

**CITY OF GARNETT, KANSAS**

Independent Auditors' Report and  
Financial Statement with  
Supplementary Information

For the Year Ended December 31, 2021

**CITY OF GARNETT, KANSAS**  
For the Year Ended December 31, 2021

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**JARRED, GILMORE & PHILLIPS, PA**  
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Commissioners  
City of Garnett, Kansas

***Adverse and Unmodified Opinion***

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

***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 and Unmodified Opinion" section of our 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 of Garnett, Kansas as of December 31, 2021, or changes in financial position and cash flows thereof for the year then ended.

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

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Garnett, Kansas 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 1.

***Basis for Adverse and Unmodified Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the Kansas Municipal Audit and Accounting Guide. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinion.

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

As discussed in Note 1 of the financial statement, the financial statement is prepared by the City of Garnett, Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the

preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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.

### ***Auditors' Responsibilities for the Audit of the Financial Statement***

Our 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 our opinion. 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, we:

- 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 our 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.

We are 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 we identified during the audit.

### ***Other Matters***

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, schedules of receipts and expenditures – actual and budget – regulatory basis for each individual fund, and schedule of receipts and disbursements – agency funds, regulatory basis (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information

has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Garnett, Kansas as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated July 30, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 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 <https://admin.ks.gov/offices/oar/municipalservices>. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2021 (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 2020 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 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 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 2020 basic financial statement or to the 2020 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 2020 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, 2020, on the basis of accounting described in Note 1.



JARRED, GILMORE & PHILLIPS, PA

Certified Public Accountants

July 23, 2022  
Chanute, Kansas

## CITY OF GARNETT, KANSAS

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

| Funds  | Beginning<br>Unencumbered<br>Cash Balances | Receipts                | Expenditures            | Ending<br>Unencumbered<br>Cash Balances | Add                                     |                                      |
|--|--|-------------------------|-------------------------|---|---|--------------------------------------|
|  |  |                         |                         |   | Encumbrances<br>and Accounts<br>Payable | Cash Balance<br>December 31,<br>2021 |
| <b>General Fund</b>                                | <b>\$ 459,219.71</b>                       | <b>\$ 2,079,071.34</b>  | <b>\$ 2,146,693.42</b>  | <b>\$ 391,597.63</b>                    | <b>\$ 5,076.81</b>                      | <b>\$ 396,674.44</b>                 |
| Special Purpose Funds:                             |  |                         |                         |   |   |                                      |
| Airport  | 42,403.29                                  | 102,084.12              | 132,217.69              | 12,269.72                               | -                                       | 12,269.72                            |
| Library  | 30,186.84                                  | 183,535.54              | 192,000.08              | 21,722.30                               | 2,825.81                                | 24,548.11                            |
| Special Highway                                    | 239,848.91                                 | 380,422.27              | 87,895.58               | 532,375.60                              | -                                       | 532,375.60                           |
| Special Parks and Recreation                       | 12,253.61                                  | 3,139.69                | 4,347.21                | 11,046.09                               | -                                       | 11,046.09                            |
| Public Safety                                      | 152,070.22                                 | 898,600.79              | 972,574.86              | 78,096.15                               | 1,100.00                                | 79,196.15                            |
| Capital Outlay Improvement                         | 616,460.67                                 | 507,966.79              | 197,947.34              | 926,480.12                              | 2,475.00                                | 928,955.12                           |
| Equipment Reserve                                  | 303,180.64                                 | 416,050.00              | 330,383.37              | 388,847.27                              | -                                       | 388,847.27                           |
| Drug Seizure                                       | 7,098.66                                   | 453.01                  | -                       | 7,551.67                                | -                                       | 7,551.67                             |
| Creative Arts Grant                                | 6,630.62                                   | -                       | -                       | 6,630.62                                | -                                       | 6,630.62                             |
| Tourism  | 52,665.16                                  | 26,101.27               | 15,247.23               | 63,519.20                               | -                                       | 63,519.20                            |
| Tax Refund Reserve                                 | 560,000.00                                 | 140,000.00              | -                       | 700,000.00                              | -                                       | 700,000.00                           |
| Tax Refund Litigation                              | 200,000.00                                 | 50,000.00               | -                       | 250,000.00                              | -                                       | 250,000.00                           |
| Economic Development                               | 30,937.08                                  | 91,906.26               | 96,670.16               | 26,173.18                               | -                                       | 26,173.18                            |
| Bond and Interest Funds:                           |  |                         |                         |   |   |                                      |
| General Obligation Bond and Interest               | 52,440.20                                  | 807,612.44              | 860,052.64              | -                                       | -                                       | -                                    |
| Capital Projects Funds:                            |  |                         |                         |   |   |                                      |
| Industrial Park Development                        | 86,564.41                                  | -                       | -                       | 86,564.41                               | -                                       | 86,564.41                            |
| Business Funds:                                    |  |                         |                         |   |   |                                      |
| Sanitation Utility                                 | 177,035.06                                 | 345,880.48              | 361,819.09              | 161,096.45                              | 212.81                                  | 161,309.26                           |
| Electric Utility                                   | 2,035,765.91                               | 3,552,105.18            | 3,650,000.00            | 1,937,871.09                            | 287,623.09                              | 2,225,494.18                         |
| Water Utility                                      | 1,832,785.82                               | 1,418,594.35            | 1,030,009.37            | 2,221,370.80                            | 232.76                                  | 2,221,603.56                         |
| Gas Utility  | 1,384,565.73                               | 4,195,522.59            | 5,200,000.00            | 380,088.32                              | 206,388.18                              | 586,476.50                           |
| Wastewater Utility                                 | 391,614.07                                 | 657,786.15              | 826,405.83              | 222,994.39                              | 914.54                                  | 223,908.93                           |
| Total Reporting Entity<br>(Excluding Agency Funds) | <b>\$ 8,673,726.61</b>                     | <b>\$ 15,856,832.27</b> | <b>\$ 16,104,263.87</b> | <b>\$ 8,426,295.01</b>                  | <b>\$ 506,849.00</b>                    | <b>\$ 8,933,144.01</b>               |

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

**Statement 1 (Continued)****CITY OF GARNETT, KANSAS**

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

|  | <u>2021</u>            |
|--|------------------------|
| Total Cash to be accounted for:                    | <u>\$ 8,933,144.01</u> |
| Composition of Cash:                               |                        |
| Cash on Hand .....                                 | \$ 2,741.00            |
| Checking Accounts:                                 |                        |
| Goppert State Service Bank.....                    | 449,144.07             |
| Patriots Bank - Utility Account .....              | 894,637.51             |
| Patriots Bank - Municipal Court.....               | 337.00                 |
| Patriots Bank - Bond Account.....                  | 4,070.00               |
| Investments:                                       |                        |
| Certificates of Deposit .....                      | 9,100,000.00           |
| Less:  |                        |
| Housing Authority Cash Balances.....               | <u>(1,375,852.57)</u>  |
| Total Cash   | 9,075,077.01           |
| Agency Funds Per Schedule 3 .....                  | <u>(141,933.00)</u>    |
| Total Reporting Entity<br>(Excluding Agency Funds) | <u>\$ 8,933,144.01</u> |

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

## **CITY OF GARNETT, KANSAS**

Notes to the Financial Statement  
For the Year Ended December 31, 2021

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

The City of Garnett, Kansas, (the City) is incorporated as a City of the second class, under the provisions of K.S.A. 13-101 *et seq.* The City operates under a Commission-City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water and sewer, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

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

#### Financial Reporting Entity

The City of Garnett, Kansas (the City) is a municipal corporation governed by an elected three member commission. This financial statement presents the City of Garnett, Kansas.

*Related Municipal Entity.* A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

Garnett Public Library - The City of Garnett Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Separate financial statements are available at the Library.

#### Garnett Housing Authority

The Housing Authority of the City of Garnett, Kansas operates the City's housing projects with a December 31st year end. The Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City. A copy of the financial statements can be obtained from the Housing Authority.

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

### Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Garnett, Kansas, for the year of 2021:

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

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

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

Capital Project 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 in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

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

### Basis of Presentation – Regulatory Basis of Accounting

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

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

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

### Pension Plan

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

### Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as cash receipts. In the financial statement and budget schedule comparisons presented in this report, reimbursements and refunds are recorded as cash receipts. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

### Property Taxes

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

### Special Assessments

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

### 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, and business funds. Although directory rather than mandatory, the statutes provide for the following timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1.
2. Publication in local newspaper on or before August 5 of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

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

### Budgetary Information (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The City amended the Economic Development Fund and Gas Utility Fund.

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

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

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

- Equipment Reserve Fund
- Capital Outlay Improvement Fund
- Drug Seizure Fund
- Creative Arts Grant Fund
- Tax Refund Reserve Fund
- Tax Refund Litigation Fund

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

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

### Compliance with Kansas Statutes

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

### **3. DEPOSITS AND INVESTMENTS**

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

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

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

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2021.

*Deposits:* At year-end, the City's carrying amount of deposits, including certificates of deposit and amounts from the Housing Authority was \$10,448,188.58 and the bank balance was \$10,742,173.62. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$761,019.32 was covered by FDIC insurance and \$9,981,154.30 was collateralized with pledged securities held by the pledging financial institutions' agents in the City's name and a letter of credit.

### **4. CAPITAL LEASES**

The City has entered into a capital lease agreement in order to finance the purchase of a 2018 Freightliner truck with a Heil 16 yard compactor. Payments are made annually including interest at 2.40%. Final maturity of the lease is September 1, 2026. Future minimum lease payments are as follows:

| <u>Year Ended December 31</u>       | <u>Totals</u>       |
|-------------------------------------|---------------------|
| 2022                                | \$ 14,853.64        |
| 2023                                | 14,853.64           |
| 2024                                | 14,853.64           |
| 2025                                | 14,853.64           |
| 2026                                | <u>14,847.95</u>    |
|                                     | 74,262.51           |
| Less imputed interest               | <u>(5,072.75)</u>   |
| Net Present Value of Minimum        |                     |
| Lease Payments                      | 69,189.76           |
| Less: Current Maturities            | <u>(13,189.10)</u>  |
| Long-Term Capital Lease Obligations | <u>\$ 56,000.66</u> |

## 5. LONG-TERM DEBT

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

| Issue                          | Interest Rates | Date of Issue     | Original Amount of Issue | Date of Final Maturity | Balance Beginning of Year | Additions       | Reductions/ Payments | Balance End of Year | Interest Paid |
|--------------------------------|----------------|-------------------|--------------------------|------------------------|---------------------------|-----------------|----------------------|---------------------|---------------|
| General Obligation Bonds       |                |                   |                          |                        |                           |                 |                      |                     |               |
| Paid by Tax Levies:            |                |                   |                          |                        |                           |                 |                      |                     |               |
| Series 2008-A                  | 3.50-5.00%     | February 1, 2008  | \$ 1,190,000.00          | October 1, 2023        | \$ 125,000.00             | \$ -            | \$ (125,000.00)      | \$ -                | \$ 2,651.39   |
| Paid by Utility Receipts:      |                |                   |                          |                        |                           |                 |                      |                     |               |
| Series 2012                    | 2.00-2.50%     | May 15, 2012      | 3,010,000.00             | October 1, 2023        | 635,000.00                | -               | (635,000.00)         | -                   | 15,651.25     |
| Series 2015                    | 2.25-4.00%     | December 10, 2015 | 645,000.00               | October 1, 2035        | 515,000.00                | -               | (30,000.00)          | 485,000.00          | 16,750.00     |
| State Low Interest Loan        | 0.25%          | March 24, 2021    | 2,900,000.00             | January 1, 2031        | -                         | 2,900,000.00    | (288,254.80)         | 2,611,745.20        | 5,397.38      |
| Senior Housing Revenue Bonds   |                |                   |                          |                        |                           |                 |                      |                     |               |
| Series 2006                    | 4.25-5.00%     | March 15, 2006    | 2,395,000.00             | October 1, 2028        | 780,000.00                | -               | (80,000.00)          | 700,000.00          | 43,619.55     |
| Capital Leases                 |                |                   |                          |                        |                           |                 |                      |                     |               |
| 2017 Trash Truck               | 2.40%          | June 14, 2016     | 129,960.00               | September 1, 2026      | 82,069.04                 | -               | (12,879.28)          | 69,189.76           | 1,974.36      |
| Total Contractual Indebtedness |                |                   |                          |                        | \$ 2,137,069.04           | \$ 2,900,000.00 | \$ (1,171,134.08)    | \$ 3,865,934.96     | \$ 86,043.93  |

## 5. LONG-TERM DEBT (Continued)

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

| Issue                        | 2022          | 2023          | 2024          | 2025          | 2026          | 2027-2031       | 2032-2035     | Total           |
|------------------------------|---------------|---------------|---------------|---------------|---------------|-----------------|---------------|-----------------|
| <b>Principal</b>             |               |               |               |               |               |                 |               |                 |
| General Obligation Bonds     |               |               |               |               |               |                 |               |                 |
| Paid by Utility Receipts:    |               |               |               |               |               |                 |               |                 |
| Series 2015                  | \$ 30,000.00  | \$ 30,000.00  | \$ 30,000.00  | \$ 35,000.00  | \$ 35,000.00  | \$ 165,000.00   | \$ 160,000.00 | \$ 485,000.00   |
| State Low Interest Loan      | 143,561.41    | 287,661.40    | 288,381.00    | 289,102.40    | 289,825.61    | 1,313,213.38    | -             | 2,611,745.20    |
| Senior Housing Revenue Bonds |               |               |               |               |               |                 |               |                 |
| Series 2006                  | 85,000.00     | 90,000.00     | 95,000.00     | 100,000.00    | 105,000.00    | 225,000.00      | -             | 700,000.00      |
| Capital Leases               |               |               |               |               |               |                 |               |                 |
| 2017 Trash Truck             | 13,189.10     | 13,506.37     | 13,831.27     | 14,163.99     | 14,499.03     | -               | -             | 69,189.76       |
| Total Principal Payments     | 271,750.51    | 421,167.77    | 427,212.27    | 438,266.39    | 444,324.64    | 1,703,213.38    | 160,000.00    | 3,865,934.96    |
| <b>Interest</b>              |               |               |               |               |               |                 |               |                 |
| General Obligation Bonds     |               |               |               |               |               |                 |               |                 |
| Paid by Utility Receipts:    |               |               |               |               |               |                 |               |                 |
| Series 2015                  | 15,550.00     | 14,875.00     | 14,125.00     | 13,375.00     | 12,500.00     | 46,675.00       | 15,000.00     | 132,100.00      |
| State Low Interest Loan      | 3,264.68      | 5,990.78      | 5,271.18      | 4,549.78      | 3,826.57      | 8,221.25        | -             | 31,124.24       |
| Senior Housing Revenue Bonds |               |               |               |               |               |                 |               |                 |
| Series 2006                  | 36,412.50     | 32,056.26     | 27,443.76     | 22,575.00     | 17,325.00     | 17,850.00       | -             | 153,662.52      |
| Capital Leases               |               |               |               |               |               |                 |               |                 |
| 2017 Trash Truck             | 1,664.54      | 1,347.27      | 1,022.37      | 689.65        | 348.92        | -               | -             | 5,072.75        |
| Total Interest Payments      | 56,891.72     | 54,269.31     | 47,862.31     | 41,189.43     | 34,000.49     | 72,746.25       | 15,000.00     | 321,959.51      |
| Total Principal and Interest | \$ 328,642.23 | \$ 475,437.08 | \$ 475,074.58 | \$ 479,455.82 | \$ 478,325.13 | \$ 1,775,959.63 | \$ 175,000.00 | \$ 4,187,894.47 |

## **6. OPERATING LEASES**

As of December 31, 2021 the City has entered into an operating lease for a postage machine and copier. Rent expense for the year ended December 31, 2021, was \$662.28. Future minimum lease payments were as follows:

|      |    |        |
|------|----|--------|
| 2022 | \$ | 662.28 |
| 2023 |    | 662.28 |
| 2024 |    | 662.28 |

## **7. DEFINED BENEFIT PENSION PLAN**

### General Information about the Pension Plan

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

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2017. Effective January 1, 2017, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.87% for KPERS and 22.80% for KP&F for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were \$217,965.90 for KPERS and \$99,010.13 for KP&F for the year ended December 31, 2021.

### Net Pension Liability

At December 31, 2021, The City's proportionate share of the collective net pension liability reported by KPERS was \$1,410,237.00 and \$741,228.00 for KP&F. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

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

### *Death and Disability Other Post-Employment Benefits*

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2021.

### *Compensated Absences:*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits.

Vacation – All employees shall accrue vacation leave each pay period according to their position and years of service with the City. Employees can accrue up to 20 days of vacation if under 10 years of service and 30 days if over 10 years of service.

#### Full time employees:

| Year of Service | Days per Year | Maximum Accrual |
|-----------------|---------------|-----------------|
| 1-5 years       | 10            | 20              |
| 5-10 years      | 12            | 20              |
| 10-15 years     | 15            | 30              |
| 15 + years      | 18            | 30              |

Sick leave – All full time employees shall accrue paid sick leave at a rate of at least one eight hour day per month of service with a maximum accrual of 90 days.

Accumulated leave payout – All employees separating from City employment that have given and satisfactorily completed an appropriate notice will receive payment for all accumulated accrued and unused vacation and depending upon the employees length of service with the City and maximum accruals and a percentage of their accrued unused sick leave as follows:

- Full time employees with 0-10 full years of continuous service will receive 0 sick leave payout.
- Full time employees with 11-15 full years of continuous service will receive 10 days sick leave payout.
- Full time employees with 16+ full years of continuous service will receive 20 days sick leave payout,

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

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

In accordance with the above criteria, the City has estimated a liability for vacation pay, which has been earned, but not taken by City employees of \$135,926.52. The City has not accrued a liability for sick leave earned, but not taken, by City employees, as the amounts cannot be reasonably estimated at this time.

## **8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS** (Continued)

### *Other Post-Employment Benefits:*

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

## **9. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

## **10. OTHER LEASING ARRANGEMENTS**

Simultaneously with the execution and delivery of the Series 2006 Bonds, the City of Garnett entered into a 23-year lease agreement with the Housing Authority whereby the City will lease the housing projects to the Housing Authority. Under the terms of the lease, the Housing Authority is required to make monthly rent payments to a bond trustee in amounts sufficient to pay Series 2006 bond principal and interest when due. The Housing Authority and the City of Garnett, Kansas also entered into an agreement whereby the City of Garnett, Kansas, subject to certain limitations, will pay to the bond trustee the monthly rent amounts to the extent not paid by the Housing Authority. An additional agreement provides that the Housing Authority will repay the City of Garnett, Kansas for any amounts it advances to the bond trustee. Additionally, the bonds are secured by the financed property, furnishings and equipment and by the City's annual appropriation pledge. The Series 2006 Bonds are recorded as a long-term capital lease of the Housing Authority.

## **11. INTERFUND TRANSFERS**

Operating transfers were as follows:

| <u>From Fund:</u> | <u>To Fund:</u>       | <u>Statutory Authority</u> | <u>Amount</u> |
|-------------------|-----------------------|----------------------------|---------------|
| General           | Capital Outlay        |                            |               |
|                   | Improvement           | K.S.A. 12-1,118            | \$ 20,000.00  |
| General           | Equipment Reserve     | K.S.A. 12-1,117            | 82,500.00     |
| General           | Tax Refund Reserve    | Ord. No. 4192              | 45,000.00     |
| General           | Tax Refund Litigation | Ord. No. 4192              | 15,000.00     |
| Airport           | Capital Outlay        |                            |               |
|                   | Improvement           | K.S.A. 12-1,118            | 20,000.00     |
| Airport           | Equipment Reserve     | K.S.A. 12-1,117            | 2,500.00      |
| Airport           | Tax Refund Reserve    | Ord. No. 4192              | 25,000.00     |
| Airport           | Tax Refund Litigation | Ord. No. 4192              | 10,000.00     |
| Library           | Capital Outlay        |                            |               |
|                   | Improvement           | K.S.A. 12-1,118            | 5,000.00      |
| Public Safety     | Capital Outlay        |                            |               |
|                   | Improvement           | K.S.A. 12-1, 118           | 15,000.00     |

## 11. **INTERFUND TRANSFERS** (Continued)

Operating transfers were as follows:

|                                      |                                      |                  |              |
|--------------------------------------|--------------------------------------|------------------|--------------|
| Public Safety                        | Equipment Reserve                    | K.S.A. 12-1, 117 | \$ 57,500.00 |
| Public Safety                        | Tax Refund Reserve                   | Ord. No. 4192    | 45,000.00    |
| Public Safety                        | Tax Refund Litigation                | Ord. No. 4192    | 15,000.00    |
| General Obligation Bond and Interest | Tax Refund Reserve                   | Ord. No. 4192    | 25,000.00    |
| General Obligation Bond and Interest | Tax Refund Litigation                | Ord. No. 4192    | 10,000.00    |
| Sanitation Utility                   | Capital Outlay Improvement           | K.S.A. 12-1, 118 | 2,500.00     |
| Sanitation Utility                   | Equipment Reserve                    | K.S.A. 12-1, 117 | 15,000.00    |
| Electric Utility                     | Capital Outlay Improvement           | K.S.A. 12-1, 118 | 110,000.00   |
| Electric Utility                     | Equipment Reserve                    | K.S.A. 12-1, 117 | 72,500.00    |
| Electric Utility                     | General                              | K.S.A. 12-825d   | 469,038.98   |
| Electric Utility                     | General Obligation Bond and Interest | K.S.A. 12-825d   | 34,000.00    |
| Electric Utility                     | Economic Development                 | K.S.A. 12-825d   | 40,000.03    |
| Water Utility                        | Capital Outlay Improvement           | K.S.A. 12-1, 118 | 45,000.00    |
| Water Utility                        | Equipment Reserve                    | K.S.A. 12-1, 117 | 12,500.00    |
| Water Utility                        | General Obligation Bond and Interest | K.S.A. 12-825d   | 191,457.74   |
| Gas Utility                          | Capital Outlay Improvement           | K.S.A. 12-1, 118 | 7,500.00     |
| Gas Utility                          | Equipment Reserve                    | K.S.A. 12-1, 117 | 20,250.00    |
| Gas Utility                          | Public Safety                        | K.S.A. 12-825d   | 519,241.78   |
| Wastewater Utility                   | Capital Outlay Improvement           | K.S.A. 12-1, 118 | 22,000.00    |
| Wastewater Utility                   | Equipment Reserve                    | K.S.A. 12-1, 117 | 7,500.00     |
| Wastewater Utility                   | General Obligation Bond and Interest | K.S.A. 12-825d   | 488,000.00   |

## 12. **COVID-19**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the “COVID-19 outbreak”) and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City’s financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2022. Future potential impacts include a decline in sales tax collections and utility collections.

As a result of the COVID-19 outbreak, numerous Federal and State grants have been made available to the City to assist with the risks and help offset incurred costs of the City. For the year ended December 31, 2021, the City received \$246,845.31 as a result of the American Rescue Plan Act, of which none had been spent at year end.

**13. SUBSEQUENT EVENTS**

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

## **SUPPLEMENTARY INFORMATION**

**CITY OF GARNETT, KANSAS**  
Summary of Expenditures - Actual and Budget  
Regulatory Basis  
(Budgeted Funds Only)  
For the Year Ended December 31, 2021

| Funds                                | Total<br>Budget for<br>Comparison | Adjustments for<br>Qualifying<br>Budget Credits | Total<br>Budget<br>for Comparison | Expenditures<br>Charged to<br>Current Year<br>Budget | Variance -<br>Over<br>(Under) |
|--------------------------------------|-----------------------------------|---|-----------------------------------|--|-------------------------------|
|                                      |                                   |   |                                   |  |                               |
| General Fund                         | \$ 2,170,000.00                   | \$ -  | \$ 2,170,000.00                   | \$ 2,146,693.42                                      | \$ (23,306.58)                |
| Special Purpose Funds:               |                                   |   |                                   |  |                               |
| Airport                              | 132,500.00                        | -   | 132,500.00                        | 132,217.69   | (282.31)                      |
| Library                              | 210,000.00                        | -   | 210,000.00                        | 192,000.08   | (17,999.92)                   |
| Special Highway                      | 400,000.00                        | -   | 400,000.00                        | 87,895.58  | (312,104.42)                  |
| Special Parks & Recreation           | 10,000.00                         | -   | 10,000.00                         | 4,347.21   | (5,652.79)                    |
| Public Safety                        | 1,150,000.00                      | -   | 1,150,000.00                      | 972,574.86   | (177,425.14)                  |
| Tourism                              | 35,000.00                         | -   | 35,000.00                         | 15,247.23  | (19,752.77)                   |
| Economic Development                 | 95,900.00                         | 12,209.76                                       | 108,109.76                        | 96,670.16  | (11,439.60)                   |
| Bond and Interest Funds:             |                                   |   |                                   |  |                               |
| General Obligation Bond and Interest | 1,307,500.00                      | -   | 1,307,500.00                      | 860,052.64   | (447,447.36)                  |
| Business Funds:                      |                                   |   |                                   |  |                               |
| Sanitation Utility                   | 370,000.00                        | -   | 370,000.00                        | 361,819.09   | (8,180.91)                    |
| Electric Utility                     | 3,650,000.00                      | -   | 3,650,000.00                      | 3,650,000.00   | -                             |
| Water Utility                        | 2,200,000.00                      | -   | 2,200,000.00                      | 1,030,009.37   | (1,169,990.63)                |
| Gas Utility                          | 5,200,000.00                      | -   | 5,200,000.00                      | 5,200,000.00   | -                             |
| Wastewater Utility                   | 900,000.00                        | -   | 900,000.00                        | 826,405.83   | (73,594.17)                   |

**CITY OF GARNETT, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|  | Prior<br>Year<br>Actual | Current Year  |                 | Variance -<br>Over<br>(Under) |
|--|-------------------------|---------------|-----------------|-------------------------------|
|  |                         | Actual        | Budget          |                               |
| Receipts                                 |                         |               |                 |                               |
| Taxes and Shared Receipts                |                         |               |                 |                               |
| Ad Valorem Property Tax                  | \$ 445,756.02           | \$ 375,159.29 | \$ 425,805.00   | \$ (50,645.71)                |
| Delinquent Tax                           | 13,266.97               | 8,254.24      | -               | 8,254.24                      |
| Motor Vehicle Tax                        | 44,310.53               | 54,180.88     | 47,523.00       | 6,657.88                      |
| Commercial Vehicle Tax                   | 2,050.16                | 2,403.97      | 1,737.00        | 666.97                        |
| Recreational Vehicle Tax                 | 969.40                  | 1,130.45      | 713.00          | 417.45                        |
| 16/20M Truck Tax                         | 326.85                  | 421.11        | 173.00          | 248.11                        |
| Watercraft Tax                           | 266.77                  | 185.02        | -               | 185.02                        |
| Special Assessments                      | 6,110.51                | 25,247.50     | -               | 25,247.50                     |
| Neighborhood Revitalization Rebate       | (3,849.02)              | (3,909.53)    | (1,242.00)      | (2,667.53)                    |
| Sales Tax                                | 319,194.30              | 341,713.68    | 290,000.00      | 51,713.68                     |
| Franchise Taxes                          | 106,450.52              | 108,771.39    | 100,000.00      | 8,771.39                      |
| Intergovernmental                        |                         |               |                 |                               |
| Local Alcoholic Liquor Tax               | 3,116.99                | 3,139.70      | 4,250.00        | (1,110.30)                    |
| Federal Grant - Emergency Prep           | -                       | 74,803.00     | -               | 74,803.00                     |
| State Grants                             | 26,571.00               | 19,928.25     | 25,000.00       | (5,071.75)                    |
| Other State Grant - Emergency Prep       | 17,421.56               | 9,973.73      | -               | 9,973.73                      |
| ARPA Grant                               | -                       | 246,845.31    | -               | 246,845.31                    |
| Licenses and Permits                     |                         |               |                 |                               |
| Business Licenses, Permits & Fees        | 2,125.00                | 1,425.00      | 9,500.00        | (8,075.00)                    |
| Non-Business Licenses,<br>Permits & Fees | 22,220.26               | 24,347.71     | 11,250.00       | 13,097.71                     |
| Camping Permits                          | 38,963.95               | 24,040.00     | 22,500.00       | 1,540.00                      |
| Fines, Forfeitures and Penalties         |                         |               |                 | -                             |
| Municipal Court Fines                    | 98,025.31               | 96,210.95     | 100,000.00      | (3,789.05)                    |
| Charges for Services                     |                         |               |                 |                               |
| Cemetery                                 | 8,404.00                | 10,724.75     | 6,250.00        | 4,474.75                      |
| Recreational Center Membership           | 42,103.86               | 54,122.50     | 45,000.00       | 9,122.50                      |
| Recreational Fees                        | 18,357.34               | 56,401.26     | 45,500.00       | 10,901.26                     |
| Concession Stand Sales                   | 476.06                  | 12,031.53     | 12,500.00       | (468.47)                      |
| Use of Money and Property                |                         |               |                 |                               |
| Interest Income                          | 111,062.58              | 32,088.28     | 75,000.00       | (42,911.72)                   |
| Recreation Center Rental Revenue         | 1,158.00                | 5,085.00      | 1,250.00        | 3,835.00                      |
| Town Hall Rental Revenue                 | 4,352.50                | 3,973.00      | 2,750.00        | 1,223.00                      |
| Other Receipts                           |                         |               |                 | -                             |
| Miscellaneous                            | 23,783.88               | 21,334.39     | -               | 21,334.39                     |
| Operating Transfers from                 |                         |               |                 | -                             |
| Electric Utility Fund                    | 600,000.00              | 469,038.98    | 690,000.00      | (220,961.02)                  |
| Gas Utility Fund                         | 60,000.00               | -             | -               | -                             |
| Total Receipts                           | 2,012,995.30            | 2,079,071.34  | \$ 1,915,459.00 | \$ 163,612.34                 |

**CITY OF GARNETT, KANSAS**  
**GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                   | Prior<br>Year<br>Actual | Current Year  |                 | Variance -<br>Over<br>(Under) |
|-----------------------------------|-------------------------|---------------|-----------------|-------------------------------|
|                                   |                         | Actual        | Budget          |                               |
| Expenditures                      |                         |               |                 |                               |
| General Administrative Services   |                         |               |                 |                               |
| Personal Services                 | \$ 634,589.31           | \$ 668,529.40 | \$ 655,000.00   | \$ 13,529.40                  |
| Contractual Services              | 89,151.22               | 106,216.29    | 114,750.00      | (8,533.71)                    |
| Commodities                       | 43,957.30               | 66,054.63     | 65,250.00       | 804.63                        |
| Community Development             |                         |               |                 |                               |
| Personal Services                 | 181,358.41              | 167,975.30    | 174,250.00      | (6,274.70)                    |
| Contractual Services              | 5,318.41                | 5,391.40      | 5,250.00        | 141.40                        |
| Commodities                       | 48,368.91               | 39,770.27     | 60,500.00       | (20,729.73)                   |
| Parks, Recreation, and Cemetery   |                         |               |                 |                               |
| Personal Services                 | 318,263.29              | 427,108.67    | 409,500.00      | 17,608.67                     |
| Contractual Services              | 47,492.66               | 60,388.26     | 59,500.00       | 888.26                        |
| Commodities                       | 125,668.39              | 171,425.46    | 158,500.00      | 12,925.46                     |
| Street and Stormwater             |                         |               |                 |                               |
| Personal Services                 | 226,368.03              | 209,386.85    | 242,000.00      | (32,613.15)                   |
| Contractual Services              | 9,250.39                | 8,514.36      | 7,750.00        | 764.36                        |
| Commodities                       | 57,821.96               | 53,432.53     | 55,250.00       | (1,817.47)                    |
| Operating Transfers to:           |                         |               |                 |                               |
| Capital Outlay Improvement Fund   | 20,750.00               | 20,000.00     | 20,000.00       | -                             |
| Equipment Reserve Fund            | 76,000.00               | 82,500.00     | 82,500.00       | -                             |
| Tax Refund Reserve Fund           | 45,000.00               | 45,000.00     | 45,000.00       | -                             |
| Tax Refund Litigation Fund        | 15,000.00               | 15,000.00     | 15,000.00       | -                             |
| Total Expenditures                | 1,944,358.28            | 2,146,693.42  | \$ 2,170,000.00 | \$ (23,306.58)                |
| Receipts Over(Under) Expenditures | 68,637.02               | (67,622.08)   |                 |                               |
| Unencumbered Cash, Beginning      | 390,582.69              | 459,219.71    |                 |                               |
| Unencumbered Cash, Ending         | \$ 459,219.71           | \$ 391,597.63 |                 |                               |

**CITY OF GARNETT, KANSAS**  
**AIRPORT FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                     | Prior<br>Year<br>Actual | Current Year |               | Variance -<br>Over<br>(Under) |
|-------------------------------------|-------------------------|--------------|---------------|-------------------------------|
|                                     |                         | Actual       | Budget        |                               |
| Receipts                            |                         |              |               |                               |
| Taxes and Shared Receipts           |                         |              |               |                               |
| Ad Valorem Property Tax             | \$ 103,770.03           | \$ 57,764.80 | \$ 66,070.00  | \$ (8,305.20)                 |
| Delinquent Tax                      | 2,865.19                | 1,660.67     | -             | 1,660.67                      |
| Motor Vehicle Tax                   | 10,568.49               | 12,945.04    | 11,353.00     | 1,592.04                      |
| Commercial Vehicle Tax              | 490.15                  | 574.31       | 415.00        | 159.31                        |
| Recreational Vehicle Tax            | 231.39                  | 270.08       | 170.00        | 100.08                        |
| 16/20M Truck Tax                    | 73.66                   | 100.69       | 41.00         | 59.69                         |
| Watercraft Tax                      | 63.78                   | 44.60        | -             | 44.60                         |
| Neighborhood Revitalization Rebates | (919.54)                | (606.63)     | (193.00)      | (413.63)                      |
| Use of Money and Property           |                         |              |               |                               |
| Rental Income                       | 7,045.95                | 4,456.11     | 5,750.00      | (1,293.89)                    |
| Sale of Assets                      | 21,166.06               | 23,950.86    | 10,000.00     | 13,950.86                     |
| Other Receipts                      |                         |              |               |                               |
| Miscellaneous                       | 783.50                  | 923.59       | -             | 923.59                        |
| Total Receipts                      | 146,138.66              | 102,084.12   | \$ 93,606.00  | \$ 8,478.12                   |
| Expenditures                        |                         |              |               |                               |
| Culture and Recreation              |                         |              |               |                               |
| Personal Services                   | 20,702.16               | 28,050.00    | \$ 30,000.00  | (1,950.00)                    |
| Contractual Services                | 7,685.31                | 7,726.25     | 11,050.00     | (3,323.75)                    |
| Commodities                         | 32,332.88               | 38,941.44    | 33,950.00     | 4,991.44                      |
| Operating Transfers to:             |                         |              |               |                               |
| Capital Outlay Improvement Fund     | 20,000.00               | 20,000.00    | 20,000.00     | -                             |
| Equipment Reserve Fund              | 2,500.00                | 2,500.00     | 2,500.00      | -                             |
| Tax Refund Reserve Fund             | 25,000.00               | 25,000.00    | 25,000.00     | -                             |
| Tax Refund Litigation Fund          | 10,000.00               | 10,000.00    | 10,000.00     | -                             |
| Total Expenditures                  | 118,220.35              | 132,217.69   | \$ 132,500.00 | \$ (282.31)                   |
| Receipts Over(Under) Expenditures   | 27,918.31               | (30,133.57)  |               |                               |
| Unencumbered Cash, Beginning        | 14,484.98               | 42,403.29    |               |                               |
| Unencumbered Cash, Ending           | \$ 42,403.29            | \$ 12,269.72 |               |                               |

**CITY OF GARNETT, KANSAS**  
**LIBRARY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                     | Prior<br>Year<br>Actual | Current Year  |               | Variance -<br>Over<br>(Under) |
|-------------------------------------|-------------------------|---------------|---------------|-------------------------------|
|                                     |                         | Actual        | Budget        |                               |
| Receipts                            |                         |               |               |                               |
| Taxes and Shared Receipts           |                         |               |               |                               |
| Ad Valorem Property Tax             | \$ 187,738.85           | \$ 156,658.40 | \$ 177,855.00 | \$ (21,196.60)                |
| Delinquent Tax                      | 5,893.62                | 3,610.23      | -             | 3,610.23                      |
| Motor Vehicle Tax                   | 19,229.85               | 22,886.89     | 20,031.00     | 2,855.89                      |
| Commercial Vehicle Tax              | 880.87                  | 1,013.25      | 732.00        | 281.25                        |
| Recreational Vehicle Tax            | 419.28                  | 476.72        | 301.00        | 175.72                        |
| 16/20M Truck Tax                    | 174.31                  | 180.94        | 73.00         | 107.94                        |
| Watercraft Tax                      | 114.26                  | 78.70         | -             | 78.70                         |
| Neighborhood Revitalization Rebates | (1,622.24)              | (1,632.96)    | (519.00)      | (1,113.96)                    |
| Other Receipts                      |                         |               |               |                               |
| Miscellaneous                       | 2,576.23                | 263.37        | -             | 263.37                        |
| Total Receipts                      | 215,405.03              | 183,535.54    | \$ 198,473.00 | \$ (14,937.46)                |
| Expenditures                        |                         |               |               |                               |
| Culture and Recreation              |                         |               |               |                               |
| Personal Services                   | 122,299.45              | 134,777.56    | \$ 144,000.00 | \$ (9,222.44)                 |
| Contractual Services                | 12,359.72               | 13,457.25     | 13,000.00     | 457.25                        |
| Commodities                         | 65,390.24               | 38,765.27     | 48,000.00     | (9,234.73)                    |
| Operating Transfers to:             |                         |               |               |                               |
| Capital Outlay Improvement Fund     | 2,000.00                | 5,000.00      | 5,000.00      | -                             |
| Total Expenditures                  | 202,049.41              | 192,000.08    | \$ 210,000.00 | \$ (17,999.92)                |
| Receipts Over(Under) Expenditures   | 13,355.62               | (8,464.54)    |               |                               |
| Unencumbered Cash, Beginning        | 16,831.22               | 30,186.84     |               |                               |
| Unencumbered Cash, Ending           | \$ 30,186.84            | \$ 21,722.30  |               |                               |

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                   | Prior<br>Year<br>Actual | Current Year  |               | Variance -<br>Over<br>(Under) |
|-----------------------------------|-------------------------|---------------|---------------|-------------------------------|
|                                   |                         | Actual        | Budget        |                               |
| Receipts                          |                         |               |               |                               |
| Taxes and Shared Receipts         |                         |               |               |                               |
| Motor Fuel Tax                    | \$ 84,529.42            | \$ 94,218.69  | \$ 73,530.00  | \$ 20,688.69                  |
| Sales Tax                         | 148,107.89              | 286,203.58    | 230,000.00    | 56,203.58                     |
| Total Receipts                    | 232,637.31              | 380,422.27    | \$ 303,530.00 | \$ 76,892.27                  |
| Expenditures                      |                         |               |               |                               |
| General Government                |                         |               |               |                               |
| Commodities                       | 141,774.53              | 87,895.58     | \$ 400,000.00 | \$ (312,104.42)               |
| Total Expenditures                | 141,774.53              | 87,895.58     | \$ 400,000.00 | \$ (312,104.42)               |
| Receipts Over(Under) Expenditures | 90,862.78               | 292,526.69    |               |                               |
| Unencumbered Cash, Beginning      | 148,986.13              | 239,848.91    |               |                               |
| Unencumbered Cash, Ending         | \$ 239,848.91           | \$ 532,375.60 |               |                               |

**CITY OF GARNETT, KANSAS**  
**SPECIAL PARKS AND RECREATION FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                   | Prior<br>Year<br>Actual | Current Year |              | Variance -<br>Over<br>(Under) |
|-----------------------------------|-------------------------|--------------|--------------|-------------------------------|
|                                   |                         | Actual       | Budget       |                               |
| Receipts                          |                         |              |              |                               |
| Intergovernmental                 |                         |              |              |                               |
| Local Alcoholic Liquor Tax        | \$ 3,116.99             | \$ 3,139.69  | \$ 4,250.00  | \$ (1,110.31)                 |
| Total Receipts                    | 3,116.99                | 3,139.69     | \$ 4,250.00  | \$ (1,110.31)                 |
| Expenditures                      |                         |              |              |                               |
| Culture and Recreation            |                         |              |              |                               |
| Contractual Services              | -                       | -            | \$ 10,000.00 | \$ (10,000.00)                |
| Commodities                       | -                       | 4,347.21     | -            | 4,347.21                      |
| Total Expenditures                | -                       | 4,347.21     | \$ 10,000.00 | \$ (5,652.79)                 |
| Receipts Over(Under) Expenditures | 3,116.99                | (1,207.52)   |              |                               |
| Unencumbered Cash, Beginning      | 9,136.62                | 12,253.61    |              |                               |
| Unencumbered Cash, Ending         | \$ 12,253.61            | \$ 11,046.09 |              |                               |

**CITY OF GARNETT, KANSAS**  
**PUBLIC SAFETY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                     | Prior<br>Year<br>Actual | Current Year  |                 | Variance -<br>Over<br>(Under) |
|-------------------------------------|-------------------------|---------------|-----------------|-------------------------------|
|                                     |                         | Actual        | Budget          |                               |
| Receipts                            |                         |               |                 |                               |
| Taxes and Shared Receipts           |                         |               |                 |                               |
| Ad Valorem Property Tax             | \$ 337,754.31           | \$ 321,574.63 | \$ 364,615.00   | \$ (43,040.37)                |
| Delinquent Tax                      | 11,111.70               | 7,339.54      | -               | 7,339.54                      |
| Motor Vehicle Tax                   | 33,101.90               | 40,583.75     | 35,643.00       | 4,940.75                      |
| Commercial Vehicle Tax              | 722.47                  | 1,802.90      | 1,303.00        | 499.90                        |
| Recreational Vehicle Tax            | 1,520.90                | 847.56        | 535.00          | 312.56                        |
| 16M-20M Truck Tax                   | 283.25                  | 312.40        | 130.00          | 182.40                        |
| Watercraft Tax                      | 198.26                  | 140.02        | -               | 140.02                        |
| Neighborhood Revitalization Rebates | (2,886.71)              | (3,345.04)    | (1,063.00)      | (2,282.04)                    |
| Intergovernmental                   |                         |               |                 |                               |
| Federal Grants                      | 2,840.23                | -             | -               | -                             |
| State Grants                        | 5,130.60                | -             | -               | -                             |
| Use of Money and Property           |                         |               |                 |                               |
| Sale of Assets                      | 100.00                  | -             | -               | -                             |
| Charges for Services                |                         |               |                 |                               |
| Student Resource Office Services    | 24,328.00               | 8,047.50      | 50,000.00       | (41,952.50)                   |
| Other Receipts                      |                         |               |                 |                               |
| Miscellaneous                       | 39,136.24               | 2,055.75      | -               | 2,055.75                      |
| Operating Transfers from:           |                         |               |                 |                               |
| Gas Utility Fund                    | 300,000.00              | 519,241.78    | 600,000.00      | (80,758.22)                   |
| Water Utility Fund                  | 225,000.00              | -             | -               | -                             |
| Total Receipts                      | 978,341.15              | 898,600.79    | \$ 1,051,163.00 | \$ (152,562.21)               |
| Expenditures                        |                         |               |                 |                               |
| Fire Department                     |                         |               |                 |                               |
| Personal Services                   | 64,653.16               | 39,960.93     | \$ 45,750.00    | \$ (5,789.07)                 |
| Contractual Services                | 4,751.79                | 4,797.92      | 5,250.00        | (452.08)                      |
| Commodities                         | 38,396.85               | 26,903.01     | 44,000.00       | (17,096.99)                   |
| Police Department                   |                         |               |                 |                               |
| Personal Services                   | 586,194.14              | 661,102.36    | 815,500.00      | (154,397.64)                  |
| Contractual Services                | 51,858.43               | 38,540.01     | 42,250.00       | (3,709.99)                    |
| Commodities                         | 70,385.22               | 68,770.63     | 64,750.00       | 4,020.63                      |
| Operating Transfers to:             |                         |               |                 |                               |
| Capital Outlay Improvement Fund     | 52,500.00               | 15,000.00     | 15,000.00       | -                             |
| Equipment Reserve Fund              | 59,000.00               | 57,500.00     | 57,500.00       | -                             |
| Tax Refund Reserve Fund             | 45,000.00               | 45,000.00     | 45,000.00       | -                             |
| Tax Refund Litigation Fund          | 15,000.00               | 15,000.00     | 15,000.00       | -                             |
| Total Expenditures                  | 987,739.59              | 972,574.86    | \$ 1,150,000.00 | \$ (177,425.14)               |
| Receipts Over(Under) Expenditures   | (9,398.44)              | (73,974.07)   |                 |                               |
| Unencumbered Cash, Beginning        | 161,468.66              | 152,070.22    |                 |                               |
| Unencumbered Cash, Ending           | \$ 152,070.22           | \$ 78,096.15  |                 |                               |

**CITY OF GARNETT, KANSAS**  
**CAPITAL OUTLAY IMPROVEMENT FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|-----------------------------------|-------------------------|---------------------------|
| Receipts                          |                         |                           |
| Intergovernmental                 |                         |                           |
| FAA Grant                         | \$ 391,412.39           | \$ 197,635.22             |
| USDA Grant                        | -                       | 22,861.00                 |
| State Grant                       | -                       | 40,470.57                 |
| Operating Transfers from:         |                         |                           |
| General Fund                      | 20,750.00               | 20,000.00                 |
| Airport Fund                      | 20,000.00               | 20,000.00                 |
| Library Fund                      | 2,000.00                | 5,000.00                  |
| Public Safety Fund                | 52,500.00               | 15,000.00                 |
| Electric Utility Fund             | 175,000.00              | 110,000.00                |
| Gas Utility Fund                  | 7,750.00                | 7,500.00                  |
| Sanitation Utility Fund           | 500.00                  | 2,500.00                  |
| Wastewater Utility Fund           | 35,000.00               | 22,000.00                 |
| Water Utility Fund                | 482,289.10              | 45,000.00                 |
| Total Receipts                    | 1,187,201.49            | 507,966.79                |
| Expenditures                      |                         |                           |
| General Government                |                         |                           |
| Capital Outlay                    | 582,374.85              | 197,947.34                |
| Debt Service                      |                         |                           |
| Principal                         | 430,175.43              | -                         |
| Interest                          | 7,113.67                | -                         |
| Total Expenditures                | 1,019,663.95            | 197,947.34                |
| Receipts Over(Under) Expenditures | 167,537.54              | 310,019.45                |
| Unencumbered Cash, Beginning      | 448,923.13              | 616,460.67                |
| Unencumbered Cash, Ending         | \$ 616,460.67           | \$ 926,480.12             |

**CITY OF GARNETT, KANSAS**  
**EQUIPMENT RESERVE FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|-----------------------------------|-------------------------|---------------------------|
| Receipts                          |                         |                           |
| Intergovernmental                 |                         |                           |
| USDA Grant                        | \$ -                    | \$ 45,800.00              |
| Other Receipts                    |                         |                           |
| Donations                         | -                       | 100,000.00                |
| Operating Transfers from:         |                         |                           |
| General Fund                      | 76,000.00               | 82,500.00                 |
| Airport Fund                      | 2,500.00                | 2,500.00                  |
| Public Safety Fund                | 59,000.00               | 57,500.00                 |
| Electric Utility Fund             | 37,500.00               | 72,500.00                 |
| Gas Utility Fund                  | 17,500.00               | 20,250.00                 |
| Sanitation Utility Fund           | 15,000.00               | 15,000.00                 |
| Wastewater Utility Fund           | 5,000.00                | 7,500.00                  |
| Water Utility Fund                | 12,500.00               | 12,500.00                 |
| Total Receipts                    | 225,000.00              | 416,050.00                |
| Expenditures                      |                         |                           |
| General Government                |                         |                           |
| Capital Outlay                    | 99,016.83               | 330,383.37                |
| Total Expenditures                | 99,016.83               | 330,383.37                |
| Receipts Over(Under) Expenditures | 125,983.17              | 85,666.63                 |
| Unencumbered Cash, Beginning      | 177,197.47              | 303,180.64                |
| Unencumbered Cash, Ending         | \$ 303,180.64           | \$ 388,847.27             |

**CITY OF GARNETT, KANSAS**  
**DRUG SEIZURE FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|-----------------------------------|-------------------------|---------------------------|
| Receipts                          |                         |                           |
| Other Receipts                    |                         |                           |
| Proceeds from Seizures            | \$ 400.00               | \$ 453.01                 |
| Total Receipts                    | 400.00                  | 453.01                    |
| Expenditures                      |                         |                           |
| General Government                |                         |                           |
| Contractual Services              | -                       | -                         |
| Total Expenditures                | -                       | -                         |
| Receipts Over(Under) Expenditures | 400.00                  | 453.01                    |
| Unencumbered Cash, Beginning      | 6,698.66                | 7,098.66                  |
| Unencumbered Cash, Ending         | \$ 7,098.66             | \$ 7,551.67               |

**CITY OF GARNETT, KANSAS**  
**CREATIVE ARTS GRANT FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|-----------------------------------|-------------------------|---------------------------|
| Receipts                          |                         |                           |
| Intergovernmental                 |                         |                           |
| State Grants                      | \$ -                    | \$ -                      |
| Total Receipts                    | -                       | -                         |
| Expenditures                      |                         |                           |
| Capital Projects                  |                         |                           |
| Capital Outlay                    | -                       | -                         |
| Total Expenditures                | -                       | -                         |
| Receipts Over(Under) Expenditures | -                       | -                         |
| Unencumbered Cash, Beginning      | 6,630.62                | 6,630.62                  |
| Unencumbered Cash, Ending         | \$ 6,630.62             | \$ 6,630.62               |

**CITY OF GARNETT, KANSAS**  
**TOURISM FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                   | Prior<br>Year<br>Actual | Current Year |              | Variance -<br>Over<br>(Under) |
|-----------------------------------|-------------------------|--------------|--------------|-------------------------------|
|                                   |                         | Actual       | Budget       |                               |
| Receipts                          |                         |              |              |                               |
| Taxes and Shared Receipts         |                         |              |              |                               |
| Transient Guest Tax               | \$ 29,596.84            | \$ 26,101.27 | \$ 25,000.00 | \$ 1,101.27                   |
| Total Receipts                    | 29,596.84               | 26,101.27    | \$ 25,000.00 | \$ 1,101.27                   |
| Expenditures                      |                         |              |              |                               |
| General Government                |                         |              |              |                               |
| Contractual Services              | -                       | -            | \$ 35,000.00 | \$ (35,000.00)                |
| Commodities                       | 17,895.68               | 15,247.23    | -            | 15,247.23                     |
| Total Expenditures                | 17,895.68               | 15,247.23    | \$ 35,000.00 | \$ (19,752.77)                |
| Receipts Over(Under) Expenditures | 11,701.16               | 10,854.04    |              |                               |
| Unencumbered Cash, Beginning      | 40,964.00               | 52,665.16    |              |                               |
| Unencumbered Cash, Ending         | \$ 52,665.16            | \$ 63,519.20 |              |                               |

**CITY OF GARNETT, KANSAS**  
**TAX REFUND RESERVE FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|  | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|--|-------------------------|---------------------------|
| Receipts                                     |                         |                           |
| Operating Transfers from:                    |                         |                           |
| General Fund                                 | \$ 45,000.00            | \$ 45,000.00              |
| Airport Fund                                 | 25,000.00               | 25,000.00                 |
| Public Safety Fund                           | 45,000.00               | 45,000.00                 |
| General Obligation Bond<br>and Interest Fund | 25,000.00               | 25,000.00                 |
| Total Receipts                               | 140,000.00              | 140,000.00                |
| Expenditures                                 |                         |                           |
| General Government                           |                         |                           |
| Tax Refunds                                  | -                       | -                         |
| Total Expenditures                           | -                       | -                         |
| Receipts Over(Under) Expenditures            | 140,000.00              | 140,000.00                |
| Unencumbered Cash, Beginning                 | 420,000.00              | 560,000.00                |
| Unencumbered Cash, Ending                    | \$ 560,000.00           | \$ 700,000.00             |

**CITY OF GARNETT, KANSAS**  
**TAX REFUND LITIGATION FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|-----------------------------------|-------------------------|---------------------------|
| Receipts                          |                         |                           |
| Operating Transfers from:         |                         |                           |
| General Fund                      | \$ 15,000.00            | \$ 15,000.00              |
| Airport Fund                      | 10,000.00               | 10,000.00                 |
| Public Safety Fund                | 15,000.00               | 15,000.00                 |
| General Obligation                |                         |                           |
| Bond and Interest Fund            | 10,000.00               | 10,000.00                 |
| Total Receipts                    | 50,000.00               | 50,000.00                 |
| Expenditures                      |                         |                           |
| General Government                |                         |                           |
| Tax Refunds                       | -                       | -                         |
| Total Expenditures                | -                       | -                         |
| Receipts Over(Under) Expenditures | 50,000.00               | 50,000.00                 |
| Unencumbered Cash, Beginning      | 150,000.00              | 200,000.00                |
| Unencumbered Cash, Ending         | \$ 200,000.00           | \$ 250,000.00             |

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|  | Prior<br>Year<br>Actual | Current Year |               | Variance -<br>Over<br>(Under) |
|--|-------------------------|--------------|---------------|-------------------------------|
|  |                         | Actual       | Budget        |                               |
| Receipts   |                         |              |               |                               |
| Taxes and Shared Receipts                        |                         |              |               |                               |
| Anderson County Appropriations                   | \$ 35,000.00            | \$ 39,076.80 | \$ 39,077.00  | \$ (0.20)                     |
| Intergovernmental                                |                         |              |               |                               |
| CARES CDBG Grant                                 | 87,230.70               | 12,209.76    | -             | 12,209.76                     |
| Other State Grants                               | -                       | 500.00       | -             | 500.00                        |
| Other Receipts                                   |                         |              |               |                               |
| Donations  | 1,437.36                | 119.67       | 120.00        | (0.33)                        |
| Miscellaneous                                    | 4,500.00                | -            | -             | -                             |
| Operating Transfer from<br>Electric Utility Fund | 35,000.00               | 40,000.03    | 29,107.00     | 10,893.03                     |
| Total Receipts                                   | 163,168.06              | 91,906.26    | \$ 68,304.00  | \$ 23,602.26                  |
| Expenditures                                     |                         |              |               |                               |
| Collections                                      |                         |              |               |                               |
| Personal Services                                | 62,318.38               | 76,431.89    | \$ 80,000.00  | \$ (3,568.11)                 |
| Contractual Services                             | 91,227.00               | 13,938.26    | 2,800.00      | 11,138.26                     |
| Commodities                                      | 5,921.22                | 6,300.01     | 13,100.00     | (6,799.99)                    |
| Total Certified Budget                           |                         |              | 95,900.00     | 770.16                        |
| Adjustments for Qualifying<br>Budget Credits     |                         |              | 12,209.76     | (12,209.76)                   |
| Total Expenditures                               | 159,466.60              | 96,670.16    | \$ 108,109.76 | \$ (11,439.60)                |
| Receipts Over(Under) Expenditures                | 3,701.46                | (4,763.90)   |               |                               |
| Unencumbered Cash, Beginning                     | 27,235.62               | 30,937.08    |               |                               |
| Unencumbered Cash, Ending                        | \$ 30,937.08            | \$ 26,173.18 |               |                               |

**CITY OF GARNETT, KANSAS**  
**GENERAL OBLIGATION BOND AND INTEREST FUND**  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                     | Prior<br>Year<br>Actual | Current Year |                 | Variance -<br>Over<br>(Under) |
|-------------------------------------|-------------------------|--------------|-----------------|-------------------------------|
|                                     |                         | Actual       | Budget          |                               |
| Receipts                            |                         |              |                 |                               |
| Taxes and Shared Receipts           |                         |              |                 |                               |
| Ad Valorem Property Tax             | \$ 52,482.90            | \$ 76,008.99 | \$ 85,655.00    | \$ (9,646.01)                 |
| Delinquent Tax                      | 1,933.21                | 1,335.74     | -               | 1,335.74                      |
| Motor Vehicle Tax                   | 4,348.07                | 5,900.10     | 5,282.00        | 618.10                        |
| Commercial Vehicle Tax              | 188.52                  | 267.01       | 193.00          | 74.01                         |
| Recreational Vehicle Tax            | 93.11                   | 124.98       | 79.00           | 45.98                         |
| 16M-20M Truck Tax                   | 78.45                   | 38.72        | 19.00           | 19.72                         |
| Watercraft Tax                      | 25.37                   | 20.72        | -               | 20.72                         |
| Neighborhood Revitalization Rebates | (427.69)                | (786.56)     | (250.00)        | (536.56)                      |
| Special Assessments                 | 23,527.60               | -            | 21,867.00       | (21,867.00)                   |
| Sales Tax                           | 118,486.28              | -            | -               | -                             |
| Other Receipts                      |                         |              |                 |                               |
| Reimbursed Expense                  | 11,660.00               | 11,245.00    | 11,500.00       | (255.00)                      |
| Operating Transfers from:           |                         |              |                 |                               |
| Electric Utility Fund               | 31,000.00               | 34,000.00    | 34,000.00       | -                             |
| Water Utility Fund                  | 125,000.00              | 191,457.74   | 636,000.00      | (444,542.26)                  |
| Wastewater Utility Fund             | 221,500.00              | 488,000.00   | 488,000.00      | -                             |
| Total Receipts                      | 589,895.82              | 807,612.44   | \$ 1,282,345.00 | \$ (474,732.56)               |
| Expenditures                        |                         |              |                 |                               |
| Debt Service                        |                         |              |                 |                               |
| Bond Principal                      | 496,311.58              | 790,000.00   | \$ 1,234,701.00 | \$ (444,701.00)               |
| Bond Interest                       | 67,677.88               | 35,052.64    | 37,262.00       | (2,209.36)                    |
| Operating Transfers to:             |                         |              |                 |                               |
| Tax Refund Reserve Fund             | 25,000.00               | 25,000.00    | 25,000.00       | -                             |
| Tax Refund Litigation Fund          | 10,000.00               | 10,000.00    | 10,000.00       | -                             |
| Miscellaneous                       | -                       | -            | 537.00          | (537.00)                      |
| Total Expenditures                  | 598,989.46              | 860,052.64   | \$ 1,307,500.00 | \$ (447,447.36)               |
| Receipts Over(Under) Expenditures   | (9,093.64)              | (52,440.20)  |                 |                               |
| Unencumbered Cash, Beginning        | 61,533.84               | 52,440.20    |                 |                               |
| Unencumbered Cash, Ending           | \$ 52,440.20            | \$ -         |                 |                               |

**CITY OF GARNETT, KANSAS**  
**INDUSTRIAL PARK DEVELOPMENT FUND**

Schedule of Receipts and Expenditures - Actual  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                   | Prior<br>Year<br>Actual | Current<br>Year<br>Actual |
|-----------------------------------|-------------------------|---------------------------|
| Receipts                          |                         |                           |
| Use of Money and Property         |                         |                           |
| Sale of Assets                    | \$ -                    | \$ -                      |
| Total Receipts                    | -                       | -                         |
| Expenditures                      |                         |                           |
| Capital Improvements              |                         |                           |
| Capital Outlay                    | -                       | -                         |
| Total Expenditures                | -                       | -                         |
| Receipts Over(Under) Expenditures | -                       | -                         |
| Unencumbered Cash, Beginning      | 86,564.41               | 86,564.41                 |
| Unencumbered Cash, Ending         | \$ 86,564.41            | \$ 86,564.41              |

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                   | Prior<br>Year<br>Actual | Current Year  |               | Variance -<br>Over<br>(Under) |
|-----------------------------------|-------------------------|---------------|---------------|-------------------------------|
|                                   |                         | Actual        | Budget        |                               |
| Receipts                          |                         |               |               |                               |
| Charges for Services              |                         |               |               |                               |
| Utility Collections               | \$ 334,912.90           | \$ 344,768.11 | \$ 320,500.00 | \$ 24,268.11                  |
| Penalty Fees                      | 517.48                  | 1,012.37      | 1,500.00      | (487.63)                      |
| Other Receipts                    |                         |               |               |                               |
| Miscellaneous                     | -                       | 100.00        | -             | 100.00                        |
| Total Receipts                    | 335,430.38              | 345,880.48    | \$ 322,000.00 | \$ 23,880.48                  |
| Expenditures                      |                         |               |               |                               |
| Collections                       |                         |               |               |                               |
| Personal Services                 | 202,015.59              | 185,908.56    | \$ 206,750.00 | \$ (20,841.44)                |
| Contractual Services              | 82,872.10               | 106,509.83    | 87,900.00     | 18,609.83                     |
| Commodities                       | 43,762.03               | 37,047.06     | 42,850.00     | (5,802.94)                    |
| Debt Service                      |                         |               |               |                               |
| Capital Lease                     | 14,853.64               | 14,853.64     | 15,000.00     | (146.36)                      |
| Operating Transfers to:           |                         |               |               |                               |
| Capital Outlay Improvement Fund   | 500.00                  | 2,500.00      | 2,500.00      | -                             |
| Equipment Reserve Fund            | 15,000.00               | 15,000.00     | 15,000.00     | -                             |
| Total Expenditures                | 359,003.36              | 361,819.09    | \$ 370,000.00 | \$ (8,180.91)                 |
| Receipts Over(Under) Expenditures | (23,572.98)             | (15,938.61)   |               |                               |
| Unencumbered Cash, Beginning      | 200,608.04              | 177,035.06    |               |                               |
| Unencumbered Cash, Ending         | \$ 177,035.06           | \$ 161,096.45 |               |                               |

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|  | Prior<br>Year<br>Actual | Current Year    |                 | Variance -<br>Over<br>(Under) |
|--|-------------------------|-----------------|-----------------|-------------------------------|
|  |                         | Actual          | Budget          |                               |
| Receipts                                     |                         |                 |                 |                               |
| Intergovernmental                            |                         |                 |                 |                               |
| Other Grant - Emergency Prep                 | \$ 5,360.57             | \$ -            | \$ -            | \$ -                          |
| Charges for Services                         |                         |                 |                 |                               |
| Electric Sales                               | 3,134,704.70            | 3,505,421.02    | 2,975,000.00    | 530,421.02                    |
| Taps and Connections                         | 20,404.31               | 8,892.97        | 2,500.00        | 6,392.97                      |
| Pole Rentals                                 | 3,106.65                | 6,486.00        | 2,500.00        | 3,986.00                      |
| Security Lights                              | 14,780.12               | 14,663.34       | 15,000.00       | (336.66)                      |
| Penalty Fees                                 | 3,363.55                | 7,789.14        | 10,000.00       | (2,210.86)                    |
| Other Receipts                               |                         |                 |                 |                               |
| Miscellaneous                                | 2,601.29                | 8,852.71        | -               | 8,852.71                      |
| Total Receipts                               | 3,184,321.19            | 3,552,105.18    | \$ 3,005,000.00 | \$ 547,105.18                 |
| Expenditures                                 |                         |                 |                 |                               |
| Production                                   |                         |                 |                 |                               |
| Personal Services                            | 215,913.87              | 171,434.16      | \$ 232,450.00   | \$ (61,015.84)                |
| Contractual Services                         | 1,627,796.90            | 2,209,426.04    | 1,830,950.00    | 378,476.04                    |
| Commodities                                  | 62,658.61               | 113,590.73      | 117,950.00      | (4,359.27)                    |
| Distribution                                 |                         |                 |                 |                               |
| Personal Services                            | 295,983.87              | 302,882.21      | 313,050.00      | (10,167.79)                   |
| Contractual Services                         | 13,853.39               | 20,020.81       | -               | 20,020.81                     |
| Commodities                                  | 104,296.19              | 100,896.13      | 114,100.00      | (13,203.87)                   |
| Administration and General                   |                         |                 |                 |                               |
| Contractual Services                         | 46,095.84               | 6,210.91        | -               | 6,210.91                      |
| Operating Transfers to:                      |                         |                 |                 |                               |
| Capital Outlay Improvement Fund              | 175,000.00              | 110,000.00      | 210,000.00      | (100,000.00)                  |
| Equipment Reserve Fund                       | 37,500.00               | 72,500.00       | 72,500.00       | -                             |
| General Fund                                 | 600,000.00              | 469,038.98      | 690,000.00      | (220,961.02)                  |
| General Obligation Bond<br>and Interest Fund | 31,000.00               | 34,000.00       | 34,000.00       | -                             |
| Economic Development Fund                    | 35,000.00               | 40,000.03       | 35,000.00       | 5,000.03                      |
| Total Expenditures                           | 3,245,098.67            | 3,650,000.00    | \$ 3,650,000.00 | \$ -                          |
| Receipts Over(Under) Expenditures            | (60,777.48)             | (97,894.82)     |                 |                               |
| Unencumbered Cash, Beginning                 | 2,096,543.39            | 2,035,765.91    |                 |                               |
| Unencumbered Cash, Ending                    | \$ 2,035,765.91         | \$ 1,937,871.09 |                 |                               |

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|  | Prior<br>Year<br>Actual | Current Year    |                 | Variance -<br>Over<br>(Under) |
|--|-------------------------|-----------------|-----------------|-------------------------------|
|  |                         | Actual          | Budget          |                               |
| Receipts                                     |                         |                 |                 |                               |
| Intergovernmental                            |                         |                 |                 |                               |
| Other Grant - Emergency Prep                 | \$ 19,550.00            | \$ -            | \$ -            | \$ -                          |
| Charges for Services                         |                         |                 |                 |                               |
| Water Sales                                  | 1,478,416.70            | 1,411,110.71    | 1,320,000.00    | 91,110.71                     |
| Penalty Fees                                 | 1,615.10                | 3,247.57        | 5,000.00        | (1,752.43)                    |
| Other Sales                                  | 6,756.44                | 966.09          | -               | 966.09                        |
| Use of Money and Property                    |                         |                 |                 |                               |
| Rental of Property                           | 2,400.00                | 2,400.00        | 2,400.00        | -                             |
| Other Receipts                               |                         |                 |                 |                               |
| Miscellaneous                                | -                       | 869.98          | -               | 869.98                        |
| Total Receipts                               | 1,508,738.24            | 1,418,594.35    | \$ 1,327,400.00 | \$ 91,194.35                  |
| Expenditures                                 |                         |                 |                 |                               |
| Water Production                             |                         |                 |                 |                               |
| Personal Services                            | 267,160.34              | 277,870.24      | \$ 275,500.00   | \$ 2,370.24                   |
| Contractual Services                         | 38,550.79               | 38,103.18       | 948,250.00      | (910,146.82)                  |
| Commodities                                  | 253,321.14              | 317,127.21      | 282,750.00      | 34,377.21                     |
| Capital Outlay                               | 263,900.00              | 147,951.00      | -               | 147,951.00                    |
| Operating Transfers to:                      |                         |                 |                 |                               |
| Capital Outlay Improvement Fund              | 482,289.10              | 45,000.00       | 45,000.00       | -                             |
| Equipment Reserve Fund                       | 12,500.00               | 12,500.00       | 12,500.00       | -                             |
| Public Safety Fund                           | 225,000.00              | -               | -               | -                             |
| General Obligation Bond<br>and Interest Fund | 125,000.00              | 191,457.74      | 636,000.00      | (444,542.26)                  |
| Total Expenditures                           | 1,667,721.37            | 1,030,009.37    | \$ 2,200,000.00 | \$ (1,169,990.63)             |
| Receipts Over(Under) Expenditures            | (158,983.13)            | 388,584.98      |                 |                               |
| Unencumbered Cash, Beginning                 | 1,991,768.95            | 1,832,785.82    |                 |                               |
| Unencumbered Cash, Ending                    | \$ 1,832,785.82         | \$ 2,221,370.80 |                 |                               |

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

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|                                   | Prior<br>Year<br>Actual | Current Year    |                 | Variance -<br>Over<br>(Under) |
|-----------------------------------|-------------------------|-----------------|-----------------|-------------------------------|
|                                   |                         | Actual          | Budget          |                               |
| Receipts                          |                         |                 |                 |                               |
| Charges for Services              |                         |                 |                 |                               |
| Gas Sales                         | \$ 1,133,170.04         | \$ 1,291,676.21 | \$ 1,112,500.00 | \$ 179,176.21                 |
| Service Fees                      | 2,849.60                | 1,446.50        | 500.00          | 946.50                        |
| Penalty Fees                      | 3,074.25                | 1,814.96        | 5,000.00        | (3,185.04)                    |
| Use of Money and Property         |                         |                 |                 |                               |
| State Loan Proceeds               | -                       | 2,900,000.00    | 2,900,000.00    | -                             |
| Other Receipts                    |                         |                 |                 |                               |
| Miscellaneous                     | 208.42                  | 584.92          | -               | 584.92                        |
| Total Receipts                    | 1,139,302.31            | 4,195,522.59    | \$ 4,018,000.00 | \$ 177,522.59                 |
| Expenditures                      |                         |                 |                 |                               |
| Distribution                      |                         |                 |                 |                               |
| Personal Services                 | 114,624.76              | 152,880.34      | \$ 160,000.00   | \$ (7,119.66)                 |
| Contractual Services              | 560,683.87              | 4,162,742.93    | 4,359,750.00    | (197,007.07)                  |
| Commodities                       | 37,690.18               | 43,732.77       | 52,500.00       | (8,767.23)                    |
| Debt Service                      |                         |                 |                 |                               |
| Principal                         | -                       | 288,254.80      | -               | 288,254.80                    |
| Interest                          | -                       | 5,397.38        | -               | 5,397.38                      |
| Operating Transfers to:           |                         |                 |                 |                               |
| General Fund                      | 60,000.00               | -               | -               | -                             |
| Capital Outlay Improvement Fund   | 7,750.00                | 7,500.00        | 7,500.00        | -                             |
| Equipment Reserve Fund            | 17,500.00               | 20,250.00       | 20,250.00       | -                             |
| Public Safety Fund                | 300,000.00              | 519,241.78      | 600,000.00      | (80,758.22)                   |
| Total Expenditures                | 1,098,248.81            | 5,200,000.00    | \$ 5,200,000.00 | \$ -                          |
| Receipts Over(Under) Expenditures | 41,053.50               | (1,004,477.41)  |                 |                               |
| Unencumbered Cash, Beginning      | 1,343,512.23            | 1,384,565.73    |                 |                               |
| Unencumbered Cash, Ending         | \$ 1,384,565.73         | \$ 380,088.32   |                 |                               |

**CITY OF GARNETT, KANSAS**  
**WASTEWATER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis

For the Year Ended December 31, 2021

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2020)

|  |                         | Current Year  |               |                               |
|--|-------------------------|---------------|---------------|-------------------------------|
|  | Prior<br>Year<br>Actual | Actual        | Budget        | Variance -<br>Over<br>(Under) |
| Receipts                                     |                         |               |               |                               |
| Charges for Services                         |                         |               |               |                               |
| Sewer Sales                                  | \$ 656,057.83           | \$ 651,725.98 | \$ 628,000.00 | \$ 23,725.98                  |
| Service Fees                                 | -                       | 1,036.73      | -             | 1,036.73                      |
| Penalty Fees                                 | 1,158.21                | 2,098.44      | 3,500.00      | (1,401.56)                    |
| Other Receipts                               |                         |               |               |                               |
| Miscellaneous                                | 20.00                   | 2,925.00      | -             | 2,925.00                      |
| Total Receipts                               | 657,236.04              | 657,786.15    | \$ 631,500.00 | \$ 26,286.15                  |
| Expenditures                                 |                         |               |               |                               |
| Collections                                  |                         |               |               |                               |
| Personal Services                            | 113,487.54              | 139,358.42    | \$ 197,000.00 | \$ (57,641.58)                |
| Contractual Services                         | 26,061.55               | 23,750.62     | 29,900.00     | (6,149.38)                    |
| Commodities                                  | 213,804.99              | 145,796.79    | 155,600.00    | (9,803.21)                    |
| Operating Transfers to:                      |                         |               |               |                               |
| Capital Outlay Improvement Fund              | 35,000.00               | 22,000.00     | 22,000.00     | -                             |
| Equipment Reserve Fund                       | 5,000.00                | 7,500.00      | 7,500.00      | -                             |
| General Obligation<br>Bond and Interest Fund | 221,500.00              | 488,000.00    | 488,000.00    | -                             |
| Total Expenditures                           | 614,854.08              | 826,405.83    | \$ 900,000.00 | \$ (73,594.17)                |
| Receipts Over(Under) Expenditures            | 42,381.96               | (168,619.68)  |               |                               |
| Unencumbered Cash, Beginning                 | 349,232.11              | 391,614.07    |               |                               |
| Unencumbered Cash, Ending                    | \$ 391,614.07           | \$ 222,994.39 |               |                               |

**CITY OF GARNETT, KANSAS**  
**Agency Funds**  
Schedule of Receipts and Disbursements  
Regulatory Basis  
For the Year Ended December 31, 2021

| Fund             | Beginning<br>Cash Balance | Receipts            | Disbursements       | Ending<br>Cash Balance |
|------------------|---------------------------|---------------------|---------------------|------------------------|
| Utility Deposits | \$ 127,100.00             | \$ 58,126.69        | \$ 47,700.69        | \$ 137,526.00          |
| Municipal Court  | 9,495.00                  | -                   | 5,088.00            | 4,407.00               |
|                  | <u>\$ 136,595.00</u>      | <u>\$ 58,126.69</u> | <u>\$ 52,788.69</u> | <u>\$ 141,933.00</u>   |



Honorable Mayor and City Commission  
City of Garnett, Kansas  
Garnett, Kansas

In planning and performing our audit of the financial statement of the City of Garnett, Kansas as of and for the year ended December 31, 2021 in accordance with auditing standards generally accepted in the United States of America, we considered the City of Garnett, Kansas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Garnett, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Garnett, Kansas' internal control.

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

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

#### Unbilled Utility Accounts

During our audit, it was disclosed to us by staff that a local business has not been billed for their electric utility since they were set up in the utility software in January 2018. Internally, whenever a new account is set up in the system, the City should review the following month's billing register to ensure that all new customers are charged for applicable utilities. This customer began getting billed for electric starting in April of 2022.

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

*Jarred, Gilmore & Phillips, PA*

JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
July 23, 2022

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Jarred, Gilmore & Phillips, PA  
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