

**CITY OF SUBLETTE, KANSAS**  
**REGULATORY BASIS FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

CITY OF SUBLETTE, KANSAS  
REGULATORY BASIS FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2018

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## INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council Members  
City of Sublette, Kansas

### **Report on the Financial Statement**

We have audited the accompanying regulatory basis fund summary statement of receipts, expenditures and unencumbered cash of the municipal reporting entity of the City of Sublette, Kansas, as of and for the year ended December 31, 2018, and the related notes to the financial statement, which collectively comprise the City of Sublette's basic financial statement as listed in the table of contents.

#### 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 to meet the financial reporting requirements of the State of Kansas; 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.

#### Auditor's Responsibility

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

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

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

#### 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 Sublette, Kansas, on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* of the State of Kansas, which is a basis of accounting other than accounting principles generally accepted in the United State of America, to meet the requirements of the State of Kansas.

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 accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Sublette, Kansas, as of December 31, 2018, or changes in financial position or cash flows thereof for the year then ended.

**Opinion on Regulatory Basis of Accounting**

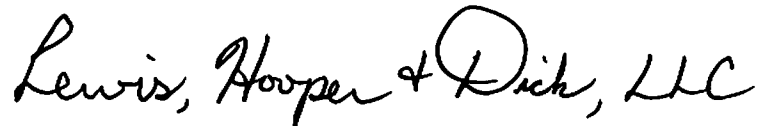
In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Sublette, Kansas, as of December 31, 2018, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* of the State of Kansas described in Note 1.

**Other Matters**

Our audit was conducted for the purpose of forming opinions on the regulatory basis fund summary statement of receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The regulatory basis summary of expenditures - actual and budget, and the regulatory basis individual fund schedules of receipts and expenditures - actual and budget (Schedules 1 and 2 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, they 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 and the *Kansas Municipal Audit and Accounting Guide*. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United State of America, the basic financial statement of City of Sublette, as of and for the year ended December 31, 2017, (not presented herein), and have issued our report thereon dated March 8, 2018, which contained an unmodified opinion on the basic financial statement. The 2017 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://www.admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2017 actual column (2017 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2018, (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2017 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 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 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 2017 basic financial statement or to the 2017 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 2017 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2017, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Lewis, Hooper & Dick, LLC". The signature is written in a cursive, flowing style.

LEWIS, HOOPER & DICK, LLC

April 10, 2019

**CITY OF SUBLETTE, KANSAS**  
**Summary Statement of Receipts, Expenditures and Unencumbered Cash**  
**Regulatory Basis**  
**For the Year Ended December 31, 2018**

<u>Fund</u>	<u>Unencumbered Cash 1/1/18</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Unencumbered Cash 12/31/18</u>	<u>Outstanding Encumbrances and Payables</u>	<u>Treasurer's Cash 12/31/18</u>
<b><u>Governmental Type Funds</u></b>						
General	\$ 334,336	\$ 1,147,627	\$ 1,108,095	\$ 373,868	\$ 22,332	\$ 396,200
Special Purpose Funds:						
Special Streets and Highway	22,788	37,226	52,802	7,212	-	7,212
Airport	48,528	16,000	8,288	56,237	-	56,237
Equipment Reserve	87,105	57,670	40,757	104,018	-	104,018
Capital Improvement Reserve	488,084	69,479	-	537,563	-	537,563
Memorial Contributions	1,766	2,500	2,889	1,407	-	1,407
Bond and Interest	50,294	179,000	179,431	49,863	-	49,863
<b><u>Business Funds</u></b>						
Water and Sewer Utility	51,403	519,535	485,988	84,950	8,087	93,037
Water Depreciation Reserve	574,164	50,000	11,440	612,724	-	612,724
Water Deposits	26,884	6,652	7,309	26,237	-	26,237
Total Reporting Entity (memorandum only)	<u>\$ 1,665,360</u>	<u>\$ 2,085,689</u>	<u>\$ 1,897,000</u>	<u>\$ 1,854,079</u>	<u>\$ 30,419</u>	<u>\$ 1,884,498</u>

## Composition of cash:

Centera Bank:		
Money market checking account	\$ 1,147,244	
Checking account	136,654	
Petty cash checking account	500	
Total cash in bank		\$ 1,284,398
Certificates of deposit		600,000
Change fund		100
Total cash		<u>\$ 1,884,498</u>

The accompanying Notes to the Financial Statement are an integral part of this statement.

CITY OF SUBLETTE, KANSAS  
Notes to the Financial Statement  
For the Year Ended December 31, 2018

1. Summary of significant accounting policies

The City of Sublette, Kansas, was incorporated under the provisions of the State of Kansas. The City operates under a Mayor - Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. Other services include utilities operations.

A. Financial reporting entity

The City is governed by an elected five-member council and a mayor. This financial statement presents the City of Sublette (the municipality) 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 City has no organizations, functions or activities which are considered related municipal entities.

B. Regulatory basis of accounting and departure from accounting principles generally accepted in the United States of America

The *Kansas Municipal Audit and Accounting Guide* 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 *Kansas Municipal Audit and Accounting Guide* 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 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.

C. Regulatory basis fund types

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

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 receipt sources (other than capital project and tax levies for long-term debt) that are intended for specified purposes.

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

CITY OF SUBLETTE, KANSAS  
Notes to the Financial Statement  
For the Year Ended December 31, 2018

1. Summary of significant accounting policies (continued)

C. Regulatory basis fund types (continued)

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 – 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...).

Trust funds – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e., pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc...).

Agency funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (i.e., payroll clearing fund, etc...).

D. Cash and investments

Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the City (except for investments in the Kansas Municipal Investment Pool). Cash includes amounts in demand deposits, time deposits and certificates of deposit. Interest income earned, unless specifically designated, is allocated to the general fund.

E. Property taxes and special assessments

The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the counties. The County Appraiser annually determines assessed valuations based on real property transactions as recorded by the Register of Deeds and personal property holdings reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls and the County Treasurer collects the taxes for all taxing entities within the County.

Taxes are assessed on a calendar year basis, are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1st of the ensuing year. One-half of the property taxes are due December 20th and distributed to the City by January 20th to finance a portion of the current year's budget. The second half is due May 10th and distributed to the City by June 5th. The City Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

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



CITY OF SUBLETTE, KANSAS  
Notes to the Financial Statement  
For the Year Ended December 31, 2018

1. Summary of significant accounting policies (continued)

F. Interfund transactions and reimbursements

Quasi-external transactions (i.e., transactions that would be treated as receipts or expenditures if they involved organizations external to the governmental unit, such as internal service fund billings to departments) are accounted for as receipts or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

G. Memorandum totals

Totals on the financial statement are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. No consolidated financial information is presented nor is all required disclosures presented for these amounts.

2. Stewardship, compliance and accountability

A. 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 of the proposed budget and notice of public hearing on the budget on or before August 5th.
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 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 amendments to the original budget for the year ended December 31, 2018.

The legal level of budgetary control is the fund level. 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.

CITY OF SUBLETTE, KANSAS  
Notes to the Financial Statement  
For the Year Ended December 31, 2018

2. Stewardship, compliance and accountability (continued)

A. Budgetary information (continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which 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 projects funds, trust funds, and the following special purpose fund:

Memorial Contribution Fund

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

B. Compliance with finance related legal and contractual provisions

References made herein to the statutes are not intended as interpretation of law, but are offered for consideration of the Kansas Department of Administration's Chief Financial Officer and interpretation by the County Attorney and the legal representative of the City.

There are no known material violations of finance related legal and contractual provisions including Kansas statutes, regulations, contracts, debt covenants, or other agreements for the year ended December 31, 2018.

3. Detailed notes on all funds

A. Deposits and investments

A reconciliation of cash and investments as shown in the composition of cash on the summary statement of receipts, expenditures and unencumbered cash on Statement 1 is as follows:

Cash on hand	\$ 100
Carrying amount of deposits	<u>1,884,398</u>
Total cash	<u><u>\$ 1,884,498</u></u>

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.

CITY OF SUBLETTE, KANSAS  
Notes to the Financial Statement  
For the Year Ended December 31, 2018

3. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

Concentration of credit risk

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

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%. The City does not use designated "peak periods". All deposits were legally secured at December 31, 2018.

At December 31, 2018, the City's carrying amount of deposits was \$1,884,398 and the bank balance was \$1,896,252. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$399,008 was covered by federal depository insurance and \$1,497,244 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The City's cash deposits at year-end are as follows:

	<u>Centera Bank</u>
FDIC coverage	\$ 399,008
Pledged securities at market value	<u>1,821,452</u>
Total coverage	<u>\$ 2,220,460</u>
Funds on deposit	<u>\$ 1,896,252</u>
Funds at risk	<u>\$ -</u>

Custodial credit risk - investments

Custodial credit risk for an investment 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. The City had no investments of this type at December 31, 2018.

B. Capital projects in process

Capital project authorizations with approved change orders compared to expenditures from inception at December 31, 2018, are as follows:

	<u>Project Authorization</u>	<u>Expenditures to Date</u>	<u>Committed</u>
Street maintenance	\$ 36,061	\$ 36,061	\$ -

**CITY OF SUBLETTE, KANSAS**  
**Notes to the Financial Statement**  
**For the Year Ended December 31, 2018**

**3. Detailed notes on all funds (continued)**

**C. Long-term debt**

Changes in long-term debt for the year ended December 31, 2018, were as follows:

Issue	Date of Issue	Maximum Rate	Amount of Issue	Date of Final Maturity	Balance 1/1/18	Additions	Reductions/Payments	Balance 12/31/18	Interest Paid
<b>General obligation bonds payable:</b>									
Series 2013B	07/01/13	3.25%	\$ 1,000,000	03/01/31	\$ 625,000	\$ -	\$ 45,000	\$ 780,000	\$ 26,081
Series 2013C	07/01/13	3.25%	1,450,000	03/01/31	1,215,000	-	70,000	1,145,000	38,350
<b>Total general obligation bonds payable</b>					<b>2,040,000</b>	<b>-</b>	<b>115,000</b>	<b>1,925,000</b>	<b>64,431</b>
<b>Capital leases payable:</b>									
Fire equipment	04/16/12	4.15%	70,854	04/16/19	22,619	-	11,080	11,539	939
Street sweeper	07/27/16	3.23%	190,739	08/27/20	114,672	-	39,898	77,674	3,759
<b>Total capital leases payable</b>					<b>137,291</b>	<b>-</b>	<b>48,078</b>	<b>89,213</b>	<b>4,698</b>
<b>Total long-term debt</b>					<b>\$ 2,177,291</b>	<b>\$ -</b>	<b>\$ 163,078</b>	<b>\$ 2,014,213</b>	<b>\$ 69,129</b>

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

	2019	2020	2021	Year 2022	2023	2024-2028	2029-2031	Total
<b>Principal:</b>								
General obligation bonds payable	\$ 120,000	\$ 125,000	\$ 130,000	\$ 135,000	\$ 140,000	\$ 755,000	\$ 520,000	\$ 1,925,000
Capital lease payable	49,750	39,463	-	-	-	-	-	89,213
<b>Total principal</b>	<b>169,750</b>	<b>164,463</b>	<b>130,000</b>	<b>135,000</b>	<b>140,000</b>	<b>755,000</b>	<b>520,000</b>	<b>2,014,213</b>
<b>Interest:</b>								
General obligation bonds payable	60,812	56,831	52,488	48,181	43,713	147,631	25,838	435,094
Capital lease payable	3,025	1,294	-	-	-	-	-	4,319
<b>Total interest</b>	<b>63,837</b>	<b>57,925</b>	<b>52,488</b>	<b>48,181</b>	<b>43,713</b>	<b>147,631</b>	<b>25,838</b>	<b>439,413</b>
<b>Total principal and interest</b>	<b>\$ 233,587</b>	<b>\$ 222,388</b>	<b>\$ 182,488</b>	<b>\$ 183,181</b>	<b>\$ 183,713</b>	<b>\$ 902,631</b>	<b>\$ 545,838</b>	<b>\$ 2,453,626</b>

**Legal debt margin**

The debt limit per K.S.A. 10-308 is thirty percent of the assessed tangible valuation of the City given by the County Assessor to the County Clerk on the preceding August 25th each year. The amount of debt outstanding does not exceed the statutory limit.

**D. Interfund transfers between funds**

Interfund operating transfers are as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	
General	Airport		\$ 1,000
General	Equipment Reserve	12-1117	57,670
General	Capital Improvement Reserve	12-1118	69,479
Water and Sewer Utility	General	12-825d	50,000
Water and Sewer Utility	Bond and Interest	13-1270	179,000
Water and Sewer Utility	Water Depreciation Reserve	12-825d	50,000
<b>Total</b>			<b>\$ 407,149</b>

CITY OF SUBLETTE, KANSAS  
Notes to the Financial Statement  
For the Year Ended December 31, 2018

4. Other information

A. 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. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Post-employment health care 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 retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified 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. There is no cost to the City under this program.

C. Compensated absences

The City's policy is to recognize the costs of compensated absences when actually paid.

The City's policy regarding vacation leave pay permits employees to accumulate vacation days at a maximum rate of 18 days per year. Not more than 18 days can be accumulated and carried over from one calendar year to the next. Upon termination, employees are compensated for all accumulated vacation days at their final rate of pay.

The City's policy regarding sick leave pay permits employees to accumulate leave days at a maximum rate of 12 days per year for total accumulation of 60 days. Sick leave may be used for sick leave, bereavement leave and personal leave. The City does not pay employees for unused sick leave.

D. Retirement plan

In 2001, the City established SEP-IRA's for employees with contributions equaling 5% of the participants' gross salaries paid annually. Employees are covered after meeting length of service requirements. The total paid by the City for the year ended December 31, 2018, was \$13,106.

E. Subsequent event

Subsequent to December 31, 2018, the City approved the 2019 agreement with Mayer Specialty Service for \$11,000. The City also approved costs to rebuild an engine not to exceed \$35,000 and the purchase of a 1500 gallon tank for a fire truck in an amount not to exceed \$12,257. The City also approved the annual property insurance policy through Howard Insurance Agency for a total cost of \$48,728.

**REGULATORY REQUIRED SUPPLEMENTAL INFORMATION**

CITY OF SUBLETTE, KANSAS  
Summary of Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2018

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Over (Under)</u>
<u>Governmental Type Funds</u>					
General	\$ 1,159,282	\$ -	\$ 1,159,282	\$ 1,108,095	\$ (51,187)
Special Purpose Funds:					
Special Streets and Highway	59,450	-	59,450	52,802	(8,848)
Airport	58,852	-	58,852	8,289	(50,563)
Equipment Reserve	123,974	-	123,974	40,757	(83,217)
Capital Improvement Reserve	612,761	-	612,761	-	(612,761)
Bond and Interest	229,194	-	229,194	179,431	(49,763)
<u>Business Funds</u>					
Water and Sewer Utility	498,950	-	498,950	485,988	(12,962)
Water Depreciation Reserve	628,750	-	628,750	11,440	(617,310)
Water Deposits	38,770	-	38,770	7,309	(31,461)

CITY OF SUBLETTE, KANSAS  
General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2018  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		Current Year		Variance
	Prior Actual	Actual	Budget	Over (Under)
<b>Receipts:</b>				
Ad valorem tax	\$ 441,515	\$ 457,302	\$ 476,781	\$ (19,479)
Delinquent tax	9,487	21,110	-	21,110
Motor and recreational vehicle tax	90,277	103,978	100,472	3,506
Sales and compensating use tax	313,372	310,183	232,020	78,163
Franchise taxes	76,461	89,345	64,750	24,595
Grants	6,694	-	-	-
Trash collections	70,080	70,596	62,900	7,696
Licenses and permits	1,303	2,260	1,000	1,260
Park	3,603	3,126	5,000	(1,874)
Fines and forfeitures	8,405	11,123	1,750	9,373
Reimbursed expense	79	-	3,335	(3,335)
Miscellaneous	45,821	24,143	-	24,143
Interest on idle funds	2,546	4,461	-	4,461
Transfer from Water and Sewer Utility	60,000	50,000	50,000	-
<b>Total receipts</b>	<b>1,129,643</b>	<b>1,147,627</b>	<b>\$ 998,008</b>	<b>\$ 149,619</b>
<b>Expenditures:</b>				
<b>General government:</b>				
Personnel	22,056	23,140	\$ 25,750	\$ (2,610)
Contractual	49,771	52,324	55,000	(2,676)
Commodities	12,403	12,131	15,000	(2,869)
Capital outlay	13,755	24,852	25,000	(148)
Miscellaneous	6,343	8,245	-	8,245
<b>Total general government</b>	<b>104,328</b>	<b>120,692</b>	<b>120,750</b>	<b>(58)</b>
<b>Police:</b>				
Personnel	21,177	21,353	26,367	(5,014)
Contractual	108,991	109,206	121,282	(12,076)
Commodities	-	-	1,000	(1,000)
Miscellaneous	-	420	-	420
<b>Total police</b>	<b>130,168</b>	<b>130,979</b>	<b>148,649</b>	<b>(17,670)</b>
<b>Street:</b>				
Personnel	206,498	193,823	208,159	(14,336)
Contractual	45,894	31,631	50,000	(18,369)
Commodities	79,812	86,635	82,400	4,235
Capital outlay	50,727	28,534	28,534	-
Miscellaneous	110	294	-	294
<b>Total street</b>	<b>383,041</b>	<b>340,917</b>	<b>369,093</b>	<b>(28,176)</b>

(continued)



CITY OF SUBLETTE, KANSAS  
General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2018  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	Prior Actual	Current Year		Variance Over (Under)
		Actual	Budget	
(continued)				
Expenditures:				
Fire:				
Personnel	\$ 13,305	\$ 36,300	\$ 16,750	\$ 19,550
Contractual	16,147	5,359	6,000	(641)
Commodities	9,424	9,097	10,000	(903)
Capital outlay	19,007	23,664	12,100	11,564
Total fire	<u>57,883</u>	<u>74,420</u>	<u>44,850</u>	<u>29,570</u>
Swimming pool and parks:				
Personnel	21,389	20,922	27,575	(6,653)
Contractual	19,616	4,256	6,000	(1,744)
Commodities	12,194	20,569	22,000	(1,431)
Capital outlay	-	-	1,500	(1,500)
Miscellaneous	3,624	111	-	111
Total swimming pool and parks	<u>56,823</u>	<u>45,858</u>	<u>57,075</u>	<u>(11,217)</u>
Health, sanitation and sewer:				
Contractual	85,335	81,449	112,845	(31,396)
Commodities	4,905	18,113	-	18,113
Capital outlay	-	-	10,000	(10,000)
Miscellaneous	1,086	768	-	768
Total health, sanitation and sewer	<u>91,326</u>	<u>100,330</u>	<u>122,845</u>	<u>(22,515)</u>
Employee benefits:				
Employer FICA	21,707	22,511	28,341	(5,830)
Workmen's compensation	15,658	15,587	22,700	(7,113)
Medical insurance	96,832	115,546	120,000	(4,454)
Employee retirement	12,829	13,106	14,500	(1,394)
Total employee benefits	<u>147,026</u>	<u>166,750</u>	<u>185,541</u>	<u>(18,791)</u>
Transfers out	<u>142,256</u>	<u>128,149</u>	<u>110,479</u>	<u>17,670</u>
Total expenditures	<u>1,112,851</u>	<u>1,108,095</u>	<u>\$ 1,159,282</u>	<u>\$ (51,187)</u>
Receipts over expenditures	16,792	39,532		
Unencumbered cash, beginning	<u>317,544</u>	<u>334,336</u>		
Unencumbered cash, ending	<u>\$ 334,336</u>	<u>\$ 373,868</u>		

CITY OF SUBLETTE, KANSAS  
Special Streets and Highway Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2018  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Actual	Actual	Budget	Variance Over (Under)
Receipts:				
State payments	\$ 36,628	\$ 37,226	\$ 37,260	\$ (34)
Transfer from Capital Improvement Reserve	<u>43,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>79,628</u>	<u>37,226</u>	<u>\$ 37,260</u>	<u>\$ (34)</u>
Expenditures:				
Personnel	5,810	-	\$ 11,600	\$ (11,600)
Commodities	<u>56,250</u>	<u>52,802</u>	<u>47,850</u>	<u>4,952</u>
Total expenditures	<u>62,060</u>	<u>52,802</u>	<u>\$ 59,450</u>	<u>\$ (6,648)</u>
Receipts over (under) expenditures	17,568	(15,576)		
Unencumbered cash, beginning	<u>5,220</u>	<u>22,788</u>		
Unencumbered cash, ending	<u>\$ 22,788</u>	<u>\$ 7,212</u>		

CITY OF SUBLETTE, KANSAS  
 Airport Fund  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Year Ended December 31, 2018  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	Prior Actual	Actual	Budget	Variance Over (Under)
<b>Receipts:</b>				
County appropriation	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
State payments	4,860	-	-	-
Reimbursements	-	-	22,000	(22,000)
Transfer from General	23,955	1,000	1,000	-
<b>Total receipts</b>	<b>43,815</b>	<b>16,000</b>	<b>\$ 38,000</b>	<b>\$ (22,000)</b>
<b>Expenditures:</b>				
Contractual	-	-	\$ 6,825	\$ (6,825)
Commodities	1,037	4,389	-	4,389
Capital outlay	4,800	3,900	52,027	(48,127)
<b>Total expenditures</b>	<b>5,837</b>	<b>8,289</b>	<b>\$ 58,852</b>	<b>\$ (50,563)</b>
<b>Receipts over expenditures</b>	<b>37,978</b>	<b>7,711</b>		
<b>Unencumbered cash, beginning</b>	<b>10,548</b>	<b>48,526</b>		
<b>Unencumbered cash, ending</b>	<b>\$ 48,526</b>	<b>\$ 56,237</b>		

CITY OF SUBLETTE, KANSAS  
 Equipment Reserve Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2018  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		Current Year		Variance
	Prior Actual	Actual	Budget	Over Over (Under)
Receipts:				
Transfer from General	\$ 40,000	\$ 57,670	\$ 40,000	\$ 17,670
Expenditures:				
Equipment purchases	40,757	40,757	\$ 123,974	\$ (83,217)
Receipts over (under) expenditures	(757)	16,913		
Unencumbered cash, beginning	87,862	87,105		
Unencumbered cash, ending	\$ 87,105	\$ 104,018		

CITY OF SUBLETTE, KANSAS  
 Capital Improvement Reserve Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2018  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Actual	Actual	Budget	Variance Over (Under)
Receipts:				
Transfer from General	\$ 78,301	\$ 69,479	\$ 69,479	\$ -
Expenditures:				
Capital outlay	35,999	-	\$ 612,761	\$ (612,761)
Transfer to Special Streets and Highway	43,000	-	-	-
Total expenditures	78,999	-	\$ 612,761	\$ (612,761)
Receipts over (under) expenditures	(698)	69,479		
Unencumbered cash, beginning	468,782	468,084		
Unencumbered cash, ending	\$ 468,084	\$ 537,563		

CITY OF SUBLETTE, KANSAS  
 Memorial Contribution Fund  
 Schedule of Receipts and Expenditures - Actual  
 Regulatory Basis  
 For the Year Ended December 31, 2018  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	<u>Prior Actual</u>	<u>Actual</u>
Receipts:		
Donations	<u>\$ 29,299</u>	<u>\$ 2,500</u>
Expenditures:		
Capital outlay	<u>30,309</u>	<u>2,889</u>
Receipts under expenditures	(1,010)	(389)
Unencumbered cash, beginning	<u>2,806</u>	<u>1,796</u>
Unencumbered cash, ending	<u><u>\$ 1,796</u></u>	<u><u>\$ 1,407</u></u>

CITY OF SUBLETTE, KANSAS  
 Bond and Interest Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2018  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		Current Year		Variance
	Prior Actual	Actual	Budget	Over (Under)
Receipts:				
Transfer from Water and Sewer Utility	\$ 199,000	\$ 179,000	\$ 179,000	\$ -
Expenditures:				
Principal	115,000	115,000	\$ 115,000	\$ -
Interest	68,169	64,431	64,431	-
Commission and postage	-	-	100	(100)
Cash basis reserve	-	-	49,663	(49,663)
Total expenditures	183,169	179,431	\$ 229,194	\$ (49,763)
Receipts over (under) expenditures	15,831	(431)		
Unencumbered cash, beginning	34,463	50,294		
Unencumbered cash, ending	\$ 50,294	\$ 49,863		

CITY OF SUBLETTE, KANSAS  
Water and Sewer Utility Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2018  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		Current Year		Variance
	Prior Actual	Actual	Budget	Over (Under)
<b>Receipts:</b>				
Water collections	\$ 276,230	\$ 299,761	\$ 286,500	\$ 13,261
Sewer collections	176,324	171,925	171,000	925
Royalties	21,300	24,177	10,900	13,277
Sale of water meters	3,176	14,753	1,500	13,253
Interest	5,091	8,919	2,000	6,919
Miscellaneous	-	-	2,500	(2,500)
Transfer from Water Deposits	12,000	-	-	-
<b>Total receipts</b>	<b>494,121</b>	<b>519,535</b>	<b>\$ 474,400</b>	<b>\$ 45,135</b>
<b>Expenditures:</b>				
Personnel	76,101	77,227	\$ 75,450	\$ 1,777
Repairs and maintenance	19,653	6,630	25,000	(18,370)
Electric power	61,577	58,729	70,000	(11,271)
Sales tax	4,857	6,603	5,000	1,603
Meters and supplies	17,731	32,675	23,500	9,175
Office supplies and postage	1,709	1,069	-	1,069
Gas, oil and service	1,506	4,049	6,000	(1,951)
Miscellaneous	14,900	20,006	5,000	15,006
Capital expenditures	1,860	-	10,000	(10,000)
Transfer to General	60,000	50,000	50,000	-
Transfer to Bond and Interest	199,000	179,000	179,000	-
Transfer to Water Depreciation Reserve	100,000	50,000	50,000	-
<b>Total expenditures</b>	<b>558,894</b>	<b>485,988</b>	<b>\$ 498,950</b>	<b>\$ (12,962)</b>
<b>Receipts over (under) expenditures</b>	<b>(64,773)</b>	<b>33,547</b>		
<b>Unencumbered cash, beginning</b>	<b>116,176</b>	<b>51,403</b>		
<b>Unencumbered cash, ending</b>	<b>\$ 51,403</b>	<b>\$ 84,950</b>		



CITY OF SUBLETTE, KANSAS  
 Water Depreciation Reserve Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2018  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

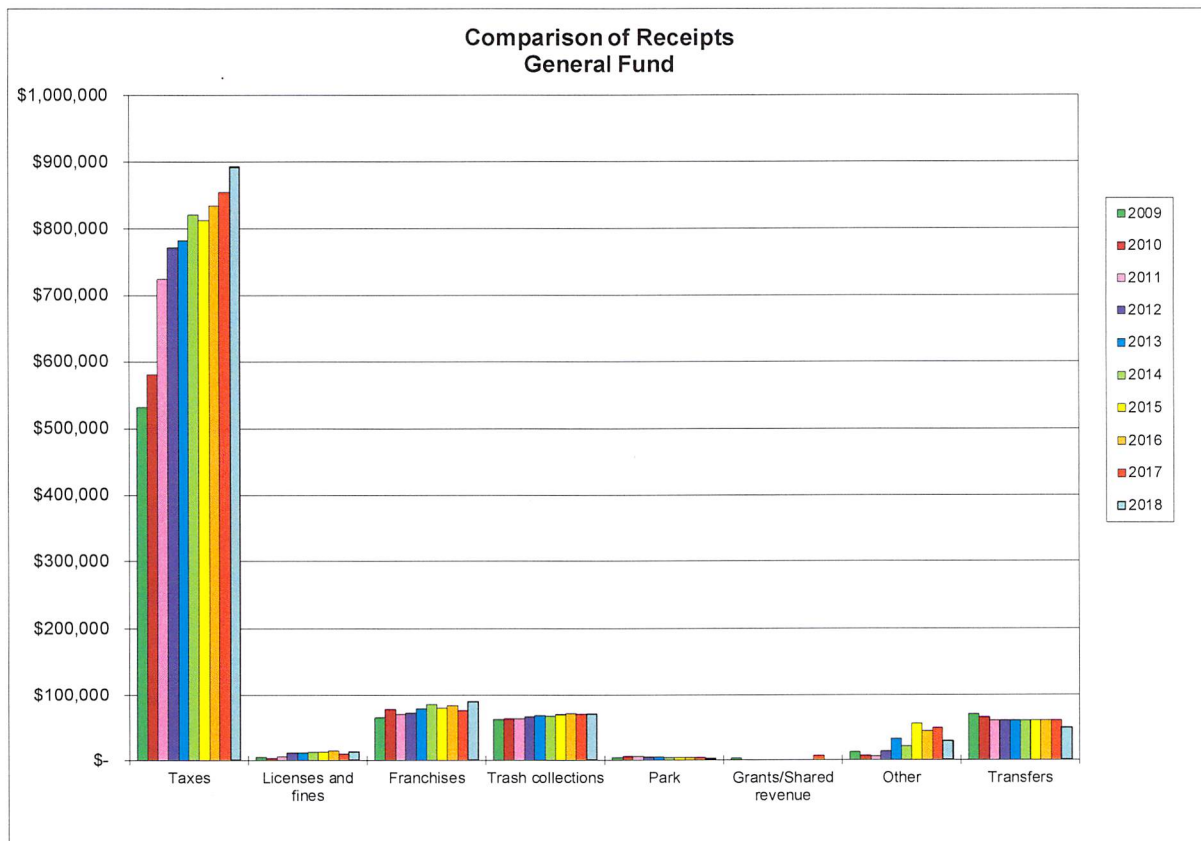
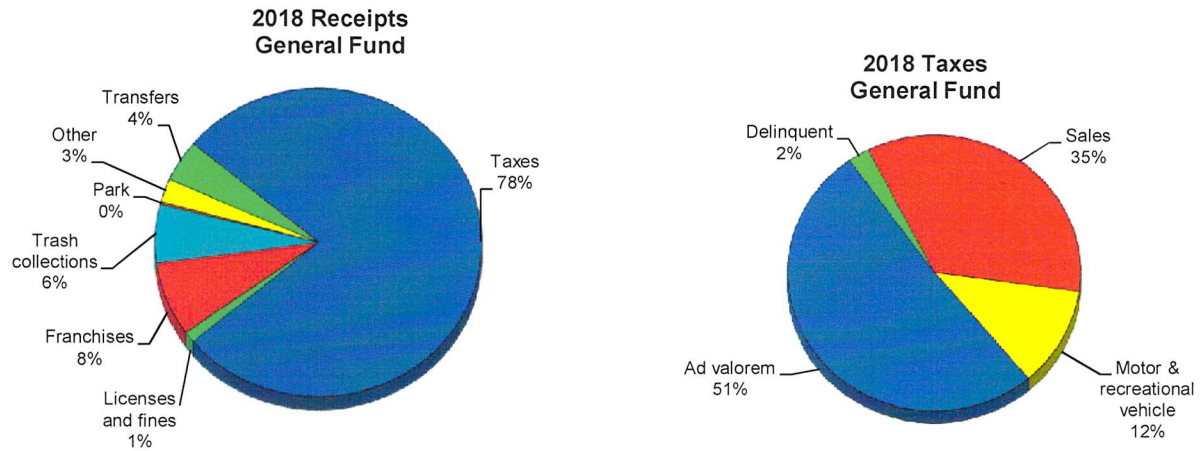
		Current Year		
	Prior Actual	Actual	Budget	Variance Over (Under)
Receipts:				
Transfer from Water and Sewer Utility	\$ 100,000	\$ 50,000	\$ 50,000	\$ -
Expenditures:				
Capital outlay	65,755	11,440	\$ 628,750	\$ (617,310)
Receipts over expenditures	34,245	38,560		
Unencumbered cash, beginning	539,919	574,164		
Unencumbered cash, ending	\$ 574,164	\$ 612,724		

CITY OF SUBLETTE, KANSAS  
 Water Deposits Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2018  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		Current Year		
	Prior Actual	Actual	Budget	Variance Over (Under)
Receipts:				
Customer deposits	\$ 2,750	\$ 6,652	\$ 4,000	\$ 2,652
Expenditures:				
Customer deposit refunds	1,627	7,309	\$ 38,770	\$ (31,461)
Transfer to Water and Sewer Utility	12,000	-	-	-
Total expenditures	13,627	7,309	\$ 38,770	\$ (31,461)
Receipts under expenditures	(10,877)	(657)		
Unencumbered cash, beginning	37,771	26,894		
Unencumbered cash, ending	\$ 26,894	\$ 26,237		

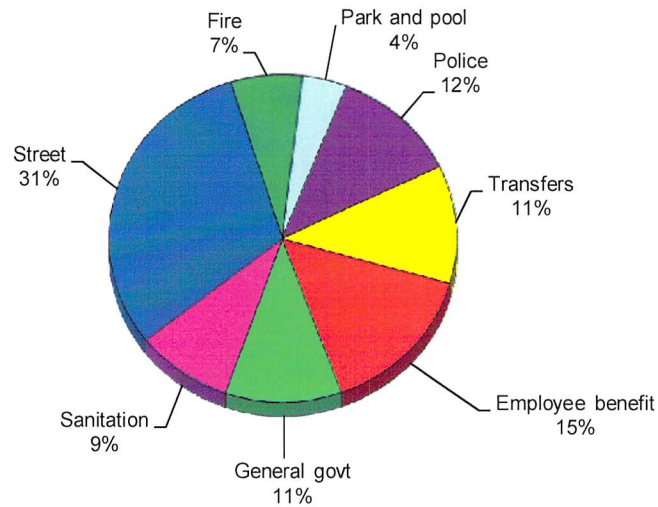
## **OTHER SUPPLEMENTAL INFORMATION**

CITY OF SUBLETTE, KANSAS  
Receipts - General Fund  
Regulatory Basis  
For the Year Ended December 31

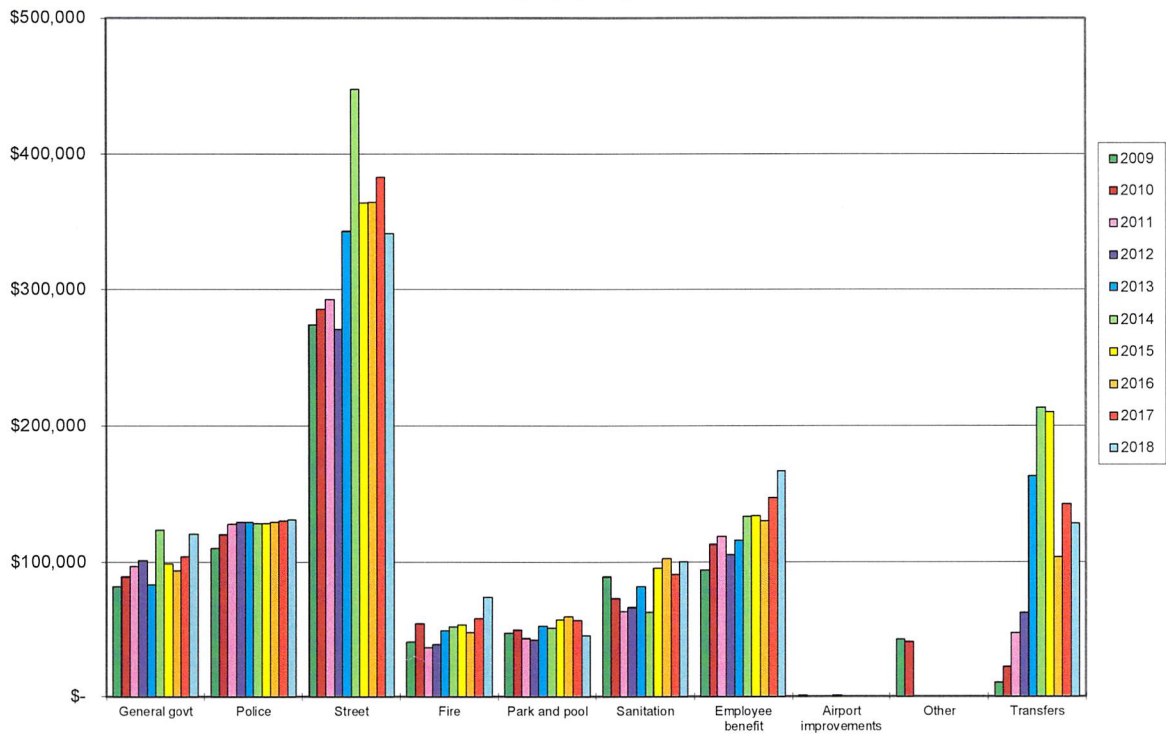


CITY OF SUBLETTE, KANSAS  
Expenditures - General Fund  
Regulatory Basis  
For the Year Ended December 31

**2018 Expenditures  
General Fund**



**Comparison of Expenditures  
General Fund**



CITY OF SUBLETTE, KANSAS  
Comparison of Receipts and Expenditures - General Fund  
Regulatory Basis  
For the Year Ended December 31

