00	\$ (124,582.00)
	<hr/>	<hr/>
UNENCUMBERED CASH, BEGINNING	-	42,715.00
	<hr/>	<hr/>
UNENCUMBERED CASH, ENDING	\$ 42,715.00	\$ (81,867.00)
	<hr/>	<hr/>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

CDBG #13-PF-013 CURB RAMPS

For the Year Ended December 31, 2016

	Prior Year Actual	Actual
RECEIPTS		
Federal Revenue	\$ 135,003.00	\$ -
Transfers	-	42,349.00
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ 135,003.00	\$ 42,349.00
	<hr/>	<hr/>
EXPENDITURES		
Project Costs	\$ -	\$ -
Cancelled Purchase Order	(65,584.00)	-
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ (65,584.00)	\$ -
	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 200,587.00	\$ 42,349.00
	<hr/>	<hr/>
UNENCUMBERED CASH, BEGINNING	(242,936.00)	(42,349.00)
	<hr/>	<hr/>
UNENCUMBERED CASH, ENDING	\$ (42,349.00)	\$ -
	<hr/>	<hr/>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

AIP 3-20-0036-021 RUNWAY REHAB

For the Year Ended December 31, 2016

	Prior Year Actual	Actual
RECEIPTS		
Federal Revenue	\$ 582,414.00	\$ -
Miscellaneous		9,505.00
TOTAL RECEIPTS	<u>\$ 582,414.00</u>	<u>\$ 9,505.00</u>
EXPENDITURES		
Project Costs	\$ 46,974.00	\$ -
Cancelled Purchase Orders	(105,811.00)	
TOTAL EXPENDITURES	<u>\$ (58,837.00)</u>	<u>\$ -</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 641,251.00	\$ 9,505.00
UNENCUMBERED CASH, BEGINNING	<u>(644,778.00)</u>	<u>(3,527.00)</u>
UNENCUMBERED CASH, ENDING	<u>\$ (3,527.00)</u>	<u>\$ 5,978.00</u>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

KHRC #ESG-FFY2016 EMERGENCY SHELTER GRANT

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Federal Revenue	\$ -	\$ 8,556.00
Miscellaneous	-	2,139.00
Transfers	-	50.00
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ -	\$ 10,745.00
	<hr/>	<hr/>
EXPENDITURES		
Project Costs	\$ -	\$ 8,282.00
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ -	\$ 8,282.00
	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ 2,463.00
	<hr/>	<hr/>
UNENCUMBERED CASH, BEGINNING	-	-
	<hr/>	<hr/>
UNENCUMBERED CASH, ENDING	\$ -	\$ 2,463.00
	<hr/>	<hr/>

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

2014 STREET PROJECTS FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Other Income	\$ -	\$ -
TOTAL RECEIPTS	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES		
Project Costs	\$ 119.00	\$ -
Transfers		333,515.00
TOTAL EXPENDITURES	<u>\$ 119.00</u>	<u>\$ 333,515.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (119.00)	\$ (333,515.00)
UNENCUMBERED CASH, BEGINNING	<u>333,576.00</u>	<u>333,457.00</u>
UNENCUMBERED CASH, ENDING	<u>\$ 333,457.00</u>	<u>\$ (58.00)</u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

ADA DJ # 204-29-144 CURB RAMPS DESIGN

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Transfers	\$ 4,016.00	\$ -
	<hr/>	
TOTAL RECEIPTS	\$ 4,016.00	\$ -
	<hr/>	
EXPENDITURES		
Project Costs	\$ 24,702.00	\$ 28,830.00
	<hr/>	
TOTAL EXPENDITURES	\$ 24,702.00	\$ 28,830.00
	<hr/>	
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (20,686.00)	\$ (28,830.00)
	<hr/>	
UNENCUMBERED CASH, BEGINNING	337,269.00	316,583.00
	<hr/>	
UNENCUMBERED CASH, ENDING	\$ 316,583.00	\$ 287,753.00
	<hr/>	

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

10TH & MAIN TO 10TH & LAUREL STREET IMPROVEMENTS

For the Year Ended December 31, 2016

	Prior Year Actual	Actual
RECEIPTS		
Miscellaneous	\$ 169,026.00	\$ -
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ 169,026.00	\$ -
	<hr/>	<hr/>
EXPENDITURES		
Project Costs	\$ -	\$ -
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ -	\$ -
	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 169,026.00	\$ -
	<hr/>	<hr/>
UNENCUMBERED CASH, BEGINNING	(174,126.00)	(5,100.00)
	<hr/>	<hr/>
UNENCUMBERED CASH, ENDING	\$ (5,100.00)	\$ (5,100.00)
	<hr/>	<hr/>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

USD #446 SCHOOL INFRASTRUCTURE FUND

For the Year Ended December 31, 2016

	Prior Year Actual	Actual
RECEIPTS		
Transfers	\$ -	\$ 14,957.00
TOTAL RECEIPTS	\$ -	\$ 14,957.00
EXPENDITURES		
Capital Outlay	\$ 37,393.00	\$ -
TOTAL EXPENDITURES	\$ 37,393.00	\$ -
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (37,393.00)	\$ 14,957.00
UNENCUMBERED CASH, BEGINNING	22,436.00	(14,957.00)
UNENCUMBERED CASH, ENDING	\$ (14,957.00)	\$ -

THE CITY OF INDEPENDENCE, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

AIRPORT - UPGRADE RESTROOMS FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Transfers	\$ -	\$ -
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ -	\$ -
	<hr/>	<hr/>
EXPENDITURES		
Project Costs	\$ -	\$ -
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ -	\$ -
	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ -	\$ -
	<hr/>	<hr/>
UNENCUMBERED CASH, BEGINNING	2,500.00	2,500.00
	<hr/>	<hr/>
UNENCUMBERED CASH, ENDING	\$ 2,500.00	\$ 2,500.00
	<hr/>	<hr/>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

SOUTHEAST LIFT STATION FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Loan Proceeds	\$ 391,063.00	\$ -
Other	-	49,741.00
TOTAL RECEIPTS	<u>\$ 391,063.00</u>	<u>\$ 49,741.00</u>
EXPENDITURES		
Project Costs	<u>\$ 8,256.00</u>	<u>\$ 11,371.00</u>
TOTAL EXPENDITURES	<u>\$ 8,256.00</u>	<u>\$ 11,371.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 382,807.00	\$ 38,370.00
UNENCUMBERED CASH, BEGINNING	<u>(846,237.00)</u>	<u>(463,430.00)</u>
UNENCUMBERED CASH, ENDING	<u>\$ (463,430.00)</u>	<u>\$ (425,060.00)</u>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

WEST MAIN - 10TH TO 18TH FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
State Revenue	\$ 1,765,686.00	\$ -
Transfers	-	387,259.00
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ 1,765,686.00	\$ 387,259.00
	<hr/>	<hr/>
EXPENDITURES		
Project Costs	\$ 79,478.00	\$ -
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 79,478.00	\$ -
	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 1,686,208.00	\$ 387,259.00
	<hr/>	<hr/>
UNENCUMBERED CASH, BEGINNING	(2,073,467.00)	(387,259.00)
	<hr/>	<hr/>
UNENCUMBERED CASH, ENDING	\$ (387,259.00)	\$ -
	<hr/>	<hr/>

THE CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

2015-2016 KLINK PROJECTS

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Bond Proceeds	\$ 997,674.00	\$ -
	<u>-</u>	<u>-</u>
TOTAL RECEIPTS	<u>\$ 997,674.00</u>	<u>\$ -</u>
EXPENDITURES		
Project Costs	\$ 404,660.00	\$ 266,448.00
	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 404,660.00</u>	<u>\$ 266,448.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 593,014.00	\$ (266,448.00)
UNENCUMBERED CASH, BEGINNING	<u>(126,218.00)</u>	<u>466,796.00</u>
UNENCUMBERED CASH, ENDING	<u>\$ 466,796.00</u>	<u>\$ 200,348.00</u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

CDBG #14-PF-018 Curb Ramps

For the Year Ended December 31, 2016

	Prior Year Actual	Actual
RECEIPTS		
Federal Revenue	\$ 108,756.00	\$ 282,852.00
TOTAL RECEIPTS	<u>\$ 108,756.00</u>	<u>\$ 282,852.00</u>
EXPENDITURES		
Project Costs	\$ 212,044.00	\$ 543,304.00
Transfers		42,349.00
TOTAL EXPENDITURES	<u>\$ 212,044.00</u>	<u>\$ 585,653.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (103,288.00)	\$ (302,801.00)
UNENCUMBERED CASH, BEGINNING	<u>380,000.00</u>	<u>276,712.00</u>
UNENCUMBERED CASH, ENDING	<u>\$ 276,712.00</u>	<u>\$ (26,089.00)</u>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

Peter Pan Geometric

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Federal Revenue	\$ -	\$ -
	<hr/>	
TOTAL RECEIPTS	\$ -	\$ -
	<hr/>	
EXPENDITURES		
Project Costs	\$ 87,694.00	\$ 53,494.00
	<hr/>	
TOTAL EXPENDITURES	\$ 87,694.00	\$ 53,494.00
	<hr/>	
RECEIPTS OVER (UNDER) EXPENDITURES	\$ (87,694.00)	\$ (53,494.00)
	<hr/>	
UNENCUMBERED CASH, BEGINNING	-	(87,694.00)
	<hr/>	
UNENCUMBERED CASH, ENDING	\$ (87,694.00)	\$ (141,188.00)
	<hr/>	

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

AIRPORT FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS				
Fuel Sales	\$ 573,357.00	\$ 354,454.00	\$ 535,000.00	\$ (180,546.00)
Rentals	67,713.00	74,226.00	67,800.00	6,426.00
Miscellaneous	1,675.00	15,310.00	1,000.00	14,310.00
Transfers	27,476.00	-	-	-
TOTAL RECEIPTS	<u>\$ 670,221.00</u>	<u>\$ 443,990.00</u>	<u>\$ 603,800.00</u>	<u>\$ (159,810.00)</u>
EXPENDITURES				
Personnel	\$ 106,260.00	\$ 94,362.00	\$ 111,922.00	\$ 17,560.00
Contractual Services	115,932.00	122,768.00	118,500.00	(4,268.00)
Commodities	430,930.00	321,279.00	382,500.00	61,221.00
Capital Outlay	-	4,809.00	20,000.00	15,191.00
TOTAL EXPENDITURES	<u>\$ 653,122.00</u>	<u>\$ 543,218.00</u>	<u>\$ 632,922.00</u>	<u>\$ 89,704.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ 17,099.00</u>	<u>\$ (99,228.00)</u>		
UNENCUMBERED CASH, BEGINNING	<u>63,204.00</u>	<u>80,303.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 80,303.00</u>	<u>\$ (18,925.00)</u>		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

WATER & SEWER FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS				
Sales & fees	\$ 3,407,084.00	\$ 3,480,703.00	\$ 3,452,503.00	\$ 28,200.00
Bond Proceeds	975,903.00	-	-	-
Miscellaneous	134,345.00	80,364.00	-	80,364.00
Interest Income	2,445.00	4,856.00	300.00	4,556.00
TOTAL RECEIPTS	<u>\$ 4,519,777.00</u>	<u>\$ 3,565,923.00</u>	<u>\$ 3,452,803.00</u>	<u>\$ 113,120.00</u>
EXPENDITURES				
Personnel	\$ 1,783,654.00	\$ 1,789,673.00	\$ 1,871,829.00	\$ 82,156.00
Contractual Services	616,715.00	637,707.00	665,327.00	27,620.00
Commodities	661,548.00	671,449.00	653,600.00	(17,849.00)
Capital Outlay	1,858,360.00	533,513.00	453,000.00	(80,513.00)
Transfers	118,790.00	11,300.00	373,125.00	361,825.00
TOTAL EXPENDITURES	<u>\$ 5,039,067.00</u>	<u>\$ 3,643,642.00</u>	<u>\$ 4,016,881.00</u>	<u>\$ 373,239.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	<u>\$ (519,290.00)</u>	<u>\$ (77,719.00)</u>		
UNENCUMBERED CASH, BEGINNING	<u>2,132,439.00</u>	<u>1,613,149.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 1,613,149.00</u>	<u>\$ 1,535,430.00</u>		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

GRINDER PUMP REPLACEMENT FUND

For the Year Ended December 31, 2016

	Prior Year <u>Actual</u>	<u>Actual</u>
RECEIPTS		
Fees	\$ 8,386.00	\$ 8,155.00
Interest	721.00	2,899.00
Transfers	7,490.00	
	<hr/>	<hr/>
TOTAL RECEIPTS	\$ 16,597.00	\$ 11,054.00
	<hr/>	<hr/>
EXPENDITURES		
Contractual	\$ 7,490.00	\$ -
	<hr/>	<hr/>
TOTAL EXPENDITURES	\$ 7,490.00	\$ -
	<hr/>	<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 9,107.00	\$ 11,054.00
	<hr/>	<hr/>
UNENCUMBERED CASH, BEGINNING	185,045.00	194,152.00
	<hr/>	<hr/>
UNENCUMBERED CASH, ENDING	\$ 194,152.00	\$ 205,206.00
	<hr/>	<hr/>

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2015)

SANITATION FUND

For the Year Ended December 31, 2016

	CURRENT YEAR			Variance Favorable (Unfavorable)
	Prior Year Actual	Actual	Budget	
RECEIPTS				
Fees	\$ 1,136,195.00	\$ 1,083,570.00	\$ 1,141,725.00	\$ (58,155.00)
Miscellaneous	4,664.00	123,111.00	100,000.00	23,111.00
TOTAL RECEIPTS	<u>\$ 1,140,859.00</u>	<u>\$ 1,206,681.00</u>	<u>\$ 1,241,725.00</u>	<u>\$ (35,044.00)</u>
EXPENDITURES				
Personnel	\$ 414,600.00	\$ 415,022.00	\$ 479,173.00	\$ 64,151.00
Contractual Services	464,415.00	342,242.00	474,212.00	131,970.00
Commodities	60,886.00	62,291.00	92,100.00	29,809.00
Capital Outlay	42,940.00	523,640.00	596,463.00	72,823.00
TOTAL EXPENDITURES	<u>\$ 982,841.00</u>	<u>\$ 1,343,195.00</u>	<u>\$ 1,641,948.00</u>	<u>\$ 298,753.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 158,018.00	\$ (136,514.00)		
UNENCUMBERED CASH, BEGINNING	<u>344,166.00</u>	<u>502,184.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 502,184.00</u>	<u>\$ 365,670.00</u>		

THE CITY OF INDEPENDENCE, KANSAS
 AGENCY FUNDS
 SUMMARY OF RECEIPTS AND DISBURSEMENTS
 Regulatory Basis
 For the Year Ended December 31, 2016

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Fire Insurance Proceeds Fund	\$ 17,087.00	\$ 31,073.00	\$ 16,222.00	\$ 31,938.00
Alcohol Assessment Fund	3,545.00	-	-	3,545.00
 TOTAL AGENCY FUNDS	 \$ 20,632.00	 \$ 31,073.00	 \$ 16,222.00	 \$ 35,483.00

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory BasisRELATED MUNICIPAL ENTITY - PUBLIC LIBRARY

For the Year Ended December 31, 2016

	<u>PUBLIC LIBRARY - GENERAL FUND</u>		
	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
RECEIPTS			
Appropriation from the City	\$ 292,072.00	\$ 304,600.00	\$ (12,528.00)
Appropriation from USD 446	267,404.00	245,000.00	22,404.00
Donations	19,993.00	25,000.00	(5,007.00)
State & Regional Libraries & Grants	15,924.00	28,800.00	(12,876.00)
Interest	254.00	400.00	(146.00)
Miscellaneous	11,237.00	-	11,237.00
TOTAL RECEIPTS	<u>\$ 606,884.00</u>	<u>\$ 603,800.00</u>	<u>\$ 3,084.00</u>
EXPENDITURES			
Personnel	\$ 327,015.00	\$ 317,000.00	\$ (10,015.00)
Employee Benefit Expense	75,038.00	96,500.00	21,462.00
Materials Expense	62,391.00	71,200.00	8,809.00
Operating Expense	94,513.00	120,000.00	25,487.00
Capital Outlay	1,160.00	2,000.00	840.00
Miscellaneous	241.00	-	(241.00)
TOTAL EXPENDITURES	<u>\$ 560,358.00</u>	<u>\$ 606,700.00</u>	<u>\$ 46,342.00</u>
RECEIPTS OVER (UNDER) EXPENDITURES	\$ 46,526.00		
UNENCUMBERED CASH, BEGINNING	<u>122,489.00</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 169,015.00</u>		

THE CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES
Regulatory Basis

RELATED MUNICIPAL ENTITY - INDEPENDENCE HOUSING AUTHORITY

For the Year Ended December 31, 2016

	Housing/ Development Fund	Housing/ Replacement Fund	McKinley Deposit Fund	McKinley Operating Fund	Surplus Fund	Penn Terrace Fund	Chaney Fund	Earl St. Fund	Cedar Point Fund
UNENCUMBERED CASH, BEGINNING	\$ 1,360,957.00	\$ 305,689.00	\$ 11,928.00	\$ 6,175.00	\$ 3,644,992.00	\$ 70,762.00	\$ 962.00	\$ -	\$ (1,541.00)
RECEIPTS:									
Rent	\$ -	\$ -	\$ -	\$ 115,062.00	\$ -	\$ 304,913.00	\$ 16,530.00	\$ 10,808.00	\$ 45,873.00
HAP	-	-	-	17,599.00	-	-	7,704.00	-	11,817.00
Cable	-	-	-	-	-	14,114.00	-	-	-
Federal Revenue	-	-	-	-	-	364,284.00	-	-	-
TBRA	-	-	-	-	-	-	-	-	-
Interest	8,486.00	5,602.00	338.00	291.00	13,514.00	213.00	100.00	54.00	372.00
Miscellaneous	8,000.00	-	-	1,426.00	-	44,229.00	45.00	240.00	220.00
Security Deposits	-	-	3,430.00	-	-	-	-	-	-
Transfers	-	-	-	2,577.00	-	-	325.00	-	1,432.00
TOTAL RECEIPTS	\$ 16,486.00	\$ 5,602.00	\$ 3,768.00	\$ 136,955.00	\$ 13,514.00	\$ 727,753.00	\$ 24,704.00	\$ 11,102.00	\$ 59,714.00
EXPENDITURES:									
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 355,845.00	\$ -	\$ -	\$ -
Contractual	-	-	-	109,066.00	-	264,518.00	18,785.00	7,694.00	47,491.00
Commodities	-	-	-	25,934.00	190,771.00	40,357.00	1,579.00	632.00	1,744.00
Capital Outlay	96,355.00	103,664.00	1,230.00	486.00	-	1,926.00	1,334.00	223.00	382.00
Federal Expenditures	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	50,000.00	-	2,341.00	2,553.00	-
TOTAL EXPENDITURES	\$ 96,355.00	\$ 103,664.00	\$ 1,230.00	\$ 135,486.00	\$ 240,771.00	\$ 662,646.00	\$ 24,039.00	\$ 11,102.00	\$ 49,617.00
UNENCUMBERED CASH, ENDING	\$ 1,281,088.00	\$ 207,627.00	\$ 14,466.00	\$ 7,644.00	\$ 3,417,735.00	\$ 135,869.00	\$ 1,627.00	\$ -	\$ 8,556.00

	South Eight St. Fund	TBRA Fund	Depost Fund	Management Fund	Earl St. Replacement Fund	Chaney Replacement Fund	Cedar Point Replacement Fund	IHA Warehouse Fund	TOTAL
UNENCUMBERED CASH, BEGINNING	\$ 15,734.00	\$ 16,222.00	\$ 165,642.00	\$ 423,270.00	\$ 6,354.00	\$ 33,141.00	\$ 18,142.00	\$ 47,964.00	\$ 6,126,393.00
REVENUES:									
Rent	\$ 2,218.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 495,404.00
HAP	1,970.00	-	-	-	-	-	-	-	39,090.00
Cable	-	-	-	-	-	-	-	-	14,114.00
Federal Revenue	-	79,828.00	-	-	-	-	-	-	444,112.00
TBRA	-	-	-	6,734.00	-	-	-	-	6,734.00
Interest	373.00	452.00	3,858.00	3,745.00	178.00	926.00	507.00	1,155.00	40,164.00
Miscellaneous	-	-	430.00	20,605.00	-	-	-	-	75,195.00
Security Deposits	-	-	16,453.00	-	-	-	-	-	19,883.00
Transfers	-	-	-	2,341.00	2,553.00	-	-	-	9,228.00
TOTAL REVENUE	\$ 4,561.00	\$ 80,280.00	\$ 20,741.00	\$ 33,425.00	\$ 2,731.00	\$ 926.00	\$ 507.00	\$ 1,155.00	\$ 1,143,924.00
EXPENDITURES:									
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 355,845.00
Contractual	10,199.00	-	16,571.00	-	-	-	-	-	474,324.00
Commodities	335.00	-	-	-	-	-	-	15,634.00	276,986.00
Capital Outlay	145.00	-	4,965.00	-	-	-	-	1,771.00	212,481.00
Federal Expenditures	-	79,859.00	-	-	-	-	-	-	79,859.00
Transfers	-	-	4,334.00	-	-	-	-	-	59,228.00
TOTAL EXPENDITURES	\$ 10,679.00	\$ 79,859.00	\$ 25,870.00	\$ -	\$ -	\$ -	\$ -	\$ 17,405.00	\$ 1,458,723.00
UNENCUMBERED CASH, ENDING	\$ 9,616.00	\$ 16,643.00	\$ 160,513.00	\$ 456,695.00	\$ 9,085.00	\$ 34,067.00	\$ 18,649.00	\$ 31,714.00	\$ 5,811,595.00

CITY OF INDEPENDENCE, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

SCHEDULE 5

Agency:	CFDA #	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures (Notes to the SEFA -1&2)
U.S. Department of Housing & Urban Development (HUD)				
Passed through Kansas Housing Resource Corporation:				
Section 8 Housing Assistance Payments	14.195	1001761	\$ -	\$ 364,284.00
Home Investments Partnerships - TBRA	14.239	M-12-SG-20-0120	-	4,675.65
Home Investments Partnerships - TBRA	14.239	M-13-SG-20-0130	-	22,071.00
Home Investments Partnerships - TBRA	14.239	M-14-SG-20-0140	-	34,605.00
Home Investments Partnerships - TBRA	14.239	M-15-SG-20-0150	-	25,210.00
Total Home Investments Partnerships - TBRA			-	86,561.65
Emergency Shelter Grant - ESG-FFY2015	14.231	ES14-INDEPENDENCE	-	14,663.00
Emergency Shelter Grant - ESG-FFY2016	14.231	ES15-INDEPENDENCE	-	8,282.00
Total Emergency Shelter Grant			-	22,945.00
Passed through the Kansas Department of Commerce & Housing				
Community Development Block Grant - 2014 (Notes to the SEFA - 3)	14.228	14-PF-018	-	274,983.82
Community Development Block Grant - 2015 (Notes to the SEFA - 3)	14.228	15-PF-008	-	490,750.00
Total Community Development Block Grant			-	765,733.82
TOTAL U.S. DEPARTMENT OF HUD			\$ -	\$ 1,239,524.47
U.S. Department of Transportation, Federal Aviation Administration				
Direct Award				
Airport Improvement Fund (Notes to the SEFA - 3)	20.106	AIP 3-20-0036-22	-	\$ 372,756.22
Passed through the Kansas Department of Commerce & Housing				
State and Community Highway Safety	20.600	SP-1300-16	-	216.48
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			\$ -	\$ 372,972.70
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 1,612,497.17

THE NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IS AN INTEGRAL PART OF THIS SCHEDULE.

CITY OF INDEPENDENCE, KANSAS

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2016

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Independence, Kansas under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balances, or cash flows of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas (regulatory basis) with exceptions as noted in Note 3 below. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City did not elect to use the 10% de minimis indirect cost rate.

Note 3. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements

a. Community Development Block Grant 15-PF-008

The expenditures for the Community Development Block Grant (CDBG) from the United States Department of Housing and Urban Development differ in presentation on the Schedule of Expenditures of Federal Awards (SEFA) from the basis of presentation as stated in Note 1. This grant is for the purpose of improvements to the City sewer system, and was approved for \$500,000 with a \$500,000 city match. The grant agreement and construction contract were approved and signed during 2015; however, very little grant activity occurred until 2016 with grant close out occurring early 2017. Reconciliation of Fund CDBG #15-PF-008 in Statement 1 to the CDBG program on the SEFA is as follows:

Statement 1	
2015 Expenditures	\$ 60,284.71
2016 Expenditures	<u>1,020,987.14</u>
Total Expenditures	1,081,271.85
Comprised of:	
City Match Funds	587,521.85
CDBG Expenditures	<u>493,750.00</u>
 Total Cumulative Statement 1	 \$ <u>1,081,271.85</u>

CITY OF INDEPENDENCE, KANSAS

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2016

Note 3. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements (Cont'd)

a. Community Development Block Grant 15-PF-008 (Cont'd)

Schedule of Expenditures of Federal Awards (SEFA)

Total Community Development Block Grant Expenditures	
2015 SEFA	\$ 3,000.00
2016 SEFA	<u>490,750.00</u>
Total CDBG Expenditures	493,750.00
Non-Federal City Match	<u>587,521.85</u>
Total Statement 1	<u>\$1,081,271.85</u>

b. Community Development Block Grant 14-PF-018

The expenditures for the Community Development Block Grant (CDBG) from the United States Department of Housing and Urban Development differ in presentation on the Schedule of Expenditures of Federal Awards (SEFA) from the basis of presentation as stated in Note 1. This grant is for the purpose Phase III of the ADA curb ramp project, and was approved for \$400,000 with a \$400,000 city match. The grant agreement and construction contract were approved and signed during 2014; however, in 2014 the City only encumbered the first payment request, as allowable. Federal expenditures for this program occurred in 2015 and 2016, with closeout at the end of 2016. Reconciliation of Fund CDBG #14-PF-018 in Statement 1 to the CDBG program on the SEFA is as follows:

Statement 1	
2014 Audit Report	\$ 20,000.00
2015 Audit Report	212,044.09
2016 Audit Report	<u>585,652.90</u>
Cumulative Expenditures	\$ 817,696.99
Comprised of:	
Federal Funds Returned	7,868.47
City Funds Transferred Out	42,348.88
City Match Funds	383,739.82
CDBG Expenditures	<u>383,739.82</u>
Cumulative Statement 1	<u>\$ 817,696.99</u>

CITY OF INDEPENDENCE, KANSAS

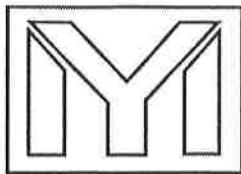
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2016

Note 3. Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements (Cont'd)

b. Community Development Block Grant 14-PF-018 (cont'd)

Schedule of Expenditures of Federal Awards (SEFA)

Total Community Development Block Grant Expenditures	
2015 SEFA	\$ 108,756.00
2016 SEFA	<u>274,983.82</u>
Total CDBG Expenditures	383,739.82
 Federal Funds Returned	 7,868.47
City Funds Transferred Out	42,348.88
Non-Federal City Match	<u>383,739.82</u>
 Total Statement 1	 <u>\$ 817,696.99</u>



John D. Carroll, CPA
Emily S. Erbe, CPA
Ashley R. Osburn, CPA, MBAA

David W. Schwenker

YERKES & MICHELS, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS
American Institute of Certified Public Accountants
Kansas Society of Certified Public Accountants
An Independent C.P.A. Firm

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditors' Report

Mayor and City Commission
City of Independence, Kansas
120 N. 6th Street
Independence, KS 67301

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the regulatory basis financial statement of the City of Independence, Kansas, as of and for the year ended December 31, 2016, and the related notes to the financial statement, which collectively comprise the City of Independence, Kansas's basic financial statement, and have issued our report thereon dated February 28, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting 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 described in the accompanying *Schedule of Findings and Questioned Costs*, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

accompany *Schedule of Findings and Questioned Costs* to be material weaknesses [Findings 2016-001, 2016-002, and 2016-003].

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying *Schedule of Findings and Questioned Costs* to be a significant deficiency [Finding 2016-004].

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the City's regulatory basis financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an object of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying *Schedule of Findings and Questioned Costs* as item Finding 2016-005.

City of Independence, Kansas's Response to Findings

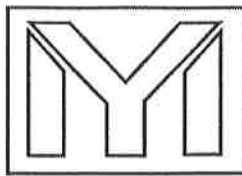
The City's response to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs* and the accompanying *Corrective Action Plan*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


YERKES & MICHELS, CPA, LLC
Independence, KS

February 28, 2018



John D. Carroll, CPA
Emily S. Erbe, CPA
Ashley R. Osburn, CPA, MBAA
David W. Schwenker

YERKES & MICHELS, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANTS
American Institute of Certified Public Accountants
Kansas Society of Certified Public Accountants
An Independent C.P.A. Firm

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

Mayor and City Commission
City of Independence, Kansas
Independence, KS 67301

Report on Compliance for Each Major Federal Program

We have audited the City of Independence, Kansas's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations *Requirements for Federal Awards* (Uniform Guidance); and the *Kansas Municipal Audit and Accounting Guide*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance for the major federal program. However, our audit does not provide a legal determination on the City's compliance.

Basis for Qualified Opinion on CFDA 14.228 Community Development Block Grant

As described in the accompanying schedule of findings and questioned costs, the City of Independence, Kansas did not comply with requirement regarding CFDA 14.228 Community

Development Block Grant as described in Finding 2016-008 for internal controls over compliance. Compliance with such requirements is necessary, in our opinion, for the City of Independence, Kansas to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 14.228 Community Development Block Grant

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Independence, Kansas complied, in all material respects, with the types of compliance requirement referred to above that could have a direct and material effect on CFDA 14.228 Community Development Block Grant for the year ended December 31, 2016.

Other Matters

The City of Independence, Kansas's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. The City of Independence, Kansas's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City of Independence, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance 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 over compliance that we consider to be material weaknesses and significant deficiencies.

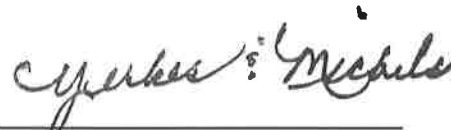
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in accompanying schedule of findings and questioned costs as item Finding 2016-006 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over

compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-007 to be a significant deficiency.

The City of Independence, Kansas's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and the corrective action plan. The City of Independence, Kansas's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report in internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



YERKES & MICHELS, CPA, LLC
Independence, KS

February 28, 2018

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Disclaimer of Opinion

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted?

 X yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported

Type of auditor's report issued on compliance for major programs:

Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

 X yes no

Identification of major federal program(s):

CFDA Number

Name of Federal Program or Cluster

14.228

Community Development Block Grant

Dollar Threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low risk auditee?

 yes X no

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

Section II – Financial Statement Findings

Finding 2016-001

Criteria: AU-C section 315 defines internal control as a process effected by those charge with governance, management, and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objectives with regards to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. To obtain an acceptable internal control environment that reduces the risk of material misstatement of the financial statement or the required supplementary information, control activities and monitoring functions must be properly implemented and effectively designed. AU-C section 265.09-10.A11 states that the identification of an auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control is an indicator of a material weakness in internal control.

Statement of Condition: The City does not have a system of control over journal entry creation, documentation, and entry to verify accuracy and to ensure material misstatements aren't created.

Context: A test of controls over journal entries was performed to determine appropriateness, existence of backup documentation, and approval. A non-statistical sample was selected for testing. The sample consisted of 128 journal entries representing \$33,627,329.33 of transactions and 70.9% of all journal entries. Of the items sampled \$13,143,883.80 had supporting documentation but no approval; \$3,375,953.53 appeared reasonable and accurate but lacked any supporting documentation; \$1,824,935.60 appeared accurate but did not have any supporting documentation to determine reasonableness; \$3,426,840.95 were audit adjusting journal entries from the audit of the year ended December 31, 2015 that were posted to the wrong period and many were posted to the wrong account(s); and \$11,855,715.45 lacked any supporting documentation and no determination of reasonableness or accuracy could be made. None of the entries selected had any documented review or approval.

Effect of Condition: The condition created a material and pervasive scope limitation as the tested entries materially affected multiple funds, revenue, expenses, encumbrances, and cash, yet lacked documentation, review, or approval to allow auditors to determine if the journal entries were reasonable and accurate or if they required reversal. Also, audit journal entries from the audit of the year ended December 31, 2015 were not consistently entered into the correct period or accounts. This created numerous misstatements in fund balance, cash, encumbrances, revenues, and expenses. Material misstatement in fund

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

Finding 2016-001 (cont'd):

balance due to errors in entering prior year audit adjusting journal entries had a net effect on fund balance of \$824,471.66. Additional misstatements that were located and corrected had a gross value of \$6,393,336.85 with a net adjustment of \$127,837.95. These amounts were adjusted for the audited financial statement, and without correction it would create a reasonable possibility of future material misstatements of the financial statement.

Cause of Condition: The City has not designed nor implemented an adequate system of control regarding the creation and recording of journal entries. Additionally, after the entry of audit journal entries the City is not verifying that year end balances agree to the audit report.

Recommendations: The City should establish a written policy regarding the creation and review of journal entries. This policy should include the requirement that an individual with sufficient knowledge and training in accounting create all journal entries, but prior to entering the entries into the software, the journal entries and their backup documentation must be reviewed and approved by a member of management that also has the necessary skills and knowledge to understand the cause and effect of the journal entry. This review should be documented with a signature and date. To accomplish proper segregation of duties, we recommend that the City hire a full time bookkeeping position and that the individual hired has a minimum of a bachelor's degree in an accounting and a minimum of three years of municipal experience.

View of responsible officials and planned corrective actions: Management concurs with the finding and will work to create a system that allows for accurate and approved journal entries. Additionally, all supporting documentation will be scanned into the system for appropriate recordkeeping purposes. See corrective action plan on pages 99-101.

Finding 2016-002

Criteria: AU-C section 315 defines internal control as a process effected by those charge with governance, management, and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objectives with regards to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. To obtain an acceptable internal control environment that reduces the risk of material misstatement of the financial statement or the required supplementary information, control activities and monitoring functions must be properly implemented and effectively designed. AU-C section 265.09-10.A11 states that the identification of an auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

Finding 2016-002 (cont'd)

misstatement would not have been detected by the entity's internal control is an indicator of a material weakness in internal control.

Statement of Condition: The City does not have a system of control over bank reconciliations. Bank reconciliations are performed in an Excel spreadsheet and not in the software itself. This allows for the individual performing the reconciliations to create reconciling items or to adjust beginning balances to force the process to reconcile even when issues exist. Additionally, the bank reconciliation is performed by an individual that can also record and approve transactions created a lack of segregation of duties.

Context: Yearend cash balances were compared from confirmed bank balances to the bank statements, from bank statements to the bank reconciliations, from the reconciliations to the treasurer's report, and then from the total pooled cash on the treasurer's report to the total cash in the accounting software. This resulted in the discovery of a variance of \$136,000 between the reconciled balances and the software and general ledger total cash. Review of bank reconciliations and treasurer's reports allowed auditors to determine that the error occurred in March of 2016. \$136,000 was transferred to a reserve account, but was not properly reflected in the bank reconciliation. To account for the error, the bank reconciliation was altered to add a reconciling item for the \$136,000 and the beginning balance of the April 2016 cash balance was adjusted to account for the error. Additionally, it was noted that another \$20,666.33 in reconciling items are considered unknown in origin.

Effect of Condition: The condition created a material misstatement of \$156,666.33 of unknown errors that are reported as reconciling items on the bank reconciliation. Corrections to the bank reconciliations were not made until January of 2018. This results in all bank original bank reconciliations from March of 2016 through December of 2017 to be materially incorrect. After the bank reconciliations were corrected, the \$136,000 error as well as \$20,666.33 remain as reconciling items on the bank reconciliation. These items are being adjusted to correct cash, but the adjustment lacks support for the offsetting general ledger account. These unsupported adjustments are a portion of the scope limitation creating the disclaimer of opinion on the financial statements. Additionally, the lack of controls over the bank reconciliation create the opportunity for additional material misstatements whether due to fraud or human error.

Cause of Condition: The City has not designed nor implemented an adequate system of control regarding the bank reconciliation. It does not appear that the current process for reconciling the bank account allows

Finding 2015-002 (cont'd):

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2016

management to prevent or detect misstatements in a timely manner. Additionally, the current process allows for management override of any mitigating controls over this process. The current manner of performing bank reconciliations outside of the software in which transactions are recorded does not ensure against human entry errors, it does not provide control for ensuring completeness in the financial records, and it does not prevent beginning balance manipulation.

Recommendations: Controls should be in place to ensure accuracy and completeness bank reconciliations. This should include changing the bank reconciliation process to be performed within the accounting software and not in a separate spreadsheet; properly segregating duties so that the bank reconciliation is performed by an individual that is not involved in the recording and custody functions of cash transactions; having an individual, other than the person performing the reconciliation, open and review the original bank statement; and all bank reconciliations should be reviewed by upper management with the review including a review of the actual bank statement and cancelled checks, and the review should be documented by a signature and a date. To accomplish proper segregation of duties, we recommend that the City hire a full time bookkeeping position and that the individual hired has a minimum of a bachelor's degree in accounting and a minimum of three years of municipal experience.

View of responsible officials and planned corrective actions: Management concurs with the finding and will work to create a system that allows for accurate and complete bank reconciliations with the appropriate segregation of duties and documented review. See corrective action plan on pages 99 – 101.

Finding 2016-003

Criteria: AU-C section 315 defines internal control as a process effected by those charge with governance, management, and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objectives with regards to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. To obtain an acceptable internal control environment that reduces the risk of material misstatement of the financial statement or the required supplementary information, control activities and monitoring functions must be properly implemented and effectively designed. AU-C section 265.09-10.A11 states that the identification of an auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control is an indicator of a material weakness in internal control.

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2016

Finding 2015-003 (cont'd):

Statement of Condition: The City does not have a system of control over encumbrance calculation to verify accuracy, cutoff, and completeness.

Context: Substantive testing was performed with regards to encumbrances and their calculation, estimation, and completeness. All recorded encumbrances considered individually significant were tested for accuracy and cutoff. Additionally, all individually significant disbursements occurring in January and February of 2017 were tested to determine if accruals were properly performed. Due to the material misstatement found in individually significant items and large remaining population, a non-statistical sample was selected for additional testing. The sample consisted of 24% of the remaining funds disbursed in January and February 2017 not already tested. The total items tested during the selected timeframe consisted of 71% of all disbursements. The aggregate misstatement detected was \$552,362.75 which is considered material. Additionally, the internal controls over encumbrances were discussed with management and were found to either be improperly implemented or ineffectively designed. Therefore, it was determined that the material misstatements would not have been detected by the City's internal controls.

Effect of Condition: The condition created a material misstatement of \$552,362.75 which was adjusted for the audited financial statement, and without correction it would create a reasonable possibility of future material misstatements of the financial statement. Additionally, the lack of controls over encumbrances results in expenditure cutoff errors that can effect budget compliance.

Cause of Condition: The City has not designed nor implemented an adequate system of control regarding the calculation and completeness of encumbrances. Additionally, it does not appear that the purchase order module of the accounting software has been properly setup or implemented.

Repeat of Prior Year Finding: This finding is repeated from the audit of the year ended December 31, 2015 where it was reported as Finding 2015-001.

Recommendations: Controls should be in place to ensure accuracy and completeness of encumbrances. Additionally, the accounting software setup should be investigated for proper use of purchase orders in correctly reporting encumbrances. To accomplish proper segregation of duties, we recommend that the City hire a full time bookkeeping position and that the individual hired has a minimum of a bachelor's degree in accounting and a minimum of three years of municipal experience.

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

Finding 2015-003 (cont'd):

View of responsible officials and planned corrective actions: Management concurs with the finding and will work to create a system that allows for accurate and complete recording of encumbrances. Additionally, the accounting software support will be contacted to determine if changes in setup need to occur. See corrective action plan on pages 99 - 101.

Finding 2016-004:

Criteria: AU-C section 315 defines internal control as a process effected by those charge with governance, management, and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objectives with regards to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. To obtain an acceptable internal control environment that reduces the risk of material misstatement of the financial statement or the required supplementary information, control activities and monitoring functions must be properly implemented and effectively designed. AU-C section 265 further explains that deficiencies in the design of a control function that can result in material misstatements should be considered, at minimum, to be a significant deficiency.

Statement of Condition: The City of Independence, Kansas currently lacks a system of internal control for the assurance of completeness and accuracy for the Schedule of Expenditures of Federal Awards.

Context: The Schedule of Expenditures of Federal Awards (SEFA) prepared by the City was not prepared prior to the start of auditor's field work. Observation and inquiry demonstrated the City's inaccuracy in calculating the federal expenditures of all Federal awards. Additionally, there was no documented review by management of the SEFA or the supporting documentation used to prepare the schedule.

Effect of Condition: The Schedule of Expenditures of Federal Awards serves as the primary basis for the auditor's major program determination. Misstatements in the schedule could result in the omission of potential major programs from required compliance audit procedures. Failure to audit a program as major, when required, is cause for the future reissuance of the compliance audit report. Also, the SEFA is a required supplementary schedule and the lack of controls over the SEFA could result in a material misstatement of the SEFA in the financial reporting package.

Cause of Condition: The City has not designed nor implemented an adequate system of control regarding the preparation of the required Schedule of Expenditures of Federal Awards.

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

Finding 2016-004 (cont'd):

Repeat of Prior Year Finding: This finding is repeated from the audit of the year ended December 31, 2015 where it was reported as Finding 2015-002.

Recommendations: Controls should be in place to ensure accuracy and completeness of the Schedule of Expenditures of Federal Awards. Management should be aware of all Federal awards received and expended, their source, and their compliance requirements. During the preparation of the schedule, the City should verify with granting agencies all CFDA titles and numbers, and the appropriate pass-through entity to be reported. After the schedule is completed, a reconciliation of the financial statements to the schedule should be performed, and management should review the schedule to verify all known Federal Programs are reported and that expenditures are properly captured on the regulatory basis of accounting. The reconciliation and management's review should be documented.

View of responsible officials and planned corrective actions: Management concurs with the finding. The City will develop an appropriate system of control over the preparation of the SEFA. See the Corrective Action Plan developed by the City on pages 99 - 101.

Finding 2016-005

Criteria: K.S.A. 10-1113 states that it is unlawful to create indebtedness in the excess of the amount of funds actually on hand in the treasury of such municipality at the time. This is cash basis law and also extends to cash balances in individual funds.

Statement of Condition: Eight funds were in violation of cash basis budget law for a total negative cash balance indebtedness of \$718,443.43. Two of those funds are funded in part by federal aid in the form of Community Development Block Grants. Therefore, based on K.S.A. 12-1663 a negative cash balance is allowable. This fund will be reimbursed in the following calendar year from federal grant programs. The following is a table of funds in violation of cash basis laws:

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2016

Finding 2016-005 (cont'd):

Fund #	Fund Name	Ending Unencumbered Cash 12/31/16
20	Airport Terminal	\$ (19,000.00)
21	Geometric 10th & Chestnut	(1,157.82)
31	Airport Fund	(18,924.46)
71	2014 Street Projects	(58.41)
77	10th & Main Improvements	(5,100.02)
89	SE Lift Station	(425,059.08)
96	Peter Pan Geometric	(141,188.09)
Total Negative Cash in non-grant funds		\$ (610,487.88)
25	CDBG 15-PF-008	(81,866.85)
95	CDBG 14-PF-018	(26,088.70)
Total Negative Cash in grant funds (KSA 12-1663 allowance)		\$ (107,955.55)
Total Negative Cash		\$ (718,443.43)

Context: Review of the adjusted trial balance and drafting of the financial statements revealed that final adjusted unencumbered cash balances were below \$0.

Effect of Condition: The condition caused the City to violate a Kansas State Statute, and could result in personal convictions or fines for those knowingly violating this statute pursuant to KSA 10-1121.

Cause of Condition: The City has not designed nor implemented an adequate system of control regarding the calculation and completeness of encumbrances or journal entries. Additionally, it does not appear that the purchase order module of the accounting software has been properly setup or implemented. See Findings 2016-001 and 2016-003. These lack of controls resulted in expenditures not previously considered or recorded against the remaining cash balances for the year ending December 31, 2016. Also, prior year audit journal entries were not entered correctly so encumbrances and cash balances in various funds were not correct and the City was not aware of actual cash balance in various funds.

Recommendations: Controls should be in place to ensure accuracy and completeness of encumbrances and journal entries. Additionally, the accounting software setup should be investigated for proper use of purchase orders in correctly reporting encumbrances. Also, encumbrances should be considered when determining budget to actual expenditures throughout the year. The City should regularly monitor unencumbered cash balances in all funds and transfer cash when necessary to funds that to not have adequate cash to meet demands.

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2016

Finding 2016-005 (cont'd)

View of responsible officials and planned corrective actions: Management concurs with the finding and will work to create a system that allows for accurate and complete recording of encumbrances and journal entries. Additionally, the accounting software support will be contacted to determine if changes in setup need to occur. See corrective action plan on pages 99 - 101.

Section III – Federal Award Findings and Questioned Costs

Community Development Block Grant – CFDA #14.228

Finding 2016-006:

Criteria: The Uniform Guidance provides requirements regarding the City's responsibility related to internal control in 2 CFR 200.303 of Subpart D, "Post Federal Award Requirements Standards for Financial and Program Management," of the Uniform Guidance. As noted in that section, the nonfederal entity must establish and maintain effective internal control over federal awards; comply with federal statutes, regulations, and the terms and conditions of the federal awards; evaluate and monitor the entity's compliance with statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings; and take reasonable measures to safeguard protected personally identifiable and other sensitive information. 2 CFR 200.61-62 provides definitions of internal controls and internal controls over compliance. Paragraph .A50 of AU-C section 315 provides five interrelated components to the internal control system, control environment, risk assessment, information and communication systems, control activities, and monitoring. From an auditor's standpoint, the Uniform Guidance requires that we plan our testing of internal controls over compliance to support a low assessed level of risk and that the existence of ineffective internal controls must be reported as either a significant deficiency or material weakness.

Statement of Condition: The City of Independence, Kansas has not established a written internal control system for internal controls over compliance. Additionally, the City has not determined compliance requirements for each federal award that have a direct and material effect on each award. Also, the City is not performing a risk assessment for each of their federal awards.

Context: Inquiries were made of City management to determine if there was any documentation of the policies and procedures regarding internal controls over compliance. Questions were posed to determine if management and accounting personnel understood the various

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2016

Finding 2016-006 (cont'd):

compliance requirements of the major program and they were not familiar with actual requirements as the City is relying upon an external grant administrator to perform compliance requirements for the City. We also asked if a risk assessment of federal awards had been performed as recommended in previous years and this had not yet been implemented.

Effect of Condition: The lack of an effective internal control system over compliance is noncompliance with the Uniform Guidance as this is a direct requirement as stated in the Criteria paragraph on the previous page. Additionally, the lack of an effective control system means that management does not have the ability to prevent, detect, and correct noncompliance in a timely manner.

Cause of Condition: The City has not designed nor implemented an adequate system of control regarding internal controls over compliance.

Recommendations: The City should implement a system of internal controls over compliance that is compliant with *Standards for Internal Control in the Federal Government* (Green Book), issued by the Comptroller General of the United States, or the *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This would include written internal controls for each federal program, the determination of compliance requirements that have a direct and material effect on federal programs, a risk assessment of the federal programs, and the development of various policies as required by the Uniform Guidance such as the procurement policy, conflict of interest policy, and others as deemed applicable by management. To properly complete these recommendations, it is recommended that management and accounting personnel that are involved in federal awards attend training over the Uniform Guidance so that they can properly implement the rules and regulations.

View of responsible officials and planned corrective actions: Management concurs with the finding. The City will develop an appropriate system of control over compliance. See the Corrective Action Plan developed by the City on pages 99 - 101.

Finding 2016-007:

Summary: The City does not have an adequate system of control over the preparation of the Schedule of Expenditures of Federal Awards. This is considered a significant deficiency in internal controls over financial reporting and over compliance. See Finding 2016-004 for complete details.

CITY OF INDEPENDENCE, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

Finding 2016-008:

Summary: The City does not have written internal controls over compliance, a documented risk assessment over federal awards, or written policies as required by the Uniform Guidance. This is considered material non-compliance as 2 CFR 200.303 of Subpart D requires that a nonfederal entity establish and maintain an appropriate control system over compliance with federal awards. This is also a material weakness in internal controls over compliance. See Finding 2016-006 for complete details.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2016

Finding 2015-001: A material weakness in internal controls over financial reporting was noted due to the absence of a system of control over encumbrance calculation to verify accuracy, cutoff, and completeness. This finding was not corrected and is repeated as Finding 2016-003.

Finding 2015-002: A significant deficiency in internal controls over financial reporting was noted due to the lack of adequate controls over the preparation of the Schedule of Expenditures of Federal Awards. This finding was corrected and is repeated as Findings 2016-006 and 2016-007.

Finding 2015-003: Material non-compliance with regard to the financial statement was noted as expenditures were over budget in two separate funds. There are no funds over budget for the year ended December 31, 2016. This finding is considered to be resolved.

Signed Michael C. Borowetz

Title DIRECTOR OF FINANCE



CITY OF INDEPENDENCE, KANSAS AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2016
CORRECTIVE ACTION PLAN

Finding 2016-001

The City will establish a written policy regarding the creation and review of journal entries. This policy will include the requirement that an individual with sufficient knowledge and training in accounting create all journal entries, but prior to entering the entries into the software, the journal entries and their backup documentation must be reviewed and approved by a member of management that also has the necessary skills and knowledge to understand the cause and effect of the journal entry. This review will be documented with a signature and date. To accomplish proper segregation of duties, the City will hire a full time bookkeeping position and it will be preferred that the individual hired has a minimum of a bachelor's degree in an accounting and/or a minimum three years of municipal experience.

Finding 2016-002

The City will implement controls will be in place to ensure accuracy and completeness of bank reconciliations. The City will investigate the ability to implement the bank reconciliation process within the accounting software and not in a separate spreadsheet; properly segregating duties so that the bank reconciliation is performed by an individual that is not involved in the recording and custody functions of cash transactions; having an individual, other than the person performing the reconciliation, open and review the original bank statement; and all bank reconciliations will be reviewed by upper management with the review including a review of the actual bank statement and cancelled check, and the review will be documented by a signature and a date. To accomplish proper segregation of duties, the City will hire a full time bookkeeping position and it will be preferred that the individual hired has a minimum of a bachelor's degree in an accounting and/or a minimum three years of municipal experience.

Finding 2016-003

The City will implement controls to ensure accuracy and completeness of encumbrances. Additionally, the accounting software setup will be investigated for proper use of purchase orders in correctly reporting encumbrances. To accomplish proper segregation of duties, the City will hire a full time bookkeeping position and it will be preferred that the individual hired has a minimum of a bachelor's degree in an accounting and/or a minimum three years of municipal experience.



Finding 2016-004

The City will implement controls to ensure accuracy and completeness of the Schedule of Expenditures of Federal Awards. Management will be aware of all Federal awards received and expended, their source, and their compliance requirements. During the preparation of the schedule, the City will verify with granting agencies all CFDA titles and numbers, and the appropriate pass-through entity to be reported. After the schedule is completed, a reconciliation of the financial statements to the schedule will be performed, and management will review the schedule to verify all known Federal Programs are reported and that expenditures are properly captured on the regulatory basis of accounting. The reconciliation and management's review will be documented.

Finding 2016-005

The City will implement controls to ensure accuracy and completeness of encumbrances and journal entries. Additionally, the accounting software setup will be investigated for proper use of purchase orders in correctly reporting encumbrances. Also, encumbrances will be considered when determining budget to actual expenditures throughout the year. The City will regularly monitor unencumbered cash balances in all funds and transfer cash when necessary to funds that do not have adequate cash to meet demands.

Finding 2016-006

The City will implement a system of internal controls over compliance that is compliant with Standards for Internal Control in the Federal Government (Green Book), issued by the Comptroller General of the United States, or the Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This would include written internal controls for each federal program, the determination of compliance requirements that have a direct and material effect on federal programs, a risk assessment of the federal programs, and the development of various policies as required by the Uniform Guidance such as the procurement policy, conflict of interest policy, and others as deemed applicable by management.

Finding 2016-007

The City will implement a system of internal controls over compliance that is compliant with Standards for Internal Control in the Federal Government (Green Book), issued by the Comptroller General of the United States, or the Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This would include written internal controls for



each federal program, the determination of compliance requirements that have a direct and material effect on federal programs, a risk assessment of the federal programs, and the development of various policies as required by the Uniform Guidance such as the procurement policy, conflict of interest policy, and others as deemed applicable by management.

Finding 2016-008

The City will implement a system of internal controls over compliance that is compliant with Standards for Internal Control in the Federal Government (Green Book), issued by the Comptroller General of the United States, or the Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This would include written internal controls for each federal program, the determination of compliance requirements that have a direct and material effect on federal programs, a risk assessment of the federal programs, and the development of various policies as required by the Uniform Guidance such as the procurement policy, conflict of interest policy, and others as deemed applicable by management.

A handwritten signature in black ink, appearing to read "D. Craig Whitehead", written over a horizontal line.

D. Craig Whitehead, City Manager

A handwritten date "March 8, 2018" in black ink, written over a horizontal line.

Date