CITY OF SUBLETTE, KANSAS

REGULATORY BASIS FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

CITY OF SUBLETTE, KANSAS

REGULATORY BASIS FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

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LEWIS, HOOPER & DICK LLC
certified public accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the Financial Statement

Opinions

We have audited the regulatory basis fund summary statement of receipts, expenditures and unencumbered cash of the City of Sublette, Kansas, as of and for the year ended December 31, 2021, and the related notes to the financial statement, which collectively comprise the City of Sublette's basic financial statement as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Sublette, Kansas, as of December 31, 2021, and the aggregate receipts and expenditures for the year then ended in accordance with the basis of accounting practices prescribed or permitted by the *Kansas Municipal Audit and Accounting Guide* as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statement does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Sublette, Kansas, as of December 31, 2021, or changes in financial position or cash flows thereof for the year then ended.

Basis for Opinions

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 of Sublette, Kansas, 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 audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the City of Sublette, Kansas, on the basis of accounting practices prescribed or permitted by the State of Kansas in the *Kansas Municipal Audit and Accounting Guide* to demonstrate compliance with the State of Kansas' regulatory basis of accounting and budget laws, 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 and pervasive.

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* to demonstrate compliance with the State of Kansas' regulatory basis of accounting and budget laws; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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

In performing an audit in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the regulatory basis fund summary statement of receipts, expenditures and unencumbered cash balances that collectively comprises the City of Sublette's basic financial statement. The regulatory basis summary of expenditures - actual and budget, and the regulatory basis individual fund schedules of receipts and expenditures - actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement; however, they are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and

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

Other Information

We also previously audited, in accordance with auditing standards generally accepted in the United State of America, the basic financial statement of the City of Sublette, as of and for the year ended December 31, 2020, (not presented herein), and have issued our report thereon dated March 2, 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: http://www.admin.ks.gov/offices/chief-financial-officer/municipal-services. 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.

Management is responsible for the other information included in the financial statement. The other information comprises the other supplemental information section (Graphs 1 through 3 as listed in the table of contents) but does not include the basic financial statement and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Lewis, Hooper & Dick, LLC

LEWIS, HOOPER & DICK, LLC

March 3, 2022

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

Fund	Unencumbered Cash 1/1/21	Receipts	Expenditures	Unencumbered Cash 12/31/21	Outstanding Encumbrances and Payables	Treasurer's Cash 12/31/21
General	$ 354,174	$ 1,013,556	$ 999,696	$ 368,034	$ 38,433	$ 406,467
Special Purpose Funds:						
Police	32,946	135,864	133,354	35,456	-	35,456
Fire	33,145	72,329	52,946	52,528	3,388	55,916
Special Streets and Highway	57,528	68,651	68,466	57,713	-	57,713
Airport	59,073	1,000	7,235	52,838	-	52,838
Equipment Reserve	154,772	115,000	-	269,772	-	269,772
Firemen Equipment Reserve	3,986	-	-	3,986	-	3,986
Capital Improvement Reserve	586,952	144,479	30,000	701,431	-	701,431
KDOT Grant Funds	-	23,434	23,434	-	-	-
American Rescue Plan Act	-	102,172	-	102,172	-	102,172
Bond and Interest	45,619	1,779,000	1,751,404	73,215	-	73,215
Business Funds:						
Water and Sewer Utility	145,633	448,191	473,017	120,807	1,805	122,612
Water Depreciation Reserve	574,183	50,000	11,550	612,633	-	612,633
Water Deposits	26,703	2,275	2,166	26,812	-	26,812
Total Reporting Entity (memorandum only)	$ 2,074,714	$ 3,955,951	$ 3,553,268	$ 2,477,397	$ 43,626	$ 2,521,023

Composition of cash:

Centera Bank:		
Money market checking account	$ 1,702,317	
Checking account	218,106	
Petty cash checking account	500	
Total cash in bank		$ 1,920,923
Certificates of deposit		600,000
Change fund		100
Total cash		$ 2,521,023

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

CITY OF SUBLETTE, KANSAS
Notes to the Financial Statement
For the Year Ended December 31, 2021

1. Summary of significant accounting policies

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

A. Financial reporting entity

The City is governed by an elected five-member council and a mayor. This financial statement presents the City of Sublette (the municipality) and its related municipal entities. The related municipal entities are included in the City's reporting entity because they were established to benefit the City and/or its constituents.

The City has no organizations, functions or activities which are considered related municipal entities.

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

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

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

C. Regulatory basis fund types

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

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

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

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

1. Summary of significant accounting policies (continued)

C. Regulatory basis fund types (continued)
Capital Project funds – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

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

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

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

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

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

2. Stewardship, compliance and accountability

   A. Budgetary information
   Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

   The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments during the year; however, there was a qualifying budget adjustment made to the Bond and Interest fund for $1,600,000 due to bonds refunded during the year.

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

2. Stewardship, compliance and accountability (continued)

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

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

Equipment Reserve Fund
Firemen Equipment Reserve Fund
Capital Improvement Reserve Fund
KDOT Grant Fund
American Rescue Plan Act Fund
Water Depreciation Reserve Fund
Water Deposits Fund

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

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

There are no known material violations of finance related legal and contractual provisions including Kansas statutes, regulations, contracts, debt covenants, or other agreements for the year ended December 31, 2021.

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3. Detailed notes on all funds

A. Deposits and investments

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

Cash on hand	$ 100
Carrying amount of deposits	2,520,923
Total cash	$ 2,521,023

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

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

Concentration of credit risk

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

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka except during designated "peak periods" when required coverage is 50%. The City does not use designated "peak periods". All deposits were legally secured at December 31, 2021.

At December 31, 2021, the City's carrying amount of deposits was $2,520,923 and the bank balance was $2,532,482. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $480,168 was covered by federal depository insurance and $2,052,314 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The City's cash deposits at year-end are as follows:

	Centera Bank
FDIC coverage	$ 480,168
Pledged securities at market value	2,282,164
Total coverage	$ 2,762,332
Funds on deposit	$ 2,532,482
Funds at risk	$ -

3. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

Custodial credit risk - investments
Custodial credit risk for an investment is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments of this type at December 31, 2021.

B. Capital projects in process
Capital project authorizations with approved change orders compared to expenditures from inception at December 31, 2021, are as follows:

	Project Authorization	Expenditures to Date	Committed
Street sealing	$ 38,725	$ 38,725	$ -

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

Issue	Date of Issue	Maximum Rate	Amount of Issue	Date of Final Maturity	Balance 1/1/21	Additions	Reductions/ Payments	Balance 12/31/21	Interest Paid
General obligation bonds payable:									
Series 2013B	07/01/13	3.25%	$ 1,000,000	03/01/31	$ 680,000	$ -	$ 680,000	$ -	$ 11,050
Series 2013C	07/01/13	3.25%	1,480,000	03/01/31	1,000,000	-	1,000,000	-	16,250
Series 2021	02/24/21	1.00%	1,600,000	09/01/31	-	1,600,000	-	1,600,000	4,775
Total general obligation bonds payable					$ 1,680,000	$ 1,600,000	$ 1,680,000	$ 1,600,000	$ 32,075

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

	Year						
	2022	2023	2024	2025	2026	2027-2031	Total
Principal:							
General obligation bonds payable	$ 155,000	$ 155,000	$ 160,000	$ 160,000	$ 160,000	$ 810,000	$ 1,600,000
Interest:							
General obligation bonds payable	9,192	8,883	8,495	7,935	7,295	21,230	63,030
Total principal and interest	$ 164,192	$ 163,883	$ 168,495	$ 167,935	$ 167,295	$ 831,230	$ 1,663,030

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

3. Detailed notes on all funds (continued)

D. Interfund transfers between funds
Interfund operating transfers are as follows:

From	To	Statutory Authority		
General	Airport		$	1,000
General	Equipment Reserve	12-1117		115,000
General	Capital Improvement Reserve	12-1118		144,479
Capital Improvement Reserve	Special Street and Highway	12-1119		30,000
Water and Sewer Utility	Bond and Interest	13-1270		179,000
Water and Sewer Utility	Water Depreciation Reserve	12-825d		50,000
Total			$	519,479

4. Other information

A. Risk management
The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

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

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

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

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

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

4. Other information (continued)

D. Retirement plan

In 2001 the City established SEP-IRA's for employees with contributions equaling 5% of the participants' gross salaries paid annually. Employees are covered after meeting length of service requirements. The total paid by the City for the year ended December 31, 2021, was $12,973.

E. 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 risks 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 and the impact on the City's 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 2021 or 2022.

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.

F. Subsequent event

Subsequent to December 31, 2021, the City approved to rehabilitate manholes for a total cost not to exceed $15,000.

REGULATORY REQUIRED SUPPLEMENTAL INFORMATION

CITY OF SUBLETTE, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

Fund	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget	Expenditures Chargeable to Current Year Budget	Variance Over (Under)
General	$ 1,022,895	$ -	$ 1,022,895	$ 999,696	$ (23,199)
Special Purpose Funds:					
Police	155,649	-	155,649	133,354	(22,295)
Fire	73,591	-	73,591	52,946	(20,645)
Special Streets and Highway	143,515	-	143,515	68,466	(75,049)
Airport	53,135	-	53,135	7,235	(45,900)
Bond and Interest	204,247	1,600,000	1,804,247	1,751,404	(52,843)
Business Funds:					
Water and Sewer Utility	513,430	-	513,430	473,017	(40,413)

CITY OF SUBLETTE, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts:				
Ad valorem tax	$ 301,651	$ 350,479	$ 365,511	$ (15,032)
Delinquent tax	22,374	14,610	-	14,610
Motor and recreational vehicle tax	107,250	83,097	44,735	38,362
Sales and compensating use tax	318,851	358,275	232,020	126,255
Franchise taxes	71,894	79,595	64,750	14,845
Grants	9,667	-	-	-
Trash collections	82,312	82,353	62,900	19,453
Licenses and permits	2,000	2,135	1,000	1,135
Park	-	4,019	5,000	(981)
Fines and forfeitures	12,605	8,791	1,750	7,041
Reimbursed expense	678	72	-	72
Miscellaneous	19,290	29,254	-	29,254
Interest on idle funds	2,607	876	-	876
Transfer from Water and Sewer Utility	50,000	-	50,000	(50,000)
Total receipts	1,001,179	1,013,556	$ 827,666	$ 185,890
Expenditures:				
General government:				
Personnel	21,955	21,945	$ 27,320	$ (5,375)
Contractual	55,928	62,052	63,675	(1,623)
Commodities	11,109	10,287	15,000	(4,713)
Capital outlay	27,871	19,205	27,000	(7,795)
Miscellaneous	5,332	8,454	8,936	(482)
Total general government	122,195	121,943	141,931	(19,988)
Street:				
Personnel	183,961	186,831	210,850	(24,019)
Contractual	37,387	41,011	50,000	(8,989)
Commodities	70,103	82,976	90,000	(7,024)
Capital outlay	9,594	-	30,000	(30,000)
Miscellaneous	1,365	22	-	22
Total street	302,410	310,840	380,850	(70,010)
Swimming pool and parks:				
Personnel	-	18,229	29,250	(11,021)
Contractual	2,185	1,892	6,000	(4,108)
Commodities	8,718	24,410	22,000	2,410
Capital outlay	-	1,723	1,500	223
Total swimming pool and parks	10,903	46,254	58,750	(12,496)

(continued)

CITY OF SUBLETTE, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
(continued)				
Expenditures: (continued)				
Health, sanitation and sewer:				
Contractual	$ 87,162	$ 80,140	$ 108,845	$ (28,705)
Commodities	9,234	5,030	-	5,030
Capital outlay	392	-	10,000	(10,000)
Miscellaneous	756	706	-	706
Total health, sanitation and sewer	97,544	85,876	118,845	(32,969)
Employee benefits:				
Employer FICA	15,689	17,300	29,190	(11,890)
Workmen's compensation	15,955	16,106	22,700	(6,594)
Medical insurance	123,822	127,925	145,200	(17,275)
Employee retirement	12,607	12,973	14,950	(1,977)
Total employee benefits	168,073	174,304	212,040	(37,736)
Transfers out	310,479	260,479	110,479	150,000
Total expenditures	1,011,604	999,696	$ 1,022,895	$ (23,199)
Receipts over (under) expenditures	(10,425)	13,860		
Unencumbered cash, beginning	364,599	354,174		
Unencumbered cash, ending	$ 354,174	$ 368,034		

CITY OF SUBLETTE, KANSAS
Police Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Actual	Actual	Budget	Variance Over (Under)
Receipts:				
Ad valorem tax	$ 132,355	$ 108,357	$ 113,006	$ (4,649)
Delinquent tax	397	1,913	-	1,913
Motor and recreational vehicle tax	-	25,594	19,627	5,967
Transfer from Equipment Reserve	33,686	-	-	-
Total receipts	166,438	135,864	$ 132,633	$ 3,231
Expenditures:				
Personnel	23,819	23,818	$ 26,367	$ (2,549)
Contractual	109,673	109,415	121,282	(11,867)
Commodities	-	121	1,000	(879)
Cash basis reserve	-	-	7,000	(7,000)
Total expenditures	133,492	133,354	$ 155,649	$ (22,295)
Receipts over expenditures	32,946	2,510		
Unencumbered cash, beginning	-	32,946		
Unencumbered cash, ending	$ 32,946	$ 35,456		

CITY OF SUBLETTE, KANSAS
Fire Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Actual	Actual	Budget	Variance Over (Under)
Receipts:				
Ad valorem tax	$ 70,596	$ 57,658	$ 60,123	$ (2,465)
Delinquent tax	212	1,020	-	1,020
Motor and recreational vehicle tax	-	13,651	10,468	3,183
Grants	9,909	-	-	-
Total receipts	80,717	72,329	$ 70,591	$ 1,738
Expenditures:				
Personnel	20,644	19,386	$ 40,200	$ (20,814)
Contractual	3,682	3,274	8,291	(5,017)
Commodities	7,158	13,186	10,000	3,186
Capital outlay	16,088	17,100	12,100	5,000
Cash basis reserve	-	-	3,000	(3,000)
Total expenditures	47,572	52,946	$ 73,591	$ (20,645)
Receipts over expenditures	33,145	19,383		
Unencumbered cash, beginning	-	33,145		
Unencumbered cash, ending	$ 33,145	$ 52,528		

CITY OF SUBLETTE, KANSAS
Special Streets and Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		Current Year		
	Prior Actual	Actual	Budget	Variance Over (Under)
Receipts:				
State payments	$ 34,999	$ 38,651	$ 31,010	$ 7,641
Transfer from Capital Improvement Reserve	30,000	30,000	30,000	-
Total receipts	64,999	68,651	$ 61,010	$ 7,641
Expenditures:				
Personnel	-	-	$ 11,600	$ (11,600)
Commodities	53,200	68,466	131,915	(63,449)
Total expenditures	53,200	68,466	$ 143,515	$ (75,049)
Receipts over expenditures	11,799	185		
Unencumbered cash, beginning	45,729	57,528		
Unencumbered cash, ending	$ 57,528	$ 57,713		

CITY OF SUBLETTE, KANSAS
Airport Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Actual	Actual	Budget	Variance Over (Under)
Receipts:				
Transfer from General	$ 1,000	$ 1,000	$ 1,000	$ -
Expenditures:				
Contractual	-	-	$ 6,825	$ (6,825)
Commodities	1,975	2,160	-	2,160
Capital outlay	4,650	5,075	46,310	(41,235)
Total expenditures	6,625	7,235	$ 53,135	$ (45,900)
Receipts under expenditures	(5,625)	(6,235)		
Unencumbered cash, beginning	64,698	59,073		
Unencumbered cash, ending	$ 59,073	$ 52,838		

CITY OF SUBLETTE, KANSAS
Equipment Reserve Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Actual	Actual
Receipts:		
Transfer from General	$ 140,000	$ 115,000
Expenditures:		
Capital outlay	120,819	-
Transfer to Police	33,686	-
Total expenditures	154,505	-
Receipts over (under) expenditures	(14,505)	115,000
Unencumbered cash, beginning	169,277	154,772
Unencumbered cash, ending	$ 154,772	$ 269,772

CITY OF SUBLETTE, KANSAS
Firemen Equipment Reserve Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Actual	Actual
Receipts:		
Donations	$ -	$ -
Expenditures:		
Capital outlay	-	-
Receipts over expenditures	-	-
Unencumbered cash, beginning	3,986	3,986
Unencumbered cash, ending	$ 3,986	$ 3,986

CITY OF SUBLETTE, KANSAS
Capital Improvement Reserve Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Actual	Actual
Receipts:		
Transfer from General	$ 169,479	$ 144,479
Expenditures:		
Capital outlay	134,569	-
Transfer to Special Streets and Highway	30,000	30,000
Total expenditures	164,569	30,000
Receipts over expenditures	4,910	114,479
Unencumbered cash, beginning	582,042	586,952
Unencumbered cash, ending	$ 586,952	$ 701,431

CITY OF SUBLETTE, KANSAS
KDOT Grant Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Actual	Actual
Receipts:		
Grants	$ -	$ 23,434
Expenditures:		
Capital outlay	-	23,434
Receipts over expenditures	-	-
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	$ -	$ -

CITY OF SUBLETTE, KANSAS
American Rescue Plan Act Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Actual	Actual
Receipts:		
Grants	$ -	$ 102,172
Expenditures:		
Contractual	-	-
Receipts over expenditures	-	102,172
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	$ -	$ 102,172

CITY OF SUBLETTE, KANSAS
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		Current Year		
	Prior Actual	Actual	Budget	Variance Over (Under)
Receipts:				
Bond proceeds	$ -	$ 1,600,000	$ 1,600,000	$ -
Transfer from Water and Sewer Utility	179,000	179,000	179,000	-
Total receipts	179,000	1,779,000	$ 1,779,000	$ -
Expenditures:				
Principal	125,000	1,680,000	$ 1,680,000	$ -
Interest and closing costs	56,631	71,404	102,487	(31,083)
Commission and postage	-	-	100	(100)
Cash basis reserve	-	-	41,931	(41,931)
Total expenditures	181,631	1,751,404	$ 1,824,518	$ (73,114)
Receipts over (under) expenditures	(2,631)	27,596		
Unencumbered cash, beginning	48,250	45,619		
Unencumbered cash, ending	$ 45,619	$ 73,215		

CITY OF SUBLETTE, KANSAS
Water and Sewer Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		Current Year		
	Prior Actual	Actual	Budget	Variance Over (Under)
Receipts:				
Water collections	$ 340,218	$ 257,223	$ 286,500	$ (29,277)
Sewer collections	165,574	169,807	171,000	(1,193)
Royalties	4,803	19,410	10,900	8,510
Sale of water meters	3,645	-	1,500	(1,500)
Grants	54,532	-	-	-
Interest	5,212	1,751	2,000	(249)
Miscellaneous	-	-	2,500	(2,500)
Total receipts	573,984	448,191	$ 474,400	$ (26,209)
Expenditures:				
Personnel	75,814	81,202	$ 81,930	$ (728)
Repairs and maintenance	8,933	25,433	25,000	433
Electric power	55,659	74,216	71,000	3,216
Sales tax	3,971	2,963	7,500	(4,537)
Meters and supplies	10,171	18,114	28,000	(9,886)
Office supplies and postage	5,088	10,644	-	10,644
Gas, oil and service	2,874	7,122	6,000	1,122
Miscellaneous	16,624	14,323	5,000	9,323
Capital expenditures	55,331	10,000	10,000	-
Transfer to General	50,000	-	50,000	(50,000)
Transfer to Bond and Interest	179,000	179,000	179,000	-
Transfer to Water Depreciation Reserve	50,000	50,000	50,000	-
Total expenditures	513,465	473,017	$ 513,430	$ (40,413)
Receipts over (under) expenditures	60,519	(24,826)		
Unencumbered cash, beginning	85,114	145,633		
Unencumbered cash, ending	$ 145,633	$ 120,807		

CITY OF SUBLETTE, KANSAS
Water Depreciation Reserve Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

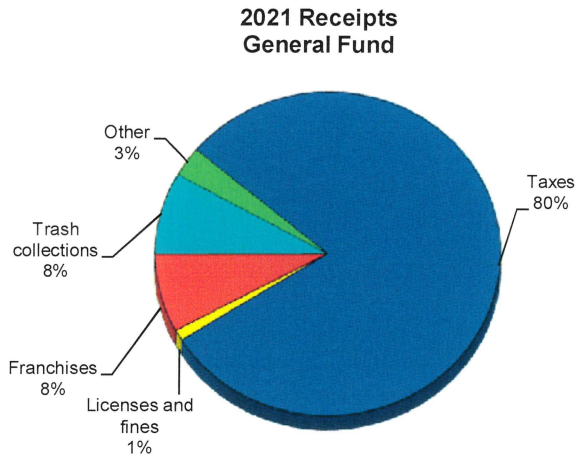
	Prior Actual	Actual
Receipts:		
Transfer from Water and Sewer Utility	$ 50,000	$ 50,000
Expenditures:		
Capital outlay	87,316	11,550
Receipts over (under) expenditures	(37,316)	38,450
Unencumbered cash, beginning	611,499	574,183
Unencumbered cash, ending	$ 574,183	$ 612,633

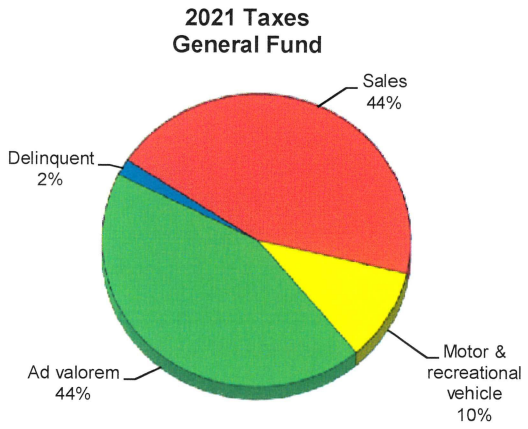
CITY OF SUBLETTE, KANSAS
Water Deposits Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

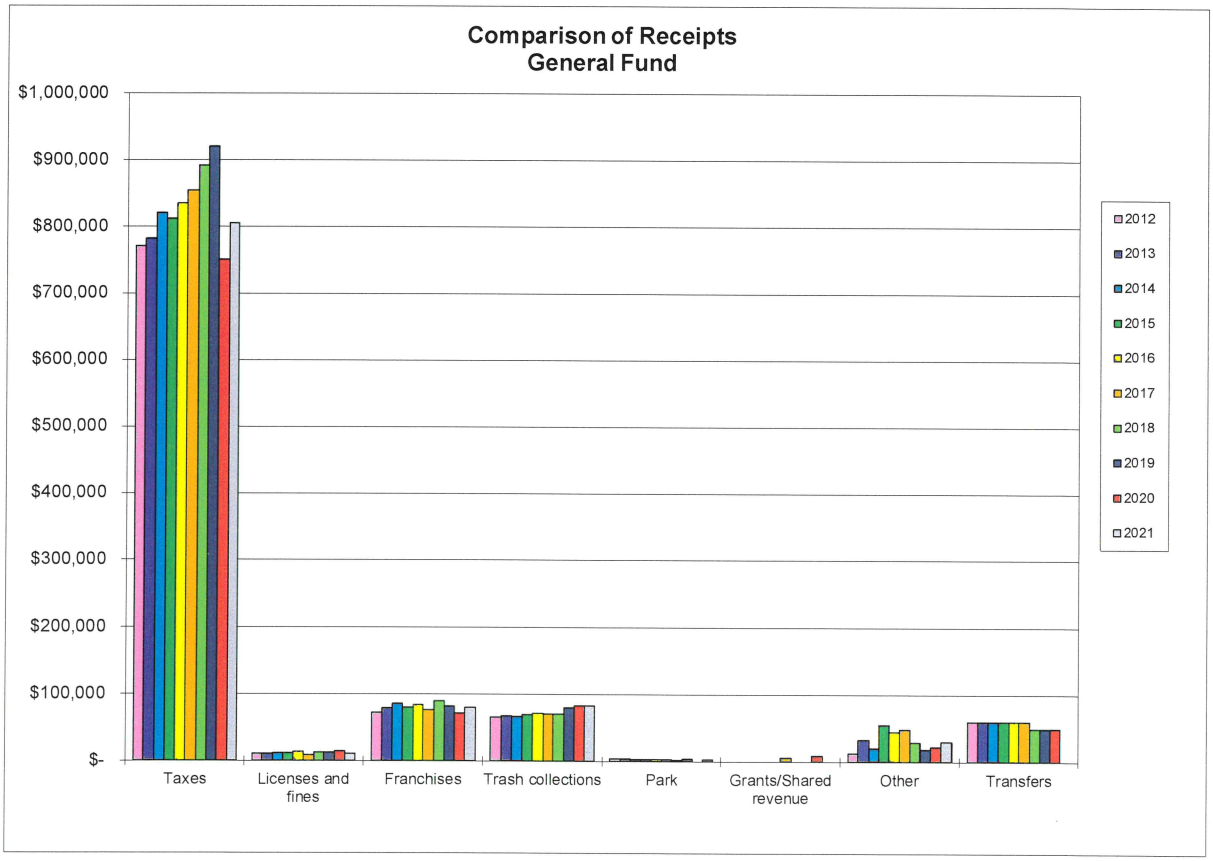
	Prior Actual	Actual
Receipts:		
Customer deposits	$ 2,404	$ 2,275
Expenditures:		
Customer deposit refunds	1,664	2,166
Receipts over expenditures	740	109
Unencumbered cash, beginning	25,963	26,703
Unencumbered cash, ending	$ 26,703	$ 26,812

OTHER SUPPLEMENTAL INFORMATION

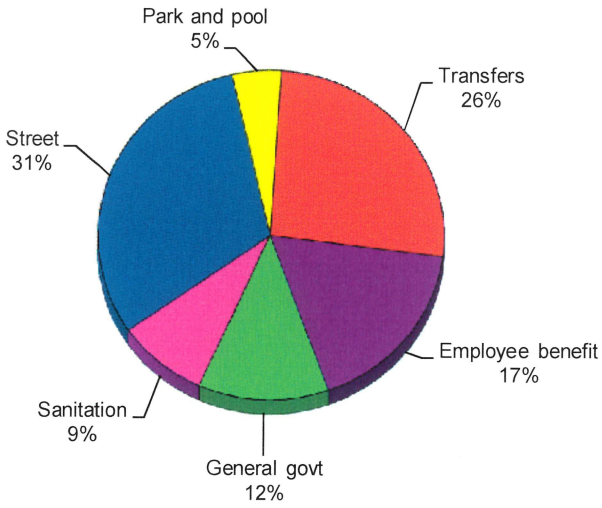
CITY OF SUBLETTE, KANSAS
Receipts - General Fund
Regulatory Basis
For the Year Ended December 31

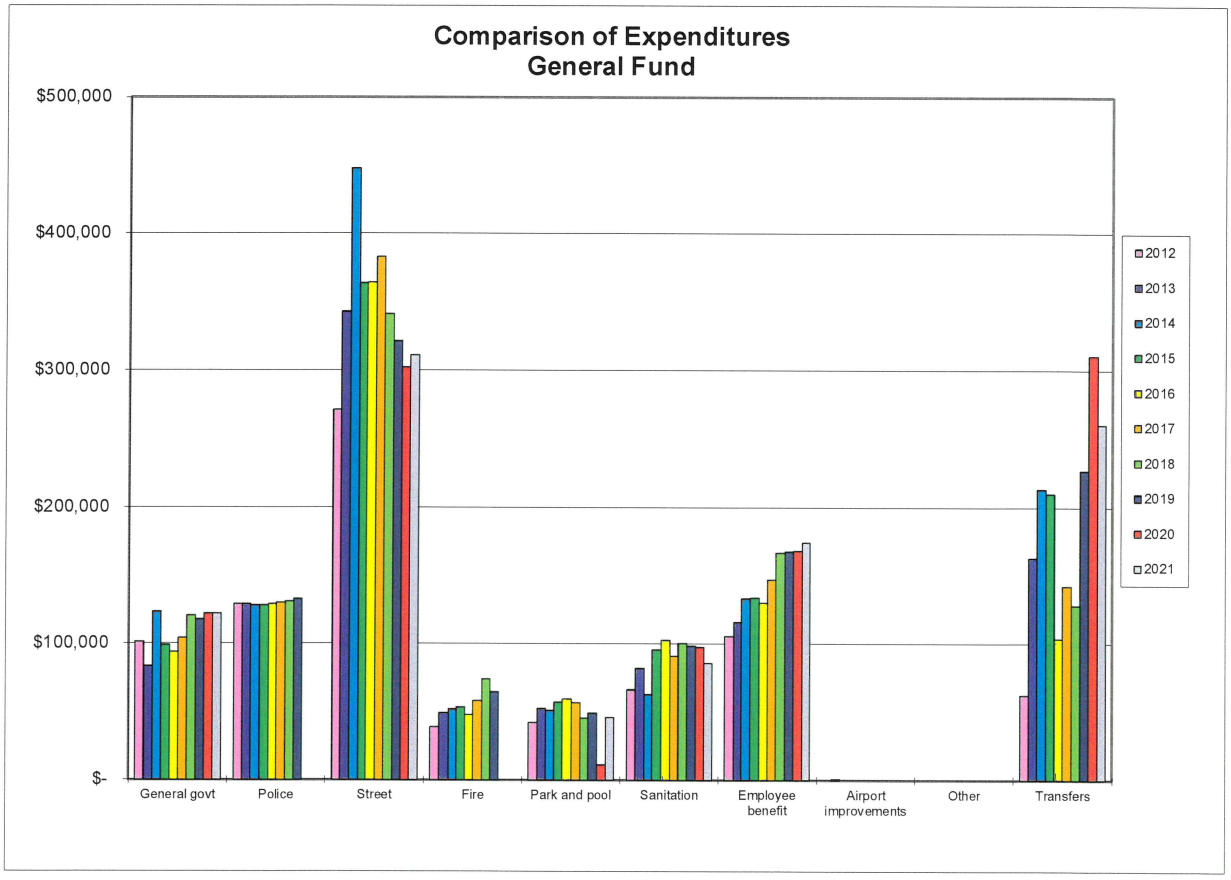






CITY OF SUBLETTE, KANSAS
Expenditures - General Fund
Regulatory Basis
For the Year Ended December 31





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

