CITY OF SHARON SPRINGS, KANSAS

Financial Statement and Regulatory-Required
Supplementary Information with Independent Auditor's Report

For the Year Ended December 31, 2021

MAPES & MILLER LLP
Certified Public Accountants
Quinter, Kansas

CITY OF SHARON SPRINGS, KANSAS

Financial Statement and Regulatory-Required
Supplementary Information with Independent Auditor's Report

For the Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Sharon Springs
Sharon Springs, Kansas 67758

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Sharon Springs, 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 Opinions 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 Sharon Springs as of December 31, 2021, or changes in the 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 Sharon Springs 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 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 Sharon Springs, 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 opinions.

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 Sharon Springs 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 that the City of Sharon Springs's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

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 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 of Sharon Springs'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 of Sharon Springs'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 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 and the individual fund schedules of regulatory basis 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 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 the City of Sharon Springs, Kansas, as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated August 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.

Mapes & Miller LLP
Certified Public Accountants
Quinter, Kansas

August 23, 2022

CITY OF SHARON SPRINGS, KANSAS

Summary Statement of Receipts, Expenditures and Unencumbered Cash

Regulatory Basis

For the Year Ended December 31, 2021

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	$ 646,062	644,138	521,558	768,642	20,817	789,459
Special Purpose Funds:						
Employee Benefits Fund	53,990	23,993	25,625	52,358	1,337	53,695
Library Fund	439	24,393	24,393	439	0	439
Special Highway Fund	464	22,186	6,000	16,650	0	16,650
Waste Tire Management Fund	272	134	406	0	0	0
Convention & Tourism Fund	13,050	14,120	7,350	19,820	402	20,222
Landfill - Post Closure Fund	424,763	10,362	435,125	0	0	0
Equipment Reserve Fund	301,664	125,594	0	427,258	0	427,258
Capital Improvements Fund	528,017	151,083	0	679,100	0	679,100
Fire Equipment Reserve Fund	96,669	14,992	0	111,661	0	111,661
American Rescue Plan Act Fund	0	57,991	0	57,991	0	57,991
Business Funds:						
Sewer Utility Fund	470,837	47,917	22,492	496,262	4,033	500,295
Water Utility Fund	673,504	250,757	186,918	737,343	11,067	748,410
Electric Utility Fund	1,257,185	1,197,587	1,356,706	1,098,066	72,315	1,170,381
Total Reporting Entity	$ 4,466,916	2,585,247	2,586,573	4,465,590	109,971	4,575,561

Composition of Cash:

Eastern Colorado Bank, Sharon Springs, KS	
NOW Checking Account	$ 3,722,469
Checking Account	500
Certificates of Deposit	850,000
Savings Account	2,492
Cash on hand	100
Total Reporting Entity	$ 4,575,561

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

1. Summary of Significant Accounting Policies

(a) Municipal Financial Reporting Entity

The City of Sharon Springs, Kansas, is a municipal corporation governed by an elected mayor and an elected five-member council. The regulatory financial statement presents only the City of Sharon Springs, Kansas.

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

The City 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

The following types of funds comprise the financial activities of the City for the year ended December 31, 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 regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

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.).

(d) Budgetary Information

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

1) Preparation of the budget for the succeeding calendar year on or before August 1st.

2) Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

3) Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.

4) Adoption of the final budget on or before August 25th.

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. Starting with the 2022 budget cycle, the City may hold a revenue neutral rate hearing. The City did not hold a revenue neutral rate hearing for budget year 2022.

The statutes allow the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules, Schedule 2 as listed in the table of contents, are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the City 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 and the following special purpose funds:

Capital Improvements Fund	Equipment Reserve Fund
Fire Equipment Reserve Fund	American Rescue Plan Act 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.

(e) Reimbursements

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that received the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis of accounting.

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

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

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

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

At December 31, 2021, the City's carrying amount of deposits was $4,575,461 and the bank balance was $4,596,163. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and the balance of $4,346,163 was guaranteed by five letters of credit issued by Federal Home Loan Bank of Topeka.

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

3. Defined Benefit Pension Plan

Plan description. The City of Sharon Springs, Kansas, 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 benefits 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 or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, 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 contributions rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City of Sharon Springs, Kansas, were $25,755 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 $169,926. 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 these financial statements.

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

4. Other Long-Term Obligations from Operations

(a) Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the 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.

(b) 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.

(c) Compensated Absences

Full-time employees are entitled to paid vacation leave as follows:

Year 1	5 days per year
Year 2 through year 9	10 days per year
Year 10 and beyond	15 days per year

Full-time employees are entitled to take vacation time when they have completed one full year of employment. Vacation leave is not accumulated from year to year. Any employee may choose to receive one-third of their vacation pay after it is earned, in addition to their regular pay. Employees are required to use two-thirds of their vacation or lose it. Upon termination, an employee shall be compensated for all earned unused vacation leave at their final rate of pay.

Each full-time employee shall be granted ten days of sick leave annually. An employee may use sick leave for illness by the employee's immediate family. The maximum accumulation for sick leave is 60 days. Unused sick pay is forfeited upon employment termination.

The City also provides full- time employees a maximum of four days personal leave per calendar year for use at their discretion. Personal leave is non-accumulative, and the employee is paid for unused personal leave at the end of each year.

(d) Landfill Closure and Post-Closure Cost

On November 1, 2021, two tracts of land along with all rights, title, equipment, and obligations of the City's Landfill Permit Number 167 were transferred to the Board of Wallace County Commissioners for $20,298. The agreement called for the City to transfer $435,125 from the Landfill-Post Closure Fund to Wallace County for the explicit purpose of complying with state rules and regulations when the landfill is closed. In addition, $406 from the Waste Tire Management Fund was to be transferred to Wallace County for the proper disposal of tires which are in the landfill. The funds were disbursed to Wallace County on November 29, 2021.

(e) Deferred Compensation Plan

The City offers its employees a deferred compensation plan ("Plan") created in accordance with Internal Revenue Code Section 457. The plan, available to all city employees, permits electing employees to defer a portion of their salary until future years.

The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Plan assets are transferred to a plan agent in a custodial trust.

However, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City, subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

5. Interfund Transfers

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Fire Equipment Reserve Fund	KSA 12-1,117	$ 14,790
Electric Utility Fund	Equipment Reserve Fund	KSA 12-825d	125,000
Electric Utility Fund	Capital Improvements Fund	KSA 12-825d	150,000

6. 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. The City has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for 164 participating members.

The City pays an annual premium to the Kansas Municipal Insurance Trust for its workers compensation insurance coverage. The agreement to participate provides that the Kansas Municipal Insurance Trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by the Kansas Municipal Insurance Trust management.

The City continues to carry commercial insurance for all other risks of loss, including property, liability, and automobiles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

7. Inter-Local Agreements

The City has entered into an inter-local agreement with Wallace County to provide county residents with solid waste disposal. The agreement provides that the City will manage the waste disposal area and be responsible for all labor, management and cash expenditures necessary for operation. The County will reimburse the City the actual costs and expenses. This agreement terminated on November 1, 2021, when the landfill was transferred to the County.

On April 5, 2021, the City signed an updated agreement with Wallace County to provide law enforcement for the City in accordance with the provisions of K.S.A. 12-2908, et seq. The County will provide patrol officers and enforce all city ordinances and state laws normally enforced by city police officers. The City will provide a municipal court to prosecute all city cases. In consideration for the law enforcement services, the City pays $55,000 annually to Wallace County. This agreement is reviewed at least once every six months.

8. Subsequent Events

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date the financial statement was available to be issued.

9. 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 outbreaks 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 response 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. Based on current conditions, Management in unable to reasonably determined the future potential impacts that COVID-19 outbreak may have on financial conditions and operations.

As a result of COVID-19, the State of Kansas has received Coronavirus State and Local Fiscal Recovery Funds (SLFRF) from the U.S. Department of the Treasury under the American Rescue Plan Act (ARPA). The City received $57,991 from the State of Kansas during 2021. These funds may be used to strengthen and improve infrastructure as well as help support the recovery related to the public health emergency. A complete listing of eligible uses as well as current grant information and audit requirements can be found at https://home.treasury.gov/.

10. Long-term Debt

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
KDHE Loans:									
Water Supply Loan	4.04%	12/10/2001	$ 642,481	8/1/2023	$ 79,108	0	25,322	53,786	2,688
Total contractual indebtedness					$ 79,108	0	25,322	53,786	2,688

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

	2022	2023	Total
Principal:			
KDHE Loans	$ 26,355	27,431	53,786
Interest:			
KDHE Loans	1,744	762	2,506
Total principal and interest	$ 28,099	28,193	56,292

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

CITY OF SHARON SPRINGS, KANSAS

Summary of Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2021

Schedule 1

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund	$ 1,048,596	0	1,048,596	521,558	(527,038)
Special Purpose Funds:					
Employee Benefits Fund	73,389	0	73,389	25,625	(47,764)
Library Fund	25,290	0	25,290	24,393	(897)
Special Highway Fund	59,776	0	59,776	6,000	(53,776)
Waste Tire Management Fund	1,638	0	1,638	406	(1,232)
Convention & Tourism Fund	17,801	0	17,801	7,350	(10,451)
Landfill - Post Closure Fund	434,151	9,430	443,581	435,125	(8,456)
Business Funds:					
Sewer Utility Fund	528,536	0	528,536	22,492	(506,044)
Water Utility Fund	907,340	0	907,340	186,918	(720,422)
Electric Utility Fund	2,344,870	0	2,344,870	1,356,706	(988,164)

CITY OF SHARON SPRINGS, 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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes				
Ad Valorem Property Tax	$ 347,219	**358,078**	360,088	(2,010)
Delinquent Tax	2,412	**2,554**	0	2,554
Motor Vehicle Tax	50,915	**51,456**	49,863	1,593
Recreational Vehicle Tax	826	**972**	663	309
16/20M Vehicle Tax	540	**526**	658	(132)
Commercial Vehicle Tax	24,922	**16,628**	20,698	(4,070)
Intergovernmental				
Sales and Compensation Use Tax	83,240	**74,937**	50,000	24,937
Licenses and Permits				
Utility Franchise Fees	10,727	**12,270**	25,000	(12,730)
Occupational Licenses	800	**1,000**	1,500	(500)
Building Permits	260	**158**	0	158
Dog Licenses	40	**64**	0	64
Municipal Court	765	**387**	300	87
Use of Money and Property				
Interest on Idle Funds	12,245	**9,224**	0	9,224
Miscellaneous				
Reimbursements	63,112	**93,065**	0	93,065
Construction Debris	5,225	**2,500**	5,000	(2,500)
Sale of Materials, Equip, Lots	24,704	**20,298**	5,000	15,298
Equipment Rental	70	**20**	515	(495)
Park Improvements	600	**0**	1,500	(1,500)
Other	37	**1**	0	1
Total Receipts	628,659	**644,138**	520,785	123,353

CITY OF SHARON SPRINGS, 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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Expenditures				
General Government				
Personal Services	$ 17,250	**16,950**	35,000	(18,050)
Contractual Services	27,083	**29,779**	100,000	(70,221)
Commodities	2,622	**2,801**	20,300	(17,499)
Capital Outlay	0	**0**	145,696	(145,696)
Transfer to Fire Equipment Reserve Fund	17,552	**14,790**	25,000	(10,210)
Total General Government	64,507	**64,320**	325,996	(261,676)
Administrative Office				
Personal Services	0	**0**	27,500	(27,500)
Contractual Services	4,170	**3,798**	15,000	(11,202)
Commodities	10,708	**10,705**	22,500	(11,795)
Capital Outlay	0	**21,150**	0	21,150
Total Administrative Office	14,878	**35,653**	65,000	(29,347)
Police Department				
Personal Services	0	**0**	80,000	(80,000)
Contractual Services	55,112	**55,112**	3,000	52,112
Commodities	114	**112**	0	112
Total Police Department	55,226	**55,224**	83,000	(27,776)
Fire Department				
Contractual Services	4,139	**4,121**	25,000	(20,879)
Commodities	2,816	**20,229**	15,000	5,229
Capital Outlay	10,059	**0**	0	0
Total Fire Department	17,014	**24,350**	40,000	(15,650)

CITY OF SHARON SPRINGS, 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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Street Department				
Personal Services	$ 68,266	**98,239**	140,000	(41,761)
Contractual Services	8,736	**9,199**	30,000	(20,801)
Commodities	15,905	**25,867**	70,000	(44,133)
Capital Outlay	165,981	**55,200**	165,000	(109,800)
Total Street Department	258,888	**188,505**	405,000	(216,495)
Park Department				
Personal Services	8,715	**12,498**	22,000	(9,502)
Contractual Services	0	**0**	10,000	(10,000)
Commodities	2,698	**3,642**	10,000	(6,358)
Capital Outlay	0	**10,000**	0	10,000
Total Park Department	11,413	**26,140**	42,000	(15,860)
Landfill				
Personal Services	47,623	**47,037**	0	47,037
Contractual Services	3,171	**2,821**	0	2,821
Commodities	18,091	**39,038**	0	39,038
Total Landfill	68,885	**88,896**	0	88,896
Municipal Court				
Personal Services	3,000	**3,000**	7,500	(4,500)
Contractual Services	272	**248**	3,500	(3,252)
Commodities	159	**157**	1,500	(1,343)
Total Municipal Court	3,431	**3,405**	12,500	(9,095)

CITY OF SHARON SPRINGS, 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)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Animal Control				
Contractual Services	$ 0	**0**	100	(100)
Commodities	72	**79**	1,000	(921)
Total Animal Control	72	**79**	1,100	(1,021)
Housing Authority				
Contractual Services	0	**0**	15,000	(15,000)
Governing Body: Contract Services				
Domestic Violence	1,500	**1,500**	1,000	500
Recreation Commission				
Contractual Services	8,000	**1,250**	10,000	(8,750)
Recycle				
Personal Services	0	**0**	0	0
Park Improvements				
Contractual Services	0	**0**	1,000	(1,000)
Library				
Appropriations	25,000	**25,000**	37,000	(12,000)
Contractual Services	6,860	**7,236**	10,000	(2,764)
Total Library	31,860	**32,236**	47,000	(14,764)
Total Expenditures	535,674	**521,558**	1,048,596	(527,038)
Receipts Over (Under) Expenditures	92,985	**122,580**		
Unencumbered Cash, Beginning	553,077	**646,062**		
Unencumbered Cash, Ending	$ 646,062	**768,642**		

CITY OF SHARON SPRINGS, KANSAS
Special Purpose Funds
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 Year Actual	**Actual**	Budget	Variance Over (Under)
Employee Benefits Fund				
Receipts				
Ad Valorem Tax	$ 19,706	**19,890**	20,000	(110)
Delinquent Tax	125	**138**	0	138
Motor Vehicle Tax	2,667	**2,936**	2,829	107
Recreation Vehicle Tax	45	**55**	38	17
16/20M Vehicle Tax	22	**30**	37	(7)
Commercial Vehicle Tax	1,414	**944**	1,174	(230)
Reimbursements	0	**0**	1,000	(1,000)
Total Receipts	23,979	**23,993**	25,078	(1,085)
Expenditures				
Employer Contributions	18,494	**25,625**	73,389	(47,764)
Receipts Over (Under) Expenditures	5,485	**(1,632)**		
Unencumbered Cash, Beginning	48,505	**53,990**		
Unencumbered Cash, Ending	$ 53,990	**52,358**		

CITY OF SHARON SPRINGS, KANSAS
Special Purpose Funds
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 Year Actual	**Actual**	Budget	Variance Over (Under)
Library Fund				
Receipts				
Ad Valorem Tax	$ 20,155	**20,188**	20,300	(112)
Delinquent Tax	142	**150**	0	150
Motor Vehicle Tax	2,984	**3,002**	2,894	108
Recreational Vehicle Tax	49	**56**	38	18
16/20M Vehicle Tax	31	**31**	38	(7)
Commercial Vehicle Tax	1,471	**966**	1,201	(235)
Total Receipts	24,832	**24,393**	24,471	(78)
Expenditures				
Library Board	24,606	**24,393**	25,290	(897)
Receipts Over (Under) Expenditures	226	**0**		
Unencumbered Cash, Beginning	213	**439**		
Unencumbered Cash, Ending	$ 439	**439**		

CITY OF SHARON SPRINGS, KANSAS
Special Purpose Funds
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 Year Actual	**Actual**	Budget	Variance Over (Under)
Special Highway Fund				
Receipts				
Intergovernmental-State of Kansas	$ 19,663	**22,186**	17,270	4,916
Expenditures				
Capital Outlay	42,215	**6,000**	59,776	(53,776)
Receipts Over (Under) Expenditures	(22,552)	**16,186**		
Unencumbered Cash, Beginning	23,016	**464**		
Unencumbered Cash, Ending	$ 464	**16,650**		

CITY OF SHARON SPRINGS, KANSAS
Special Purpose Funds
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 Year Actual	Current Year **Actual**	Current Year Budget	Current Year Variance Over (Under)
Waste Tire Management Fund				
Receipts				
Interest on Idle Funds	$ 34	**25**	0	25
Fees	100	**109**	1,000	(891)
Total Receipts	134	**134**	1,000	(866)
Expenditures				
Contractual Services	0	**0**	1,638	(1,638)
Transfer to Wallace County	0	**406**	0	406
Total Expenditures	0	**406**	1,638	(1,232)
Receipts Over (Under) Expenditures	134	**(272)**		
Unencumbered Cash, Beginning	138	**272**		
Unencumbered Cash, Ending	$ 272	**0**		

CITY OF SHARON SPRINGS, KANSAS
Special Purpose Funds
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 Year Actual	**Actual**	Budget	Variance Over (Under)
Convention & Tourism Fund				
Receipts				
Transient Guest Tax	$ 13,792	**14,120**	13,500	620
Expenditures				
Promotional Expense	5,043	**7,350**	17,801	(10,451)
Receipts Over (Under) Expenditures	8,749	**6,770**		
Unencumbered Cash, Beginning	4,301	**13,050**		
Unencumbered Cash, Ending	$ 13,050	**19,820**		

CITY OF SHARON SPRINGS, KANSAS
Special Purpose Funds
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 Year Actual	**Actual**	Budget	Variance Over (Under)
Landfill - Post Closure Fund				
Receipts				
Reimbursements	$ 10,212	**9,430**	0	9,430
Interest on Idle Funds	1,400	**932**	0	932
Total Receipts	11,612	**10,362**	0	10,362
Expenditures				
Capital Outlay	0	**0**	434,151	(434,151)
Transfer to Wallace County	0	**435,125**	0	435,125
Adjustment for Budget Credits				
Reimbursements	0	**0**	9,430	(9,430)
Total Expenditures	0	435,125	443,581	(8,456)
Receipts Over (Under) Expenditures	11,612	**(424,763)**		
Unencumbered Cash, Beginning	413,151	**424,763**		
Unencumbered Cash, Ending	$ 424,763	**0**		

CITY OF SHARON SPRINGS, KANSAS
Special Purpose Funds
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2020	**2021**
Equipment Reserve Fund			
Receipts			
Interest on Idle Funds	$	531	**594**
Transfer from Electric Utility Fund		125,000	**125,000**
Total Receipts		125,531	**125,594**
Expenditures		0	**0**
Receipts Over (Under) Expenditures		125,531	**125,594**
Unencumbered Cash, Beginning		176,133	**301,664**
Unencumbered Cash, Ending	$	301,664	**427,258**

CITY OF SHARON SPRINGS, KANSAS
Special Purpose Funds
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2020	**2021**
Capital Improvements Fund			
Receipts			
Interest on Idle Funds	$	1,299	**1,083**
Transfer from Electric Utility Fund		150,000	**150,000**
Total Receipts		151,299	**151,083**
Expenditures			
Capital Outlay		34,969	**0**
Receipts Over (Under) Expenditures		116,330	**151,083**
Unencumbered Cash, Beginning		411,687	**528,017**
Unencumbered Cash, Ending	$	528,017	**679,100**

CITY OF SHARON SPRINGS, KANSAS
Special Purpose Funds
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2020	**2021**
Fire Equipment Reserve Fund			
Receipts			
Transfer from General Fund	$	17,552	**14,790**
Interest on Idle Funds		271	**202**
Total Receipts		17,823	**14,992**
Expenditures			
Capital Outlay - Equipment Lease		15,738	**0**
Receipts Over (Under) Expenditures		2,085	**14,992**
Unencumbered Cash, Beginning		94,584	**96,669**
Unencumbered Cash, Ending	$	96,669	**111,661**

CITY OF SHARON SPRINGS, KANSAS
Special Purpose Funds
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2020	**2021**
American Rescue Plan Act Fund			
Receipts			
Federal Aid	$	0	**57,991**
Expenditures		0	**0**
Receipts Over (Under) Expenditures		0	**57,991**
Unencumbered Cash, Beginning		0	**0**
Unencumbered Cash, Ending	$	0	**57,991**

CITY OF SHARON SPRINGS, KANSAS
Business Funds
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 Year Actual	Current Year **Actual**	Current Year Budget	Variance Over (Under)
Sewer Utility Fund				
Receipts				
Sewer Charges	$ 47,428	**47,683**	55,000	(7,317)
Penalties	268	**234**	500	(266)
Equipment Rental	0	**0**	1,000	(1,000)
Reimbursements	0	**0**	1,000	(1,000)
Total Receipts	47,696	**47,917**	57,500	(9,583)
Expenditures				
Collection Maintenance				
Personal Services	11,995	**4,472**	20,000	(15,528)
Employer Contributions	0	**759**	0	759
Commodities	3,615	**10,127**	15,000	(4,873)
Capital Outlay	2,955	**2,769**	246,536	(243,767)
General Administration				
Employer Contributions	0	**0**	35,000	(35,000)
Contractual Services	2,052	**2,084**	20,000	(17,916)
Commodities	928	**1,000**	12,000	(11,000)
Capital Outlay	0	**1,281**	180,000	(178,719)
Total Expenditures	21,545	**22,492**	528,536	(506,044)
Receipts Over (Under) Expenditures	26,151	**25,425**		
Unencumbered Cash, Beginning	444,686	**470,837**		
Unencumbered Cash, Ending	$ 470,837	**496,262**		

CITY OF SHARON SPRINGS, KANSAS
Business Funds
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 Year Actual	**Actual**	Budget	Variance Over (Under)
Water Utility Fund				
Receipts				
Water Sales	$ 263,266	**238,883**	265,000	(26,117)
Meter Deposits	625	**675**	1,200	(525)
Penalties	1,314	**924**	2,000	(1,076)
Connect and Disconnects	225	**186**	750	(564)
Installation Charges	591	**320**	1,000	(680)
Sale of Materials	1,575	**572**	0	572
Reimbursements	0	**84**	2,000	(1,916)
Other	4,735	**3,582**	0	3,582
Water Tax Collected	0	**1,611**	2,000	(389)
Sales Tax Collected	3,870	**3,920**	6,500	(2,580)
Equipment Rental	760	**0**	0	0
Total Receipts	276,961	**250,757**	280,450	(29,693)
Expenditures				
Production				
Contractual Services	958	**3,085**	10,000	(6,915)
Commodities	25,865	**30,771**	50,000	(19,229)
Capital Outlay	0	**0**	40,000	(40,000)
Transmission and Distribution				
Personal Services	27,365	**16,568**	60,000	(43,432)
Employer Contributions	4,754	**2,731**	10,000	(7,269)
Contractual Services	7,381	**8,398**	15,000	(6,602)
Commodities	3,863	**4,109**	15,000	(10,891)
General Administration				
Personal Services	58,616	**69,689**	100,000	(30,311)
Employer Contributions	5,979	**6,618**	10,000	(3,382)
Contractual Services	7,488	**8,039**	15,000	(6,961)
Commodities	6,607	**5,549**	10,000	(4,451)
Capital Outlay	0	**2,416**	542,575	(540,159)
Debt Service	28,265	**28,265**	28,265	0
Other	48	**10**	0	10
Deposit Refund	623	**670**	1,500	(830)
Total Expenditures	177,812	**186,918**	907,340	(720,422)
Receipts Over (Under) Expenditures	99,149	**63,839**		
Unencumbered Cash, Beginning	574,355	**673,504**		
Unencumbered Cash, Ending	$ 673,504	**737,343**		

CITY OF SHARON SPRINGS, KANSAS
Business Funds
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 Year Actual	**Actual**	Budget	Variance Over (Under)
Electric Utility Fund				
Receipts				
Charges for Services	$ 1,065,169	**1,136,718**	1,120,000	16,718
Reimbursements	72	**145**	2,500	(2,355)
Connect and Disconnects	267	**270**	1,000	(730)
Penalties	4,858	**3,407**	6,500	(3,093)
Deposits	3,900	**7,425**	4,000	3,425
Sale of Materials	27,916	**790**	0	790
Equipment Rental	14,025	**0**	1,200	(1,200)
Installation Charges	0	**0**	5,000	(5,000)
Patronage Dividend	9,517	**8,756**	13,500	(4,744)
Sales Tax Collected	27,216	**29,329**	30,000	(671)
Outside Lights	6,448	**6,579**	10,000	(3,421)
Other	2,842	**4,168**	0	4,168
Total Receipts	1,162,230	**1,197,587**	1,193,700	3,887
Expenditures				
Production				
Personal Services	52,738	**43,627**	50,000	(6,373)
Employer Contributions	8,974	**7,299**	10,000	(2,701)
Contractual Services	28,702	**30,465**	75,000	(44,535)
Commodities	437,476	**745,742**	1,200,000	(454,258)
Capital Outlay	0	**16,774**	0	16,774
Transmission and Distribution				
Personal Services	32,890	**48,674**	204,000	(155,326)
Employer Contributions	5,647	**8,072**	15,000	(6,928)
Contractual Services	6,405	**6,124**	65,000	(58,876)
Commodities	10,534	**22,891**	60,000	(37,109)
Capital Outlay	20,316	**14,604**	0	14,604
General Administration				
Personal Services	59,823	**70,998**	205,870	(134,872)
Employer Contributions	6,184	**6,839**	15,000	(8,161)
Contractual Services	4,604	**5,960**	60,000	(54,040)
Commodities	37,457	**42,162**	60,000	(17,838)
Capital Outlay	0	**3,696**	100,000	(96,304)
Other				
Interest on Deposits	204	**36**	0	36
Deposit Refund	3,761	**7,425**	0	7,425
Miscellaneous Expense	0	**318**	0	318
Transfer to Equipment Reserve Fund	125,000	**125,000**	100,000	25,000
Transfer to Capital Improvements Fund	150,000	**150,000**	125,000	25,000
Total Expenditures	990,715	**1,356,706**	2,344,870	(988,164)
Receipts Over (Under) Expenditures	171,515	**(159,119)**		
Unencumbered Cash, Beginning	1,085,670	**1,257,185**		
Unencumbered Cash, Ending	$ 1,257,185	**1,098,066**		