

CITY OF MOUNDRIDGE, KANSAS

Financial Statement

For the Year Ended December 31, 2021

City of Moundridge, Kansas

For the Year Ended December 31, 2021

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## INDEPENDENT AUDITOR'S REPORT

City Council  
City of Moundridge  
Moundridge, Kansas

### ***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 Moundridge, Kansas, (City), and its related municipal entities, as of and for the year ended December 31, 2021, and the related disclosures 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 as of December 31, 2021, or changes in financial position and cash flows thereof for the year then ended.

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

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City 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), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit 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 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 Audit of the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal

control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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

### ***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 and *Government Auditing Standards*, 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 2021 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-actual-related municipal entities and summary of regulatory receipts and disbursements-agency funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for additional analysis and are not a required part of the 2021 basic financial statement, but 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 2021 basic financial statement. The 2021 information has been subjected to the auditing procedures applied in the audit of the 2021 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 2021 basic financial statement or to the 2021 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 2021 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 as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated July 28, 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/accounts-reports/local-government/municipal-services>. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget and the schedules of regulatory basis receipts and expenditures-actual-related municipal entities for the year ended December 31, 2021 (Schedules 2 and 3 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2021 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, 2021, on the basis of accounting described in Note 1.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises the basic financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement of the City.

The schedule of expenditures of federal awards 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. Such 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 schedule of expenditures of federal awards 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Krudsen, Monroe & Company, LLC*

Certified Public Accountants  
Newton, Kansas  
July 25, 2022

## City of Moundridge, Kansas

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
Regulatory Basis

For the Year Ended December 31, 2021

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
<b>General Fund</b>	\$ 245,353		1,710,506	1,516,509	439,350	31,338	470,688
<b>Special Purpose Funds</b>							
Employee Benefit	50,966		172,986	170,851	53,101	-	53,101
Library	7,569		101,379	101,000	7,948	-	7,948
Street Maintenance	165,266		318,537	246,830	236,973	2,330	239,303
Airport	8,665		154,625	162,267	1,023	-	1,023
Special Street and Highway	253,151		88,707	189,029	152,829	-	152,829
Municipal Court	23,783		13,133	9,331	27,585	-	27,585
Park	4,170		15,525	17,909	1,786	-	1,786
Health Risk Management	69,603		10,137	38,352	41,388	-	41,388
Pack Park	76,531		4,661	4,653	76,539	-	76,539
Equipment Reserve	74,983		95,590	119,937	50,636	-	50,636
<b>Bond and Interest Fund</b>	3,401		34,107	33,738	3,770	-	3,770
<b>Capital Project Funds</b>							
Capital Improvement Phase I	(78)		142,613	146,993	(4,458)	-	(4,458)
Meadow View Phase II	-		22,595	22,595	-	-	-
Kaneridge	-		39,121	39,121	-	-	-
Moderate Income Housing	(30,934)		-	15,298	(46,232)	-	(46,232)
Durst Street Bridge	(20,680)		-	5,848	(26,528)	-	(26,528)
Electric Transmission Facilities	2,804,923		-	2,346,624	458,299	-	458,299
Waste Water Treatment Plant	41,785		-	-	41,785	-	41,785
Swimming Pool Facility Improvements	(352,176)		1,657,035	1,401,757	(96,898)	-	(96,898)
<b>Business Funds</b>							
Electric	277,323		3,702,508	3,096,824	883,007	139,823	1,022,830
Gas	26,959		699,261	659,985	66,235	102,662	168,897
Refuse	76,616		155,931	167,212	65,335	332	65,667
Sewer	331,333		533,969	644,609	220,693	5,088	225,781
Water	162,329		533,912	453,094	243,147	6,481	249,628
Utility Assessment	-		2,329,026	1,915,932	413,094	-	413,094
Electric Reserve	265,015		24,362	-	289,377	-	289,377
Sewer Reserve	29,066		-	-	29,066	-	29,066
Water Reserve	30,170		-	-	30,170	-	30,170
<b>Trust Fund</b>							
Special Law Enforcement Trust	3,108		2	567	2,543	-	2,543
<b>Related Municipal Entities</b>							
Library Board	98,988	21,327	252,533	295,945	76,903	2,615	79,518
Public Building Commission	1,027,344	-	339,685	1,362,011	5,018	-	5,018
<b>Total Reporting Entity</b> (Excluding Agency Funds)	\$ 5,754,532	21,327	13,152,446	15,184,821	3,743,484	290,669	4,034,153
<b>Composition of Cash</b>							
Cash on hand							\$ 600
Cash in bank, The Citizens State Bank							
Checking							2,715,893
Savings							1,273,820
Related Municipal Entities							
Checking							50,980
Savings							54,126
Total Cash							4,095,419
Less Agency Funds per Schedule 4							61,266
<b>Total Reporting Entity (Excluding Agency Funds)</b>							<u>\$ 4,034,153</u>

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

City of Moundridge, Kansas  
NOTES TO FINANCIAL STATEMENT  
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The City of Moundridge is a municipal corporation governed by an elected five-member council. This regulatory financial statement presents the City of Moundridge (City) and its related municipal entities. The related municipal entities are included because they were established to benefit the City and/or its constituents.

Library Board – The City of Moundridge Library Board operates the City’s public library. The City makes appropriations to the library to assist in funding capital expenditures and operating expenses. The governing body of the related municipal entity is appointed by the City council.

Public Building Commission – The City of Moundridge Public Building Commission operates the Public Building Commission (PBC) for the purpose of providing additional and alternative methods for financing certain public buildings. The City will levy taxes for the PBC. Revenue bond issuances must be approved by the City. The PBC issued revenue bonds in November 2020 for the City’s swimming pool facility and to refinance the 2013 loan with the Kansas Department of Health & Environment. Revenue bonds issued by the PBC will be retired as lease payments are made by the City to the PBC.

Related Organization

The Moundridge Housing Authority is a related organization that is not included in the financial reporting entity. The Authority was created to administer public housing programs authorized by the United States Housing Act of 1937, as amended. Revenues consist of housing assistance payments from the U.S. Department of Housing and Urban Development and rent received from eligible low income tenants.

Regulatory Basis Fund Types

General 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.

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

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

Business Fund – used to account for fees charged to users of the goods or services (i.e. water fund, electric fund, etc.).

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

Agency Fund – used to report assets held by the City in a purely custodial capacity (payroll clearing fund, tax collection accounts, etc.).

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

City of Moundridge, Kansas  
NOTES TO FINANCIAL STATEMENT  
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Fund, 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 1<sup>st</sup>.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

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

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the 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 Project Funds, Business Reserve Funds, Trust Funds, Agency Funds and certain Special Purpose Funds.

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.



City of Moundridge, Kansas  
NOTES TO FINANCIAL STATEMENT  
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reimbursements

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

Management is not aware of any statutory violation incurred in the year ended December 31, 2021.

3. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main 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.

At December 31, 2021, the City's carrying amount of deposits, including its related municipal entities, was \$4,094,819 and the bank balance was \$4,285,971. The balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$356,394 was covered by federal depository insurance, \$3,929,577 was collateralized with securities held by the pledging financial institution's agents in the City's name.

City of Moundridge, Kansas  
NOTES TO FINANCIAL STATEMENT  
December 31, 2021

4. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
Electric	General	K.S.A. 12-825d	\$ 400,000
Electric	Bond and Interest	K.S.A. 12-825d	34,107
Gas	Equipment Reserve	K.S.A. 12-825d	10,000
Refuse	Park	K.S.A. 12-825d	15,000
Refuse	Health Risk Management	K.S.A. 12-825d	10,000
Sewer	General	K.S.A. 12-825d	150,000
Sewer	Street Maintenance	K.S.A. 12-825d	47,273
Sewer	Equipment Reserve	K.S.A. 12-825d	40,000

5. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

<u>Capital Project</u>	<u>Project Authorization</u>	<u>Expenditures To Date</u>	<u>Excess Authorization</u>
Meadow View Phase II	\$ 562,977	585,572	22,595
Kaneridge	50,924	90,045	39,121
Moderate Income Housing	281,748	187,980	(93,768)
Durst Street Bridge	100,000	26,528	(73,472)
Electric Transmission Facilities	5,500,000	4,753,684	(746,316)
Swimming Pool Facility Improvements	2,375,768	1,888,933	(486,835)

City of Moundridge, Kansas  
NOTES TO FINANCIAL STATEMENT  
December 31, 2021

6. 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
<b>General Obligation Bonds</b>									
Series 2015	0.75-2.5%	05/20/15	\$ 315,000	10/21/25	\$ 165,000	-	30,000	135,000	3,738
<b>KDHE Loans</b>									
Water Pollution Control Revolving	2.21%	07/01/17	2,702,600	03/01/39	2,324,076	-	102,939	2,221,137	50,796
<b>State of Kansas</b>									
City Utility Low-Interest Loan	0.25%	03/22/21	1,777,478	01/01/31	-	1,777,478	135,094	1,642,384	3,360
					2,489,076	1,777,478	268,033	3,998,521	57,894
<b>Capital Leases Payable</b>									
E55 T4 Bobcat Compact Excavator	3.40%	05/15/18	54,890	06/15/22	22,372	-	10,999	11,373	761
EMS LifePak 15 V4 Equipment	0.00%	06/01/18	66,007	04/10/22	22,002	-	16,502	5,500	-
Dodge Charger 2020	2.93%	04/08/20	23,015	11/28/21	11,575	-	11,575	-	333
Ford F250 / Ford F350 - 2019	3.50%	11/28/19	47,853	11/28/21	24,317	-	24,317	-	865
Traumahawk Ambulance - 2019	2.87%	12/10/19	205,915	01/11/27	205,915	-	26,510	179,405	6,504
					286,181	-	89,903	196,278	8,463
<b>Public Building Commission</b>									
<b>Revenue Bonds</b>									
Series 2019	2.75-3%	12/23/19	5,295,000	11/01/49	5,295,000	-	125,000	5,170,000	138,237
Series 2020	1.00-2.00%	11/24/20	1,945,000	11/01/35	1,945,000	-	55,000	1,890,000	28,739
					7,240,000	-	180,000	7,060,000	166,976
<b>Total contractual indebtedness</b>					<b>\$ 10,015,257</b>	<b>1,777,478</b>	<b>537,936</b>	<b>11,254,799</b>	<b>233,333</b>

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

	Year ending December 31										Total
	2022	2023	2024	2025	2026	2027- 2031	2032- 2036	2037- 2041	2042- 2046	2047- 2049	
<b>Principal</b>											
General Obligation Bonds	\$ 30,000	35,000	35,000	35,000	-	-	-	-	-	-	135,000
KDHE Loan	105,226	107,565	109,955	112,398	114,896	613,932	685,247	371,918	-	-	2,221,137
State of Kansas Loan	135,459	181,007	181,460	181,914	182,370	780,174	-	-	-	-	1,642,384
Capital Leases Payable	44,676	28,609	29,441	30,296	31,176	32,081	-	-	-	-	196,279
PBC-Revenue Bonds	250,000	255,000	260,000	270,000	275,000	1,450,000	1,465,000	975,000	1,115,000	745,000	7,060,000
<b>Total principal</b>	<b>565,361</b>	<b>607,181</b>	<b>615,856</b>	<b>629,608</b>	<b>603,442</b>	<b>2,876,187</b>	<b>2,150,247</b>	<b>1,346,918</b>	<b>1,115,000</b>	<b>745,000</b>	<b>11,254,800</b>
<b>Interest</b>											
General Obligation Bonds	3,213	2,537	1,750	875	-	-	-	-	-	-	8,375
KDHE Loan	48,509	46,171	43,780	41,337	38,839	154,743	83,429	1,405	-	-	458,213
State of Kansas Loan	2,995	3,598	3,145	2,690	2,235	4,396	-	-	-	-	19,059
Capital Leases Payable	5,211	4,404	3,573	2,717	1,837	932	-	-	-	-	18,674
PBC-Revenue Bonds	164,638	159,637	154,488	149,188	143,687	625,188	462,825	325,831	194,568	41,388	2,421,438
<b>Total interest</b>	<b>224,566</b>	<b>216,347</b>	<b>206,736</b>	<b>196,807</b>	<b>186,598</b>	<b>785,259</b>	<b>546,254</b>	<b>327,236</b>	<b>194,568</b>	<b>41,388</b>	<b>2,925,759</b>
<b>Total principal and interest</b>	<b>\$ 789,927</b>	<b>823,528</b>	<b>822,592</b>	<b>826,415</b>	<b>790,040</b>	<b>3,661,446</b>	<b>2,696,501</b>	<b>1,674,154</b>	<b>1,309,568</b>	<b>786,388</b>	<b>14,180,559</b>

City of Moundridge, Kansas  
NOTES TO FINANCIAL STATEMENT  
December 31, 2021

7. DEFINED BENEFIT PENSION PLAN

Plan Description

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

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 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. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7.15% of covered salary. 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, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium for the period July 1, 2021 through June 30, 2022 for the Death and Disability Program) and the statutory contribution rate was 8.87% for KPERS and 22.8% for KP&F for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were \$83,473 for KPERS and \$106,764 for KP&F for the year ended December 31, 2021.

Net Pension Liability

At December 31, 2021, the City's proportionate share of the collective net pension liability reported by KPERS was \$574,683 and \$777,146 for KP&F. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

City of Moundridge, Kansas  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2021

8. DEFERRED COMPENSATION PLAN

Employees of the City may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The plan, available to all full-time City employees, permits them 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. Assets of the plan, valued at current market prices, are held in trust for the benefit of the participants by two insurance companies. All amounts of compensation deferred under the plan as well as earnings attributable to those amounts are solely the property of the participant employees. Accordingly, the assets and related liabilities for the plan are not recorded in the accompanying financial statement.

The following schedule summarizes activity in the accounts maintained by the insurance companies during the year ended December 31, 2021:

Balance, December 31, 2020	\$ 897,691
Deposits - compensation deferred by participants	51,783
Transfers in	36,714
Withdrawals	(222,543)
Interest and dividends	74,719
Change in market value	31,759
Fees	(1,028)
Balance, December 31, 2021	\$ 869,095

9. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. Each retiree pays the full amount of their applicable premium. The City does not currently have any retirees that participate.

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.

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% through June 30 2021, with a 0% moratorium for the period July 1, 2021 through June 30, 2022.

City of Moundridge, Kansas  
NOTES TO FINANCIAL STATEMENT  
December 31, 2021

9. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (Continued)

Compensated Absences

Full-time employees earn vacation leave as follows:

Completion of one year of employment	6 days
Completion of two through five years of employment	12 days
Completion of six through ten years of employment	15 days
Completion of eleven through nineteen years of employment	18 days
Completion of twenty years and more of employment	24 days

Vacation leave is allowed to accrue up to a total of 240 hours, plus any days accrued since the employee's last anniversary date.

Full-time employees earn one day of paid sick leave for each completed month of service beginning with the seventh month of service. A maximum of 100 days may be carried forward at the end of any calendar year ending December 31.

On December 31 of each calendar year, employees may convert 25% of the unused portion of their annual sick leave allowance that is in excess of the 100 days allowed to be "carried forward" into personal leave. Personal leave is allowed to accrue with no limits.

Upon termination of employment, 25% of unused sick leave, 100% of personal leave and 100% of vacation leave will be paid at the rate of pay being earned at the time of termination. This liability has not been reflected in the financial statement.

10. SELF INSURANCE – RISK MANAGEMENT

The City maintains a Health Risk Management fund to partially self-insure the health insurance for employees. Under the City's health insurance plan, the City will pay the \$250 deductible for employees as well as the twenty percent (20%) co-pay of the next \$1,000 of medical expenses. The cost of the plan to the City was \$38,352 for the year ending December 31, 2021.

11. RISK MANAGEMENT

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of the date of this report, grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

The City pays an annual premium to KMIT for workers' compensation coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management. The Pool is authorized by K.S.A. 12-2616, et seq.

City of Moundridge, Kansas  
NOTES TO FINANCIAL STATEMENT  
December 31, 2021

11. RISK MANAGEMENT (Continued)

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 purchased commercial insurance for these potential risks. There has been no significant reduction in insurance coverage from 2020 to 2021 and there were no settlements that exceeded insurance coverage in the past three years.

During the course of its operations the City is a party to various claims, legal actions and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material financial impact on the City.

12. CORONAVIRUS PANDEMIC

In January 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 on its financial condition, liquidity, operations, suppliers, and workforce. Given the 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 on future years.

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.

13. DATE OF MANAGEMENT'S REVIEW

Management has performed an analysis of the activities and transactions subsequent to December 31, 2021, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through July 25, 2022, which is the date at which the financial statement was available to be issued.

CITY OF MOUNDRIDGE  
REGULATORY – REQUIRED  
SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021



City of Moundridge, Kansas  
SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET  
Regulatory Basis

For the Year Ended December 31, 2021

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
<b>GENERAL FUND</b>	\$ 1,648,657	-	1,648,657	1,516,509	(132,148)
<b>SPECIAL PURPOSE FUNDS</b>					
Employee Benefit	220,000	-	220,000	170,851	(49,149)
Library	101,000	-	101,000	101,000	-
Street Maintenance	309,791	-	309,791	246,830	(62,961)
Airport	162,906	-	162,906	162,267	(639)
Special Street and Highway	269,433	-	269,433	189,029	(80,404)
Municipal Court	36,735	-	36,735	9,331	(27,404)
Park	21,858	-	21,858	17,909	(3,949)
<b>BOND AND INTEREST FUND</b>	38,401	-	38,401	33,738	(4,663)
<b>BUSINESS FUNDS</b>					
Electric	3,564,504	-	3,564,504	3,096,824	(467,680)
Gas	820,422	-	820,422	659,985	(160,437)
Refuse	213,929	-	213,929	167,212	(46,717)
Sewer	762,888	-	762,888	644,609	(118,279)
Water	475,521	-	475,521	453,094	(22,427)

## City of Moundridge, 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 Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>RECEIPTS</b>				
Ad valorem property tax	\$ 106,452	160,868	164,697	(3,829)
Delinquent tax	2,478	2,413	2,100	313
Vehicle tax	37,985	18,557	15,350	3,207
Recreational vehicle tax	-	288	218	70
CMV tax	-	1,062	1,212	(150)
16/20 M tax	-	316	192	124
County sales tax	564,259	616,966	480,000	136,966
Liquor tax	-	-	272	(272)
LHA payment in lieu of tax	24,140	24,140	24,000	140
Franchise fees	22,913	22,545	22,000	545
Police Grant	422	-	-	-
Ambulance	215,114	212,293	20,000	192,293
Permits and fees	19,958	16,959	25,000	(8,041)
City bus fares	29,922	27,422	25,000	2,422
Interest	16,232	13,925	-	13,925
Economic development grant	8,143	7,885	5,000	2,885
Other	149,578	34,867	25,000	9,867
Federal funds - SPARK	18,510	-	-	-
Transfer from				
Health Risk Management	13,678	-	-	-
Electric	504,167	400,000	400,000	-
Gas	20,000	-	50,000	(50,000)
Sewer	-	150,000	150,000	-
Total receipts	1,753,951	1,710,506	1,410,041	300,465
EXPENDITURES, page 16	1,700,498	1,516,509		
Receipts over (under) expenditures	53,453	193,997		
UNENCUMBERED CASH, beginning	191,900	245,353		
UNENCUMBERED CASH, ending	\$ 245,353	439,350		

## City of Moundridge, 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 Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>EXPENDITURES</b>				
Administration				
Personnel services	\$ 287,656	277,488	323,103	(45,615)
Commodities	132,002	167,221	142,000	25,221
Contractual services	11,380	11,588	-	11,588
Capital outlay	1,252	1,237	17,250	(16,013)
Police				
Personnel services	354,344	302,054	351,672	(49,618)
Commodities	55,598	88,234	55,325	32,909
Capital outlay	25,689	12,106	20,000	(7,894)
Economic Development				
Commodities	5,906	9,570	4,000	5,570
Contractual services	2,734	6,299	15,000	(8,701)
Capital outlay	-	1,380	-	1,380
Residential Housing Grant	18,000	-	24,000	(24,000)
Fire	85,000	85,000	85,000	-
Refuse	2,502	352	10,000	(9,648)
Ambulance				
Personnel services	389,152	384,884	408,705	(23,821)
Commodities and contractual services	66,204	72,156	80,088	(7,932)
Capital outlay	23,986	2,797	17,500	(14,703)
Lease principal	6,876	16,502	-	16,502
Bus service				
Personnel services	23,230	20,756	29,014	(8,258)
Commodities and contractual services	11,474	17,437	12,900	4,537
Library	10,141	12,674	2,000	10,674
Park and ball diamond	17,364	8,752	22,000	(13,248)
Swimming pool	6,159	9,276	12,000	(2,724)
Airport	-	-	2,000	(2,000)

City of Moundridge, 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 Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>EXPENDITURES (Continued)</b>				
Custodian	\$ 2,367	2,062	3,100	(1,038)
Building purchase	100,000	-	-	-
Historical association	5,170	6,684	12,000	(5,316)
Other	1,000	-	-	-
Transfer to				
Health Risk Management	53,572	-	-	-
Capital Projects	1,740	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,700,498</u>	<u>\$ 1,516,509</u>	<u>\$ 1,648,657</u>	<u>\$ (132,148)</u>

## City of Moundridge, 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		Variance Over (Under)
		Actual	Budget	
<b>EMPLOYEE BENEFIT</b>				
RECEIPTS				
Ad valorem property tax	\$ 188,775	145,379	148,885	(3,506)
Delinquent tax	1,624	2,046	-	2,046
Vehicle tax	13,599	23,091	27,222	(4,131)
Recreational vehicle tax	-	499	387	112
CMV tax	-	1,883	2,150	(267)
16/20 M tax	-	88	341	(253)
Other	2,389	-	-	-
Total receipts	206,387	172,986	178,985	(5,999)
EXPENDITURES				
Health insurance	195,682	170,851	220,000	(49,149)
Receipts over (under) expenditures	10,705	2,135		
UNENCUMBERED CASH, beginning	40,261	50,966		
UNENCUMBERED CASH, ending	\$ 50,966	53,101		
<b>LIBRARY</b>				
RECEIPTS				
Ad valorem property tax	\$ 78,340	87,850	89,952	(2,102)
Delinquent tax	1,059	1,122	-	1,122
Vehicle tax	14,407	11,298	11,297	1
Recreational vehicle tax	-	209	161	48
CMV tax	-	781	892	(111)
16/20 M tax	-	119	142	(23)
Total receipts	93,806	101,379	102,444	(1,065)
EXPENDITURES				
Appropriations to library board	93,806	101,000	101,000	-
Receipts over (under) expenditures	-	379		
UNENCUMBERED CASH, beginning	7,569	7,569		
UNENCUMBERED CASH, ending	\$ 7,569	7,948		

## City of Moundridge, 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		Variance Over Under
		Actual	Budget	
<b>STREET MAINTENANCE</b>				
<b>RECEIPTS</b>				
Ad valorem property tax	\$ 184,531	178,680	182,965	(4,285)
Delinquent tax	2,366	2,207	-	2,207
Vehicle tax	36,596	27,670	26,611	1,059
Recreational vehicle tax	-	494	378	116
CMV tax	-	1,841	2,101	(260)
16/20 M tax	-	331	334	(3)
Other	29,124	60,041	-	60,041
Transfer from				
Gas	61,100	-	-	-
Sewer	-	47,273	65,000	(17,727)
Total receipts	<u>313,717</u>	<u>318,537</u>	<u>277,389</u>	<u>41,148</u>
<b>EXPENDITURES</b>				
Personnel services	62,045	70,025	105,725	(35,700)
Commodities	24,170	48,365	60,000	(11,635)
Contractual services	95,865	116,059	50,000	66,059
Lease principal	10,638	10,999	-	10,999
Lease interest	1,122	761	-	761
Capital outlay	124	621	94,066	(93,445)
Transfer to				
Equipment Reserve	20,000	-	-	-
Total expenditures	<u>213,964</u>	<u>246,830</u>	<u>309,791</u>	<u>(62,961)</u>
Receipts over (under) expenditures	99,753	71,707		
UNENCUMBERED CASH, beginning	<u>65,513</u>	<u>165,266</u>		
UNENCUMBERED CASH, ending	<u>\$ 165,266</u>	<u>236,973</u>		

## City of Moundridge, 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		Variance Over (Under)
		Actual	Budget	
<b>AIRPORT</b>				
<b>RECEIPTS</b>				
Fuel sales	\$ 19,469	33,640	25,000	8,640
Other	1,125	120,985	123,000	(2,015)
Total receipts	20,594	154,625	148,000	6,625
<b>EXPENDITURES</b>				
Commodities	23,659	38,361	134,906	(96,545)
Contractual services	4,176	123,906	28,000	95,906
Total expenditures	27,835	162,267	162,906	(639)
Receipts over (under) expenditures	(7,241)	(7,642)		
UNENCUMBERED CASH, beginning	15,906	8,665		
UNENCUMBERED CASH, ending	\$ 8,665	1,023		
<b>SPECIAL STREET AND HIGHWAY</b>				
<b>RECEIPTS</b>				
Gasoline tax	\$ 45,498	54,133	42,360	11,773
Connecting link	20,234	20,206	16,000	4,206
Other	13,474	14,368	15,000	(632)
Total receipts	79,206	88,707	73,360	15,347
<b>EXPENDITURES</b>				
Commodities	-	172,852	200,000	(27,148)
Contractual services	-	16,177	69,433	(53,256)
Total expenditures	-	189,029	269,433	(80,404)
Receipts over (under) expenditures	79,206	(100,322)		
UNENCUMBERED CASH, beginning	173,945	253,151		
UNENCUMBERED CASH, ending	\$ 253,151	152,829		

## City of Moundridge, 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		Variance Over Under
		Actual	Budget	
<b>MUNICIPAL COURT</b>				
<b>RECEIPTS</b>				
Fines	\$ 10,411	13,133	14,000	(867)
<b>EXPENDITURES</b>				
Legal services	893	1,466	10,000	(8,534)
Judges fees	3,600	3,600	14,000	(10,400)
Other court expense	1,870	4,265	12,735	(8,470)
Total expenditures	6,363	9,331	36,735	(27,404)
Receipts over (under) expenditures	4,048	3,802		
UNENCUMBERED CASH, beginning	19,735	23,783		
UNENCUMBERED CASH, ending	\$ 23,783	27,585		
<b>PARK</b>				
<b>RECEIPTS</b>				
Other	\$ 325	525	1,772	(1,247)
Transfer from				
Gas	5,000	-	-	-
Refuse	15,000	15,000	15,000	-
Total receipts	20,325	15,525	16,772	(1,247)
<b>EXPENDITURES</b>				
Personnel services	15	228	650	(422)
Commodities	865	2,534	2,000	534
Contractual services	12,353	15,081	19,208	(4,127)
Capital outlay	9,386	66	-	66
Total expenditures	22,619	17,909	21,858	(3,949)
Receipts over (under) expenditures	(2,294)	(2,384)		
UNENCUMBERED CASH, beginning	6,464	4,170		
UNENCUMBERED CASH, ending	\$ 4,170	1,786		



## City of Moundridge, Kansas

**Special Purpose Funds****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)

	<u>2020</u>	<u>2021</u>
<b>HEALTH RISK MANAGEMENT</b>		
<b>RECEIPTS</b>		
Interest	\$ 100	137
Transfer from		
General	53,572	-
Gas	18,500	-
Refuse	<u>-</u>	<u>10,000</u>
Total receipts	<u>72,172</u>	<u>10,137</u>
<b>EXPENDITURES</b>		
Benefits paid	35,671	28,859
Other expenses	11,815	9,493
Transfer to General	<u>13,678</u>	<u>-</u>
Total expenditures	<u>61,164</u>	<u>38,352</u>
Receipts over (under) expenditures	11,008	(28,215)
UNENCUMBERED CASH, beginning	<u>58,595</u>	<u>69,603</u>
UNENCUMBERED CASH, ending	<u>\$ 69,603</u>	<u>41,388</u>
<b>PACK PARK</b>		
<b>RECEIPTS</b>		
Grain sales and other	<u>\$ 3,228</u>	<u>4,661</u>
<b>EXPENDITURES</b>		
Commodities	1,120	1,207
Contractual services	<u>115</u>	<u>3,446</u>
Total expenditures	<u>1,235</u>	<u>4,653</u>
Receipts over (under) expenditures	1,993	8
UNENCUMBERED CASH, beginning	<u>74,538</u>	<u>76,531</u>
UNENCUMBERED CASH, ending	<u>\$ 76,531</u>	<u>76,539</u>

## City of Moundridge, Kansas

**Special Purpose Funds****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)

	<u>2020</u>	<u>2021</u>
<b>EQUIPMENT RESERVE</b>		
<b>RECEIPTS</b>		
Lease proceeds	\$ 23,015	-
Other revenue	-	45,590
Transfer from		
Street Maintenance	20,000	-
Electric	42,917	-
Gas	27,500	10,000
Sewer	-	40,000
Total receipts	<u>113,432</u>	<u>95,590</u>
<b>EXPENDITURES</b>		
Equipment purchase	23,515	49,833
Lease purchase - principal	44,602	62,402
Lease purchase - interest	2,096	7,702
Total expenditures	<u>70,213</u>	<u>119,937</u>
Receipts over (under) expenditures	43,219	(24,347)
UNENCUMBERED CASH, beginning	<u>31,764</u>	<u>74,983</u>
UNENCUMBERED CASH, ending	<u>\$ 74,983</u>	<u>50,636</u>

City of Moundridge, 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)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
<b>RECEIPTS</b>				
Transfer from				
Electric	\$ 35,000	34,107	35,000	(893)
<b>EXPENDITURES</b>				
Principal	30,000	30,000	30,000	-
Interest	4,262	3,738	3,738	-
Cash reserve	-	-	4,663	(4,663)
Total expenditures	34,262	33,738	38,401	(4,663)
Receipts over (under) expenditures	738	369		
UNENCUMBERED CASH, beginning	2,663	3,401		
UNENCUMBERED CASH, ending	\$ 3,401	3,770		

City of Moundridge, Kansas

**Capital Project Funds**

**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)

	2021									
	2020	CAPITAL IMPROVE- MENT PHASE I	RURAL HOUSING INCENTIVE DISTRICT		MODERATE INCOME HOUSING	DURST STREET BRIDGE	ELECTRIC TRANSMISSION FACILITIES	WASTE WATER TREATMENT PLANT	SWIMMING POOL FACILITY IMPROVE- MENTS	TOTAL
		MEADOW VIEW PHASE II	KANERIDGE							
<b>RECEIPTS</b>										
Public Building Commission	\$ -	-	-	-	-	-	-	-	1,015,035	1,015,035
Grant income	283,708	-	-	-	-	-	-	-	642,000	642,000
Other income	50,224	142,613	22,595	39,121	-	-	-	-	-	204,329
Transfer from General	1,740	-	-	-	-	-	-	-	-	-
Total receipts	335,672	142,613	22,595	39,121	-	-	-	-	1,657,035	1,861,364
<b>EXPENDITURES</b>										
Commodities	1,646,800	-	-	-	12,833	-	630,133	-	-	642,966
Contractual services	1,095,394	146,993	22,595	39,121	2,465	5,848	1,522,372	-	1,401,757	3,141,151
Lease payment	118,270	-	-	-	-	-	194,119	-	-	194,119
Total expenditures	2,860,464	146,993	22,595	39,121	15,298	5,848	2,346,624	-	1,401,757	3,978,236
Receipts over (under) expenditures	(2,524,792)	(4,380)	-	-	(15,298)	(5,848)	(2,346,624)	-	255,278	(2,116,872)
UNENCUMBERED CASH, beginning	4,967,632	(78)	-	-	(30,934)	(20,680)	2,804,923	41,785	(352,176)	2,442,840
UNENCUMBERED CASH, ending	\$ 2,442,840	(4,458)	-	-	(46,232)	(26,528)	458,299	41,785	(96,898)	325,968

## City of Moundridge, 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		Variance Over (Under)
		Actual	Budget	
<b>ELECTRIC</b>				
<b>RECEIPTS</b>				
Sales	\$ 3,148,801	3,575,052	3,400,000	175,052
Connection fees and other	110,657	127,456	55,000	72,456
Total receipts	<u>3,259,458</u>	<u>3,702,508</u>	<u>3,455,000</u>	<u>247,508</u>
<b>EXPENDITURES</b>				
Personnel services	344,369	326,669	333,000	(6,331)
Commodities	215,779	289,709	350,000	(60,291)
Contractual services	13,114	11,336	-	11,336
Electricity purchases	1,861,418	1,964,241	1,965,000	(759)
Capital outlay	2,028	1,643	218,266	(216,623)
Lease payments	-	69,119	263,238	(194,119)
Transfer to				
General	504,167	400,000	400,000	-
Equipment Reserve	42,917	-	-	-
Bond and Interest	35,000	34,107	35,000	(893)
Total expenditures	<u>3,018,792</u>	<u>3,096,824</u>	<u>3,564,504</u>	<u>(467,680)</u>
Receipts over (under) expenditures	240,666	605,684		
UNENCUMBERED CASH, beginning	<u>36,657</u>	<u>277,323</u>		
UNENCUMBERED CASH, ending	<u>\$ 277,323</u>	<u>883,007</u>		

## City of Moundridge, 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		Variance Over (Under)
		Actual	Budget	
<b>GAS</b>				
<b>RECEIPTS</b>				
Sales	\$ 608,839	688,923	800,000	(111,077)
Connection fees	3,739	6,312	5,000	1,312
Other	1,774	4,026	5,000	(974)
Total receipts	<u>614,352</u>	<u>699,261</u>	<u>810,000</u>	<u>(110,739)</u>
<b>EXPENDITURES</b>				
Personnel services	72,966	80,119	127,960	(47,841)
Contractual services	26,535	45,404	40,000	5,404
Commodities	40,007	24,859	40,000	(15,141)
Gas purchases	325,235	498,660	360,000	138,660
Capital outlay	3,633	943	172,462	(171,519)
Transfer to				
General	20,000	-	50,000	(50,000)
Street Maintenance	61,100	-	-	-
Park	5,000	-	-	-
Health Risk Management	18,500	-	-	-
Equipment Reserve	27,500	10,000	30,000	(20,000)
Total expenditures	<u>600,476</u>	<u>659,985</u>	<u>820,422</u>	<u>(160,437)</u>
Receipts over (under) expenditures	13,876	39,276		
UNENCUMBERED CASH, beginning	<u>13,083</u>	<u>26,959</u>		
UNENCUMBERED CASH, ending	<u>\$ 26,959</u>	<u>66,235</u>		

## City of Moundridge, 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		Variance Over (Under)
		Actual	Budget	
<b>REFUSE</b>				
<b>RECEIPTS</b>				
User fees	\$ 153,360	155,931	155,600	331
<b>EXPENDITURES</b>				
Personnel services	7,375	9,563	12,000	(2,437)
Commodities	2,018	2,207	41,929	(39,722)
Contractual services	117,480	130,442	135,000	(4,558)
Transfer to				
Park	15,000	15,000	15,000	-
Health Risk Management	-	10,000	10,000	-
Total expenditures	141,873	167,212	213,929	(46,717)
Receipts over (under) expenditures	11,487	(11,281)		
UNENCUMBERED CASH, beginning	65,129	76,616		
UNENCUMBERED CASH, ending	\$ 76,616	65,335		

## City of Moundridge, 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		Variance Over (Under)
		Actual	Budget	
<b>SEWER</b>				
<b>RECEIPTS</b>				
User fees	\$ 519,440	520,604	475,000	45,604
Grant income	-	-	-	-
Other	8,223	13,365	7,000	6,365
Total receipts	527,663	533,969	482,000	51,969
<b>EXPENDITURES</b>				
Personnel services	166,153	151,834	166,725	(14,891)
Commodities	33,188	40,409	35,000	5,409
Contractual services	87,553	26,814	55,000	(28,186)
Capital outlay	146	34,544	78,175	(43,631)
Principal	107,959	102,939	147,988	(45,049)
Interest	46,888	45,050	-	45,050
Service fees	5,980	5,746	5,000	746
Transfer to				
General	-	150,000	150,000	-
Street Maintenance	-	47,273	65,000	(17,727)
Health Risk Management	-	-	20,000	(20,000)
Equipment Reserve	-	40,000	40,000	-
Sewer Replacement	20,000	-	-	-
Total expenditures	467,867	644,609	762,888	(118,279)
Receipts over (under) expenditures	59,796	(110,640)		
UNENCUMBERED CASH, beginning	271,537	331,333		
UNENCUMBERED CASH, ending	\$ 331,333	220,693		



## City of Moundridge, 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		Variance Over (Under)
		Actual	Budget	
<b>WATER</b>				
<b>RECEIPTS</b>				
Sales	\$ 481,367	526,046	450,000	76,046
Connection fees	4,234	6,357	4,000	2,357
Other	2,051	1,509	4,000	(2,491)
Total receipts	<u>487,652</u>	<u>533,912</u>	<u>458,000</u>	<u>75,912</u>
<b>EXPENDITURES</b>				
Personnel services	145,939	157,358	157,842	(484)
Contractual services	73,826	113,647	120,000	(6,353)
Commodities	53,001	108,747	65,000	43,747
Capital outlay	7,448	5,751	62,529	(56,778)
Principal	44,720	67,591	45,916	21,675
Interest	21,923	-	20,834	(20,834)
Service fees	3,082	-	3,400	(3,400)
Total expenditures	<u>349,939</u>	<u>453,094</u>	<u>475,521</u>	<u>(22,427)</u>
Receipts over (under) expenditures	137,713	80,818		
UNENCUMBERED CASH, beginning	<u>24,616</u>	<u>162,329</u>		
UNENCUMBERED CASH, ending	<u>\$ 162,329</u>	<u>243,147</u>		

## City of Moundridge, Kansas

**Business Funds**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)

	<u>2020</u>	<u>2021</u>
<b>UTILITY ASSESSMENT</b>		
<b>RECEIPTS</b>		
Utility payments	\$ -	551,548
Loan proceeds	-	<u>1,777,478</u>
Total receipts	-	<u>2,329,026</u>
<b>EXPENDITURES</b>		
Commodities	-	1,777,478
Principal	-	135,094
Interest	-	<u>3,360</u>
Total expenditures	-	<u>1,915,932</u>
Receipts over (under) expenditures	-	413,094
UNENCUMBERED CASH, beginning	-	-
UNENCUMBERED CASH, ending	<u>\$ -</u>	<u>413,094</u>
<b>ELECTRIC RESERVE</b>		
<b>RECEIPTS</b>		
Interest	\$ 545	544
Other	-	<u>23,818</u>
Total receipts	<u>545</u>	<u>24,362</u>
<b>EXPENDITURES</b>		
Commodities	25,846	-
Contractual	22,717	-
Capital Outlay	<u>69,329</u>	-
Total expenditures	<u>117,892</u>	-
Receipts over (under) expenditures	(117,347)	24,362
UNENCUMBERED CASH, beginning	<u>382,362</u>	<u>265,015</u>
UNENCUMBERED CASH, ending	<u>\$ 265,015</u>	<u>289,377</u>

City of Moundridge, Kansas

**Business Funds**

**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)

	<u>2020</u>	<u>2021</u>
<b>SEWER REPLACEMENT</b>		
<b>RECEIPTS</b>		
Transfer from Sewer	\$ 20,000	-
<b>EXPENDITURES</b>		
	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	20,000	-
UNENCUMBERED CASH, beginning	<u>9,066</u>	<u>29,066</u>
UNENCUMBERED CASH, ending	<u>\$ 29,066</u>	<u>29,066</u>
 <b>WATER RESERVE</b>		
<b>RECEIPTS</b>		
	\$ -	-
<b>EXPENDITURES</b>		
	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	<u>30,170</u>	<u>30,170</u>
UNENCUMBERED CASH, ending	<u>\$ 30,170</u>	<u>30,170</u>

City of Moundridge, Kansas

**Trust Fund**

**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL  
Regulatory Basis**

For the Year Ended December 31, 2021

	<u>2020</u>	<u>2021</u>
<b>SPECIAL LAW ENFORCEMENT TRUST</b>		
<b>RECEIPTS</b>		
Interest	\$ 3	2
<b>EXPENDITURES</b>		
Commodities	<u>125</u>	<u>567</u>
Receipts over (under) expenditures	(122)	(565)
UNENCUMBERED CASH, beginning	<u>3,230</u>	<u>3,108</u>
UNENCUMBERED CASH, ending	<u><u>\$ 3,108</u></u>	<u><u>2,543</u></u>

## City of Moundridge, Kansas

**Related Municipal Entity**

## SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL

## Regulatory Basis

For the Years Ended December 31, 2021 and 2020

	<u>2020</u>	<u>2021</u>
<b>LIBRARY BOARD</b>		
<b>RECEIPTS</b>		
City appropriation	\$ 93,806	101,000
Federal grant - CARES	1,000	-
State and local grants	49,802	146,309
Interest	119	206
Other	<u>3,280</u>	<u>5,018</u>
Total receipts	<u>148,007</u>	<u>252,533</u>
<b>EXPENDITURES</b>		
Personnel services	75,731	76,105
Books, periodicals and materials	17,678	14,186
Technology	5,161	8,542
Operating expenses and other	<u>13,843</u>	<u>197,112</u>
Total expenditures	<u>112,413</u>	<u>295,945</u>
Receipts over (under) expenditures	35,594	(43,412)
UNENCUMBERED CASH, beginning	63,394	98,988
Prior year cancelled encumbrances	<u>-</u>	<u>21,327</u>
UNENCUMBERED CASH, ending	<u>\$ 98,988</u>	<u>76,903</u>

## City of Moundridge, Kansas

**Related Municipal Entity**

## SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL

## Regulatory Basis

For the Years Ended December 31, 2021 and 2020

	<u>2020</u>	<u>2021</u>
<b>PUBLIC BUILDING COMMISSION</b>		
<b>RECEIPTS</b>		
Bond proceeds	\$ 1,945,000	-
Lease payments received	118,270	339,453
Interest	39	232
Total receipts	<u>2,063,309</u>	<u>339,685</u>
<b>EXPENDITURES</b>		
Bond fees	65,650	-
Bond principal	-	180,000
Bond interest	118,270	166,976
KDHE loan principal	846,823	-
KDHE loan interest	10,222	-
Transfer to Capital Project	-	1,015,035
Total expenditures	<u>1,040,965</u>	<u>1,362,011</u>
Receipts over (under) expenditures	1,022,344	(1,022,326)
UNENCUMBERED CASH, beginning	<u>5,000</u>	<u>1,027,344</u>
UNENCUMBERED CASH, ending	<u>\$ 1,027,344</u>	<u>5,018</u>

City of Moundridge, Kansas

**Agency Funds**

SUMMARY OF RECEIPTS AND DISBURSEMENTS

Regulatory Basis

For the Year Ended December 31, 2021

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
<b>METER DEPOSITS</b>	\$ 29,735	11,585	6,740	34,580
<b>AMBULANCE</b>	11,800	18,885	17,547	13,138
<b>COMMUNITY DEVELOPMENT BLOCK GRANT</b>				
<b>- TORTILLA KING</b>	(151)	15,065	15,065	(151)
<b>SALES TAX</b>	<u>11,232</u>	<u>159,048</u>	<u>156,581</u>	<u>13,699</u>
<b>Total</b>	<u>\$ 52,616</u>	<u>204,583</u>	<u>195,933</u>	<u>61,266</u>

CITY OF MOUNDRIDGE  
OTHER SUPPLEMENTARY INFORMATION  
SINGLE AUDIT SECTION  
FOR THE YEAR ENDED DECEMBER 31, 2021



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council of  
City of Moundridge

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Moundridge, Kansas (City) and its related municipal entities, as of and for the year ended December 31, 2021, and the related disclosures to the financial statement, and have issued our report thereon dated July 25, 2022. Our report contained an adverse opinion because the financial statement was presented using accounting practices prescribed or permitted by the State of Kansas.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Krudsen, Monroe & Company, LLC*

Certified Public Accountants

July 25, 2022

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council of  
City of Moundridge

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited the City of Moundridge, Kansas (City), and its related municipal entities' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2021. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

#### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

#### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Krudsen, Monroe & Company, LLC*

Newton, Kansas

July 25, 2022

City of Moundridge, Kansas  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended December 31, 2021

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Passed through Kansas Department of Commerce			
Small Cities Community Development Block Grant	14.228	19-NC-008	\$ 642,000
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>642,000</u></b>
<b><u>U.S. Department of the Treasury</u></b>			
Passed through the State of Kansas			
Coronavirus State and Local Fiscal Recovery Funds	21.027	None provided	142,613
<b>Total U.S. Department of the Treasury</b>			<b><u>142,613</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 784,613</u></b>

See notes to the Schedule of Expenditures of Federal Awards

City of Moundridge, Kansas

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2021

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Moundridge, Kansas (City) under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position of the City. The Schedule is presented using a regulatory basis of accounting prescribed by the *Kansas Municipal Audit and Accounting Guide* (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the regulatory basis of accounting described in Note 1 to the City's financial statement. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. INDIRECT COST RATE

The City has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

City of Moundridge, Kansas  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended December 31, 2021

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified (Regulatory Basis)	Adverse - GAAP
Internal control over financial reporting:		
Material weakness(es) identified?	___ Yes	___ <u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	___ <u>X</u> No
Noncompliance material to financial statement noted?	___ Yes	___ <u>X</u> No

**Federal Awards**

Internal control over major programs:		
Material weakness(es) identified?	___ Yes	___ <u>X</u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ Yes	___ <u>X</u> No
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	___ <u>X</u> No
Identification of major programs:		
<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	
14.228	Small Cities Community Development Block Grant	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000	
Auditee qualified as low-risk auditee?	___ Yes	___ <u>X</u> No

**Section II - Financial Statement Findings**

There were no reportable findings.

**Section III - Federal Award Findings and Questioned Costs**

There were no reportable findings.