City of Carbondale, Kansas
Financial Statement
For the Year Ended December 31, 2021

City of Carbondale, Kansas
Financial Statement
Regulatory Basis
For the Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT
January 17, 2022

To the City Council

City of Carbondale, Kansas

Unmodified and Adverse Opinions

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Carbondale, Kansas, (City) as of and for the year ended December 31, 2021 and the related notes to the financial statement.

Unmodified Opinion on Regulatory Basis of Accounting

In my opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2021, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note C.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the Basis for Unmodified and Adverse Opinions section of this report, the accompanying 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 as of December 31, 2021, or changes in financial position and cash flows thereof for the year then ended.

Basis for Unmodified and Adverse Opinions

I conducted my audit in accordance with auditing standards accepted in the United States of America, (GAAP) and the Kansas Municipal Audit and Accounting Guide. My responsibilities under these standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of this report. I am required to be independent of the City and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unmodified and adverse audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note C of the financial statement, the financial statement is prepared by the City 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 C and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management 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 C; 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. In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

My objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS,

I:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Supplementary Information

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

John R Welch C.P.A.

John R Welch, C.P.A.
Topeka, Kansas

City of Carbondale, Kansas

Statement 1

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2021

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General	$ 581,413.69	$ -	$ 741,101.24	$ 743,400.64	$ 579,114.29	$ 524.26	$ 579,638.55
Special Purpose Funds:							
Special Highway	54,468.89	-	39,422.35	58,449.00	35,442.24	-	35,442.24
1% Sales Tax Pool	256,331.65	-	139,982.59	53,758.30	342,555.94	-	342,555.94
Court Bonds	9,847.15	-	29,131.91	36,305.06	2,674.00	-	2,674.00
Capital Improvements	449,198.48	-	81,026.27	27,047.40	503,177.35	-	503,177.35
Equipment Reserve	154,799.57	-	97,215.80	43,126.84	208,888.53	-	208,888.53
Capital Projects							
Covid Federal Grants	-	-	226,417.21	121,956.25	104,460.96	-	104,460.96
Library Building	187,996.51	-	135,736.95	289,485.52	34,247.94	-	34,247.94
Business Funds							
Refuse	27,585.47	-	78,630.14	78,309.50	27,906.11	-	27,906.11
Water Utility	370,420.55	-	504,657.16	676,924.52	198,153.19	-	198,153.19
Sewer Utility	281,545.62	-	299,832.42	327,662.58	253,715.46	-	253,715.46
Water Reserves	265,011.28	-	80,439.06	56,887.85	288,562.49	-	288,562.49
Sewer Reserves	265,549.65	-	75,014.55	-	340,564.20	-	340,564.20
Public Bldg. Comm.	173,390.59	-	89,311.62	180,782.50	81,919.71	-	81,919.71
Total City	$ 3,077,559.10	$ -	$ 2,617,919.27	$ 2,694,095.96	$3,001,382.41	$ 524.26	$ 3,001,906.67

Composition of Cash	
Demand Checking Accounts	$ 2,121,290.27
Money Market Accounts	810,616.40
Certificates of Deposit	70,000.00
Total Cash	$ 3,001,906.67
Less agency funds	-
Total City	$ 3,001,906.67

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

City of Carbondale, Kansas

Notes to Financial Statement
December 31, 2021

NOTE A. MUNICIPAL REPORTING ENTITY

The City of Carbondale is a municipal corporation governed by a mayor-council form of government with a five member council. This financial statement presents the City of Carbondale (the City) primary government and the Carbondale Public Building Commission, a related municipal entity. All other related municipal entities, such as the Carbondale Public Library and Carbondale Recreation Commission, are not included in this financial statement. Inclusion of related municipal entities that do not meet the threshold for a required audit under K.S.A. 75-1122 is the option of the City, but not required.

NOTE B. REGULATORY BASIS FUND TYPES

The accounts of the City are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The City potentially could have the following types of 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 Fund - used to account for the proceeds of specific tax levies and other specific revenues sources (other than Capital Project and tax levies for long-term debt) that are intended for specific purposes.

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

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

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

NOTE C. BASIS OF ACCOUNTING

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America – The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and 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 City of Carbondale approved a resolution that it is in compliance with K.S.A. 75-1120a (c) waiving the requirement for application of generally accepted accounting principles for the year 2021 and thereafter, allowing the City to use the regulatory basis of accounting.

When regulatory basis financial statements are released for general use, generally accepted auditing standard AU-C-800.21, requires the auditor to express an opinion about whether the financial statement has been prepared in accordance with the special purpose framework. The auditor is also required in a separate paragraph to express an opinion about whether the regulatory, special purpose financial statement is presented fairly, in all material respects, in accordance with GAAP.

NOTE D. BUDGETARY INFORMATION

Kansas statutes require than 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 statues 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 10 days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the municipality is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The municipality did not hold a revenue neutral rate hearing for this year. 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. There were no such budget amendments for this year.

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

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

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

Court Bonds
Capital Improvements
Equipment Reserve
Water Reserves
Sewer Reserves

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

The City has established related municipal entities to operate the community library and provide for recreation. All funds received from the library and recreation commissions tax levies are payable to the related municipality. All actual payments to the library fund and to the recreation commission are reported as agency transactions. This financial statement does not include operational activities for these related municipalities. These entities are required to incorporate their operating budgets with the City's budget.

The City established a Public Building Commission. The Commission owns the municipal swimming pool and issued revenue bonds for its construction. As a related municipal entity the Commission receives rent from a 1% sales tax approved by voters. The Commission also owns the public library and issued general obligation bonds for its construction. The Commission levies taxes approved by voters to repay the bonds. This financial statement does include the activity of the Public Building Commission. This entity is required to incorporate its budget with the City's budget.

NOTE E. CASH AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main 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 bank 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 has no investments other than certificates of deposit. All deposits are held by one financial institution.

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% . There were no designated "peak periods" during the year.

At December 31, 2021, the City's carrying amount of deposits were $3,001,906.67 and the bank balance was $3,009,914.55. The difference between the carrying amount and the bank balance is outstanding checks and deposits. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $500,000.00 was covered by federal depository insurance and $2,509,914.55 was collateralized with securities held by the pledging financial institution's agents in the City's name and by Federal Home Loan Bank Letters of Credit.

Custodial Credit Risk - investments: For an investment, this is the risk that, in the event of 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 be adequately secured. The City had no such investments at year end.

NOTE F. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General	Equipment Reserve	K.S.A. 12-1,117	$80,000.00
General	Capital Improvement	K.S.A. 12-1,118(c)	80,000.00
Sewer	Sewer Reserves	K.S.A. 12-631o	75,000.00
Water	Water Reserves	K.S.A. 12-825d(c)	80,000.00

NOTE G. LONG-TERM DEBT

In 2009 the Carbondale Public Building Commission issued revenue bonds in the amount of $985,000.00. The proceeds of these bonds were used to construct a swimming pool on City property. Carbondale Public Building Commission is financing the bond repayment through rental payments from the 1% sales tax approved by voters on November 8, 2008. Annual rent payments equal to the next year's debt service are required by a lease agreement between the City and the Carbondale Public Building Commission.

On November 15, 2015 Carbondale Public Building Commission issued $925,000.00 of Revenue bonds Series 2015 to provide funds to pay the costs of refunding the Series 2009 Bonds. $850,000.00 of remaining bond principal debt was paid to close the 2009 bonds.

On October 3, 2019 Carbondale Public Building Commission issued revenue bonds in the amount of $730,000.00. The proceeds of these bonds were for the Library Construction Project to be constructed on City property. Carbondale Public Building Commission is financing the bond repayment through rental payments from the City of Carbondale. The rental payments are to be funded by private donations and an Ad Valorem tax approved by voters on December 12, 2017. Annual rent payments equal to the next year's debt service are required by a lease agreement between the City and the Carbondale Public Building Commission.

On April 10, 2019 the City issued general obligation bonds in the amount of $2,887,000.00 to finance improvements to the City's wastewater system.

The long-term debt schedule includes only debt and or leases payable to third parties.

City of Carbondale, Kansas

Notes to Financial Statement
December 31, 2019

Note G Long-term Debt (Continued)

Changes in long-term liabilities for the City for the year ended December 31, 2021, were as follows:

Issue	Interest Rates	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	2021 Additions	2021 Reductions/ Payments	Balance End of Year	Interest Paid
Series 2015 General Obligation; issued 9/3/15	2.5-3.0%	$ 2,375,000.00	02/01/26	$ 1,055,000.00	$ -	$ 350,000.00	$ 705,000.00	$ 38,343.75
Series 2015 Revenue; issued 11/18/15	2.5-3.75%	$ 925,000.00	02/15/30	635,000.00	-	110,000.00	525,000.00	29,487.50
Series 2019A General Obligation; issued 4/10/19	3.375%	$ 2,887,000.00	04/10/59	2,851,855.26	-	36,330.87	2,815,524.39	96,250.12
Series 2019 Revenue; issued 10/01/20	1.8-3.6%	$ 730,000.00	04/01/40	730,000.00	-	20,000.00	710,000.00	21,295.00
Total contractual Indebtedness				$ 5,271,855.26	$ -	$ 516,330.87	$ 4,755,524.39	$ 185,376.37

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

Principal:	2022	2023	2024	2025	2026	2027-31	Thereafter	Total
Series 2015 General Obligation	$ 105,000.00	$ 170,000.00	$ 175,000.00	$ 180,000.00	$ 75,000.00	$ -	$ -	$ 705,000.00
Series 2015 Revenue	-	60,000.00	60,000.00	60,000.00	65,000.00	280,000.00	-	525,000.00
Series 2019A General Obligation	37,557.04	38,824.59	40,134.92	41,489.48	42,889.75	237,163.81	2,377,464.80	2,815,524.39
Series 2019 Revenue	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00	175,000.00	385,000.00	710,000.00
Total Principal	172,557.04	298,824.59	305,134.92	311,489.48	212,889.75	692,163.81	2,762,464.80	4,755,524.39
Interest:								
General obligation bonds:								
Series 2015 General Obligation	10,100.00	16,406.25	11,550.00	6,300.00	1,125.00	-	-	45,481.25
Series 2015 Revenue	8,912.50	16,925.00	15,125.00	13,250.00	11,218.75	21,218.75	-	86,650.00
Series 2019A General Obligation	95,023.95	93,756.40	92,446.07	91,091.51	89,691.24	425,741.14	1,334,803.08	2,222,553.39
Series 2019 Revenue	20,865.00	20,295.00	19,680.00	19,035.00	18,360.00	78,857.50	64,605.00	241,697.50
Total Interest	134,901.45	147,382.65	138,801.07	129,676.51	120,394.99	525,817.39	1,399,408.08	2,596,382.14
Total principal and interest	$ 307,458.49	$ 446,207.24	$ 443,935.99	$ 441,165.99	$ 333,284.74	$ 1,217,981.20	$ 4,161,872.88	$ 7,351,906.53

NOTE H. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post Employment Benefits: As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retiree's health insurance plan because each participant is charged an equal premium regardless of age. However, the cost of this subsidy has not been qualified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Compensated Absences: Under terms of the City's personnel policy, City employees are granted annual personal and sick leave in varying amounts. The City's policy is to record annual personal and sick leave expense when paid.

NOTE I. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description - The City of Carbondale participates in the Kansas Public Employees Retirement System (KPERS) which is a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901. et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and requires supplementary information. KPERS financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, Kansas 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 (excluding the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended December 31, 2021. Contributions to KPERS and the Death and Disability Program plans from the City was $29,721.78 for the year ended December 31, 2021.

Net Pension Liability

At December 31, 2020, the City of Carbondale's proportionate share of the collective net pension liability reported to KPERS was $358,312.00. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The City of Carbondale's proportion of the net pension liability was based on the ratio of the City of Carbondale's contributions to the KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis accounting does not recognize long-term debt, this liability is not reported in these financial statements. As of the issuance of this statement, the December 31, 2021 net pension liability was not yet available from KPERS.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on 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.

NOTE J. 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; and natural disasters for which the City carries commercial insurance. Settlement of claims has not exceeded commercial insurance coverage in any of the last three fiscal years.

NOTE K. CAPITAL PROJECT

Library Building Project Description – Funding was approved for acquiring, constructing and equipping a library. Voter approved by mail in ballot to authorize the City and the Public Building Commission to issue up to $1,200,000.00 in General Obligation Bonds for the project.

Project Funding – The following funding budget was approved by the city for the Library Building Project:

Revenue Bonds	$ 657,000.00
Donations	159,837.00
CDBG	600,000.00
Total Project Funding	$ 1,416,837.00

Final Project Cost were $1,591,175.39 which included items individually approved by city council during construction. Excess Public and City donations in excess of final building requirements, will be placed in the Public Building Commission's bond and interest levy fund established for repayment of the revenue bonds.

NOTE L. COMPLIANCE, STEWARDSHIP AND ACCOUNTABILITY

The City budget certification to the county did not include the business funds. They were included on the public notification of budget hearing and included in the councils motion to adopt the budget as published. The line item expenditure detail for two non-levy special purpose funds was higher than the total on the notification of budget hearing summary and the budget certification.

The Public Building Commission remitted to the Kansas State Treasurer the February 14, 2022 scheduled bond payment in December of 2021. The payment was budgeted for in 2022. The remittance resulted in the Public Building Commission Fund exceeding its authorized budget authority by $64,599.50.

The City is not aware of any other statute violations for the year ended December 31, 2021.

NOTE M. SUBSEQUENT EVENTS

In preparing this financial statement, the City has evaluated events and transactions for potential recognition or disclosure through January 17, 2022 the date the financial statement was available for issue.

City of Carbondale, Kansas

Regulatory - Required

Supplementary Information

Summary of Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

Fund	Beginning Certified Budget	Qualifying Budget Credits	Total Budget	Expenditures Chargeable to Current Year	Variance Over (Under)
General	$ 1,093,670.00	$ -	$ 1,093,670.00	$ 743,400.64	$ (350,269.36)
Special Purpose Funds:					
Special Highway	58,449.00	-	58,449.00	58,449.00	-
1% Sales Tax Pool	333,433.00	-	333,433.00	53,758.30	(279,674.70)
Business Funds					
Refuse	104,116.00	-	104,116.00	78,309.50	(25,806.50)
Water Utility	968,903.00	-	968,903.00	676,924.52	(291,978.48)
Sewer Utility	583,095.00	-	583,095.00	327,662.58	(255,432.42)
Public Bldg. Comm.	116,183.00	-	116,183.00	180,782.50	64,599.50
Total City	$ 3,257,849.00	$ -	$ 3,257,849.00	$ 2,119,287.04	$ (1,138,561.96)

See the independant auditor's report on required supplementary information

General
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Ad Valorem Tax	$ 325,446.10	$ 333,125.00	$ (7,678.90)
Delinquent Tax	9,377.55	8,000.00	1,377.55
Motor Vehicle Tax	65,030.45	64,112.00	918.45
Recreational Vehicle Tax	1,863.91	1,709.00	154.91
16/20M Vehicle Tax	128.38	146.00	(17.62)
Commercial Vehicle Tax	104.00	293.00	(189.00)
Watercraft Tax	-	433.00	(433.00)
City Sales Tax	139,982.58	121,759.00	18,223.58
County Sales Tax	100,250.35	-	100,250.35
Insurance Dividend	10,376.02	-	10,376.02
Franchise Fees	46,256.28	48,009.00	(1,752.72)
Dog Tags	405.00	-	405.00
City License	1,920.00	2,529.00	(609.00)
Court Fines	31,772.63	24,323.00	7,449.63
Rent	585.00	775.00	(190.00)
Reimbursed Exp	958.50	-	958.50
CFAP (fish lake payment)	5,459.00	5,459.00	-
Interest	89.36	2,178.00	(2,088.64)
Miscellaneous	1,096.13	11,897.00	(10,800.87)
Receipts Total	741,101.24	624,747.00	116,354.24
Expenditures			
General Operating Expense			
Salaries & Wages	63,705.85	55,650.00	8,055.85
Insurance	16,158.71	10,750.00	5,408.71
Capital Outlay & Repairs	8,367.11	40,000.00	(31,632.89)
Supply	7,719.31	3,850.00	3,869.31
Contractual	15,901.35	10,750.00	5,151.35
Auditor	5,500.00	5,168.00	332.00
Legal	4,473.21	5,550.00	(1,076.79)
Training	420.48	1,200.00	(779.52)

General
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Miscellaneous	3,163.50	7,419.00	(4,255.50)
Utilities	3,831.59	3,000.00	831.59
Compliance	-	295.00	(295.00)
Donations	8,600.00	4,500.00	4,100.00
Total General Operating Expense	137,841.11	148,132.00	(10,290.89)
Police Expense			
Wages	194,094.80	175,000.00	19,094.80
Fuel	11,343.59	7,099.00	4,244.59
Utilities	4,423.28	3,000.00	1,423.28
Miscellaneous	696.49	959.00	(262.51)
Equipment	463.35	2,894.00	(2,430.65)
Insurance	12,871.34	14,806.00	(1,934.66)
Legal	65.28	1,000.00	(934.72)
Training	5,007.80	4,100.00	907.80
Contractual	1,910.45	3,850.00	(1,939.55)
Supply	2,951.32	3,596.00	(644.68)
Uniforms & Duty Gear	3,456.57	2,072.00	1,384.57
Special Events NNO	678.11	1,500.00	(821.89)
Cap Outlay & Bldg	2,915.80	500.00	2,415.80
Vehicle	2,773.47	16,324.00	(13,550.53)
Animal Control	168.49	250.00	(81.51)
Total Police Expense	243,820.14	236,950.00	6,870.14
Court Expense			
Wages	14,002.80	15,098.00	(1,095.20)
Contractual	1,293.00	1,450.00	(157.00)
Attorney	4,678.50	3,500.00	1,178.50
Supply	365.78	125.00	(125.00)
Other	193.50	-	193.50
Total Court Expense	20,533.58	20,173.00	(5.20)

General
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Street Expense			
Wages	36,228.27	50,000.00	(13,771.73)
Training	25.00	500.00	(475.00)
Maintenance	1,352.34	-	1,352.34
Capital Outlay	74,970.03	150,000.00	(75,029.97)
Fuel	1,852.95	2,500.00	(647.05)
Supplies	4,233.58	5,000.00	(766.42)
Miscellaneous	28.05	-	28.05
Equipment	5,160.35	2,000.00	3,160.35
Contractual	908.40	2,025.00	(1,116.60)
Insurance	6,759.59	5,943.00	816.59
Vehicle	134.63	1,000.00	(865.37)
Uniform	891.36	750.00	141.36
Utiilities	823.72	925.00	(101.28)
Total Street Expense	133,368.27	220,643.00	(87,274.73)
Maintenance Expense			
Utilities	3,213.87	4,250.00	(1,036.13)
Equipment	622.45	4,122.00	(3,499.55)
Mowing	368.13	-	368.13
Supplies	2,929.34	3,028.00	(98.66)
Total Maintenance Expense	7,133.79	11,400.00	(4,266.21)
Zoning Expense			
Annexation Expenses	11,500.00	-	11,500.00
Wages	294.58	900.00	(605.42)
Contractual	869.42	2,400.00	(1,530.58)
Attorney	-	65.00	(65.00)
Total Zoning Expense	12,664.00	3,365.00	9,299.00

General
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Recreation Expense			
Insurance	-	1,000.00	(1,000.00)
Total Recreation Expense	-	1,000.00	(1,000.00)
Fish & Lake Expense			
Wages	2,572.67	2,825.00	(252.33)
Contractual	4,426.15	220.00	4,206.15
East Lake Caretaker	-	3,540.00	(3,540.00)
Supplies	1,732.17	2,250.00	(517.83)
Total Fish & Lake Expense	8,730.99	8,835.00	(104.01)
City Park Expense			
Capital Outlay	-	5,000.00	(5,000.00)
Caretaker	240.00	620.00	(380.00)
Insurance	1,016.71	750.00	266.71
Utilities	1,721.98	1,232.00	489.98
Total City Park Expense	2,978.69	7,602.00	(4,623.31)
Street Lights Expense	16,330.07	19,000.00	(2,669.93)
Miscellaneous	-	491.00	(491.00)
Cash forward contingency	-	312,000.00	(312,000.00)
PBC Library Building Appropriation	-	54,079.00	(54,079.00)
Transfer to Equipment Reserve	80,000.00	35,000.00	45,000.00
Transfer to Capital Improvement	80,000.00	15,000.00	65,000.00
Expenditures Total	743,400.64	1,093,670.00	(350,635.14)
Receipts Over (Under) Expenditures	(2,299.40)	$ (468,923.00)	$ 466,989.38
Unencumbered Cash, Beginning	581,413.69		
Unencumbered Cash, Ending	$ 579,114.29		

See the independant auditor's report on required supplementary information

Special Highway
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
State of Kansas Gas Tax	$ 39,422.35	$ 30,880.00	$ 8,542.35
Receipts Total	39,422.35	30,880.00	8,542.35
Expenditures			
Street Repairs	58,449.00	58,449.00	-
Cash forward contingency	-	-	-
Expenditures Total	58,449.00	58,449.00	-
Receipts Over (Under) Expenditures	(19,026.65)	$ (27,569.00)	$ 8,542.35
Unencumbered Cash, Beginning	54,468.89		
Unencumbered Cash, Ending	$ 35,442.24		

See the independant auditor's report on required supplementary information

1% Sales Tax Pool
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Local Sales Tax	$ 139,982.59	$ 120,731.00	$ 19,251.59
Receipts Total	139,982.59	120,731.00	19,251.59
Expenditures			
Miscellaneous Maintenance & Repair	402.25	-	402.25
Utilities	3,921.62	4,370.00	(448.38)
Insurance	-	1,817.00	(1,817.00)
Chemicals	1,426.40	3,096.00	(1,669.60)
Swimming Pool Lease	48,008.03	73,513.00	(25,504.97)
Cash forward contingency	-	250,637.00	(250,637.00)
Expenditures Total	53,758.30	333,433.00	(279,674.70)
Receipts Over (Under) Expenditures	86,224.29	$(212,702.00)	$ 298,926.29
Unencumbered Cash, Beginning	256,331.65		
Unencumbered Cash, Ending	$ 342,555.94		

Court Bonds
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021

	Actual
Receipts	
Court Collections	$ 29,131.91
Receipts Total	29,131.91
Expenditures	
Kansas State Treasurer	3,132.50
Bonds Refunded	330.00
NSF Returned Receipts	127.50
Lab and Judge Fees	422.50
Diversions to Special Police	1,072.68
Court Fines to Carbondale General Fund	31,219.88
Expenditures Total	36,305.06
Receipts Over (Under) Expenditures	(7,173.15)
Unencumbered Cash, Beginning	9,847.15
Unencumbered Cash, Ending	$ 2,674.00

See the independant auditor's report on required supplementary information

Capital Improvements
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021

	Council Designated For Street	Council Designated City Park	Council Designated Other Projects	Total
Receipts				
Interest	$ 7.14	$ -	$ 19.13	$ 26.27
Land Sale	-	-	1,000.00	1,000.00
Transfer From General	40,000.00	-	40,000.00	80,000.00
Receipts Total	40,007.14	-	41,019.13	81,026.27
Expenditures				
City Hall Roof Repair	-	-	22,250.00	22,250.00
Street Improvements	4,797.40	-	-	4,797.40
Expenditures Total	4,797.40	-	22,250.00	27,047.40
Receipts Over Expenditures	35,209.74	-	18,769.13	53,978.87
Unencumbered Cash Beginning	176,362.45	15,000.00	257,836.03	449,198.48
Unencumbered Cash Ending	$ 211,572.19	$ 15,000.00	$ 276,605.16	$ 503,177.35

See the independant auditor's report on required supplementary information

Equipment Reserve
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021

	Council Designated For Police	Council Designated For Maintenance	Total
Receipts			
Interest	$ 1.80	$ 6.07	$ 7.87
Miscellaneous	8,517.75	7,617.50	16,135.25
Court diversions	1,072.68	-	1,072.68
Transfer From General	-	80,000.00	80,000.00
Receipts Total	9,592.23	87,623.57	97,215.80
Expenditures			
Equipment Purchase	33,465.00	9,661.84	43,126.84
Expenditures Total	33,465.00	9,661.84	43,126.84
Receipts Over (Under) Expenditures	(23,872.77)	77,961.73	54,088.96
Unencumbered Cash, Beginning	43,484.32	111,315.25	154,799.57
Unencumbered Cash, Ending	$ 19,611.55	$ 189,276.98	$ 208,888.53

See the independant auditor's report on required supplementary information

Covid Federal Grants
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021

	Actual
Receipts	
CDBG CV3 Grant	$ 121,956.25
ARP Grant	104,460.96
Receipts Total	226,417.21
Expenditures	
Paid to Subrecepient Local Business	121,956.25
Qualified ARP Infrastructure Projects	-
Expenditures Total	121,956.25
Receipts Over (Under) Expenditures	104,460.96
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	$ 104,460.96

See the independant auditor's report on required supplementary information

Library Building
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021

	Current Year Actual	Prior Years Actual	Project To Date
Receipts			
Donations	$ 52,264.97	$ 315,444.03	$ 367,709.00
CDBG Grant	83,464.08	515,735.92	599,200.00
Revenue Bond Proceeds	-	657,000.00	657,000.00
Interest	7.90	1,506.43	1,514.33
Receipts Total	135,736.95	1,489,686.38	1,625,423.33
Expenditures			
Administrative	7,791.85	40,571.48	48,363.33
Design and Engineering	-	87,756.16	87,756.16
Construction	240,398.67	1,106,281.93	1,346,680.60
Bond Issuance Cost	-	45,744.50	45,744.50
G.O. Bond Payments	41,295.00	21,335.80	62,630.80
Expenditures Total	289,485.52	1,301,689.87	1,591,175.39
Receipts Over (Under) Expenditures	(153,748.57)	$ 187,996.51	$ 34,247.94
Unencumbered Cash, Beginning	187,996.51		
Unencumbered Cash, Ending	$ 34,247.94		

See the independant auditor's report on required supplementary information

Refuse
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
User Fees	$ 78,630.14	$ 77,863.00	$ 767.14
Receipts Total	78,630.14	77,863.00	767.14
Expenditures			
Contractual Services	78,309.50	77,202.00	1,107.50
Cash forward contingency	-	26,914.00	(26,914.00)
Expenditures Total	78,309.50	104,116.00	(25,806.50)
Receipts Over (Under) Expenditures	320.64	$ (26,253.00)	$ 26,573.64
Unencumbered Cash, Beginning	27,585.47		
Unencumbered Cash, Ending	$ 27,906.11		

See the independant auditor's report on required supplementary information

Water Utility
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Water Sales	$ 484,922.44	$ 451,938.00	$ 32,984.44
Bulk Water Sales	1,425.75	1,682.00	(256.25)
Late & Reconnection Fees	13,533.92	13,132.00	401.92
Connection Fees	2,151.21	2,295.00	(143.79)
State Sales Tax & WPF	2,108.58	2,211.00	(102.42)
NSF Collection	328.41	-	328.41
State Set-Off Collections	186.85	-	186.85
Miscellaneous	-	1,742.00	(1,742.00)
Receipts Total	504,657.16	473,000.00	31,657.16
Expenditures			
Wages	69,905.59	73,500.00	(3,594.41)
Administrative	3,571.00	3,481.00	90.00
Insurance	31,593.59	27,935.00	3,658.59
Auditor	1,000.00	1,166.00	(166.00)
Postage	2,900.98	3,260.00	(359.02)
Supply	1,950.20	-	1,950.20
Contractual	4,358.08	-	4,358.08
Maintenance	3,549.71	-	3,549.71
Plant Maintenance	800.99	-	800.99
Plant Chemical	37,865.76	44,735.00	(6,869.24)
Plant Supplies	3,251.51	-	3,251.51
Plant Contractual	11,744.84	-	11,744.84
Utilities	25,507.81	38,405.00	(12,897.19)
Plant Cap Outlay & Repairs	-	122,178.00	(122,178.00)
Fuel	1,232.29	1,100.00	132.29
Vehicle Exp	2,290.04	-	2,290.04
Uniform Exp	531.02	750.00	(218.98)
Training Exp	198.36	750.00	(551.64)

Water Utility
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Plant Propane Exp	3,543.72	4,500.00	(956.28)
Return Check Exp	7.89	-	7.89
State Sales Tax	1,226.56	1,438.00	(211.44)
WPF/CDW Payments	587.73	1,280.00	(692.27)
Water Fee	963.10	1,140.00	(176.90)
Bond & Interest payments	388,343.75	271,932.00	116,411.75
Transfer Out	80,000.00	25,000.00	55,000.00
Cash forward contingency	-	346,353.00	(346,353.00)
Expenditures Total	676,924.52	968,903.00	(291,978.48)
Receipts Over (Under) Expenditures	(172,267.36)	$ (495,903.00)	$ 323,635.64
Unencumbered Cash, Beginning	370,420.55		
Unencumbered Cash, Ending	$ 198,153.19		

Sewer Utility
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Sewer Revenue	$ 299,832.42	$ 303,701.00	$ (3,868.58)
Receipts Total	299,832.42	303,701.00	(3,868.58)
Expenditures			
Wages and Benefits	85,473.81	78,500.00	6,973.81
Training	12.03	500.00	(487.97)
Insurance	10,073.57	8,780.00	1,293.57
Contractual	2,562.00	2,450.00	112.00
Auditor	1,000.00	1,166.00	(166.00)
Capital Outlay & Repairs	3,412.77	5,000.00	(1,587.23)
Supply	34.08	-	34.08
Utilities	10,777.30	8,870.00	1,907.30
Vehicle	1,754.41	-	1,754.41
Uniforms	749.03	750.00	(0.97)
Fuel	2,208.68	2,222.00	(13.32)
Propane	1,825.56	1,000.00	825.56
Miscellaneous	198.35	-	198.35
G. O. Bond Principal and Interest	132,580.99	132,581.00	(0.01)
Transfer Out	75,000.00	75,000.00	-
Cash forward contingency	-	266,276.00	(266,276.00)
Expenditures Total	327,662.58	583,095.00	(255,432.42)
Receipts Over (Under) Expenditures	(27,830.16)	$ (279,394.00)	$ 251,563.84
Unencumbered Cash, Beginning	281,545.62		
Unencumbered Cash, Ending	$ 253,715.46		

Water Reserves
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021

	Actual
Receipts	
Interest Income	$ 439.06
Transfer From Water	80,000.00
Receipts Total	80,439.06
Expenditures	
Capital Expenditures	56,887.85
Expenditures Total	56,887.85
Receipts Over (Under) Expenditures	23,551.21
Unencumbered Cash, Beginning	265,011.28
Unencumbered Cash, Ending	$ 288,562.49

Sewer Reserves
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021

	Actual
Receipts	
Interest Income	$ 14.55
Transfer From Sewer	75,000.00
Receipts Total	75,014.55
Expenditures	
Capital Expenditures	-
Expenditures Total	-
Receipts Over (Under) Expenditures	75,014.55
Unencumbered Cash, Beginning	265,549.65
Unencumbered Cash, Ending	$ 340,564.20

Public Bldg. Comm.
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Library Lease	Pool Lease	Total	Budget	Variance Over (Under)
Receipts					
Lease Income	$41,295.00	$48,008.03	$ 89,303.03	$127,592.00	$ (38,288.97)
Interest Income	6.77	1.82	8.59	-	8.59
Receipts Total	41,301.77	48,009.85	89,311.62	127,592.00	(38,280.38)
Expenditures					
Bond Payment	41,295.00	139,487.50	180,782.50	116,183.00	64,599.50
Expenditures Total	41,295.00	139,487.50	180,782.50	116,183.00	64,599.50
Receipts Over (Under) Expenditures	6.77	(91,477.65)	(91,470.88)	$ 11,409.00	$ (102,879.88)
Unencumbered Cash, Beginning	73,000.00	100,390.59	173,390.59		
Unencumbered Cash, Ending	$73,006.77	$ 8,912.94	$ 81,919.71		

Schedule 3

City of Carbondale, Kansas

Agency Funds
Summary of Receipts and Disbursements Agency Funds
Regulatory Basis
For the Year Ended December 31, 2021

	Beginng Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Related Municipal Entities Funds:				
Library	$ -	$ 73,244.14	$ 73,244.14	$ -
Recreation Commission	-	46,184.64	46,184.64	-
Total	$ -	$ 119,428.78	$ 119,428.78	$ -

See the independant auditor's report on required supplementary information