

CITY OF NEODESHA, KANSAS

Independent Auditors' Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2021

CITY OF NEODESHA, KANSAS

December 31, 2021

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Commission
City of Neodesha, Kansas

Adverse and Unmodified Opinion

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse and Unmodified Opinion" section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Neodesha as of December 31, 2021, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Neodesha as of December 31, 2021, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Basis for Adverse and Unmodified Opinion

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

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

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

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in

the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Neodesha, Kansas as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated July 23, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2022 on our consideration of the City of Neodesha’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 of Neodesha’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 of Neodesha’s internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

July 11, 2022
Chanute, Kansas

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

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Cash Balance December 31, 2021
General	\$ 91,155.03	\$ 3,176,113.18	\$ 3,241,128.00	\$ 26,140.21	\$ 95,170.48	\$ 121,310.69
Special Purpose Funds:						
Industrial Development	45,991.09	42,093.75	67,594.47	20,490.37	2,058.92	22,549.29
Library	8,873.32	90,448.59	90,448.59	8,873.32	-	8,873.32
Tort Liability	43,815.75	-	-	43,815.75	-	43,815.75
Employee Benefits	241,783.00	556,997.03	777,235.52	21,544.51	48,631.77	70,176.28
Special Highway	104,667.31	64,930.07	31,627.00	137,970.38	-	137,970.38
Special Parks and Recreation	52,373.66	2,975.39	-	55,349.05	-	55,349.05
Special Infrastructure Sales Tax	-	221,109.54	-	221,109.54	-	221,109.54
Equipment Reserve	119,640.74	50.14	-	119,690.88	-	119,690.88
American Rescue Plan Act Grant	-	172,600.95	43,800.00	128,800.95	-	128,800.95
Bond and Interest Funds:						
Wilson Medical Center Bond Payment	465.50	79,569.64	74,785.00	5,250.14	-	5,250.14
Swimming Pool Bond and Interest	287,918.28	-	82,652.20	205,266.08	257.18	205,523.26
Capital Projects Fund:						
Raw Water Project	971,751.37	998,175.88	1,901,816.12	68,111.13	287,899.99	356,011.12
CDBG Gas Project	448,305.26	2,082,690.05	2,479,262.32	51,732.99	-	51,732.99
Police Building Project	-	600,000.00	188,915.00	411,085.00	-	411,085.00
Business Funds:						
Electric Utility	341,515.80	5,243,888.96	4,989,251.64	596,153.12	236,795.38	832,948.50
Electric Utility Reserve	125,000.00	50,000.00	-	175,000.00	-	175,000.00
Gas Utility	423,073.55	2,409,833.31	2,204,868.22	628,038.64	172,037.37	800,076.01
Gas Utility Reserve	100,000.00	100,000.00	-	200,000.00	-	200,000.00
Water Utility	160,057.59	940,506.64	805,484.07	295,080.16	28,047.68	323,127.84
Water Utility Reserve	20,924.00	-	-	20,924.00	-	20,924.00
Sewer Utility	286,094.90	535,899.01	364,767.97	457,225.94	6,637.38	463,863.32
Sewer Utility Reserve	45,559.57	-	-	45,559.57	-	45,559.57
Solid Waste Utility	100,975.64	219,625.51	228,897.42	91,703.73	6,113.50	97,817.23
Solid Waste Utility Reserve	58,259.00	15,000.00	-	73,259.00	-	73,259.00
Storm Water Utility	85,423.96	44,743.92	27,540.02	102,627.86	-	102,627.86
Storm Water Utility Reserve	12,891.00	17,000.00	-	29,891.00	-	29,891.00
Total Reporting Entity (Excluding Agency Funds)	\$ 4,176,515.32	\$ 17,664,251.56	\$ 17,600,073.56	\$ 4,240,693.32	\$ 883,649.65	\$ 5,124,342.97

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

Statement 1 (Continued)

CITY OF NEODESHA, KANSAS

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

Total Cash to be accounted for:	\$	5,124,342.97
<hr/>		
Composition of Cash:		
Cash on Hand	\$	500.00
Checking and Savings Accounts		
First Neodesha Bank		
Petty Cash		92.41
Flexi-Vest Account		3,579,992.93
Operating Checking Account		478,034.79
Fire Insurance Proceeds Account		4,463.06
Raw Water Project Bond Account		356,011.12
CDBG Project Account		51,732.99
Employee Benefits Account		70,176.28
Emergency Equipment Reserve Account		100,310.07
Certificates of Deposit		
Equity Bank		101,809.61
First Neodesha Bank		200,000.00
Community National Bank		200,001.10
Total Cash		<hr/> 5,143,124.36
Less: Agency Funds Per Schedule 3		(18,781.39)
		<hr/>
Total Reporting Entity (Excluding Agency Funds)	\$	<hr/> 5,124,342.97 <hr/>

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

CITY OF NEODESHA, KANSAS

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

Neodesha Public Library

The City of Neodesha Library Board operates the City's public library. Acquisition or disposition of real property or bond issuances must be approved by the City. Separate financial statements are not prepared.

The Housing Authority of the City of Neodesha, Kansas

The Housing Authority of the City of Neodesha, Kansas operates the City's housing projects with a March 31st year end. The Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City. The Housing Authority's financial statements should be included with the City's financial statements. However, the statements are omitted in an apparent departure from generally accepted accounting principles. A copy of the financial statements can be obtained from the Housing Authority.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types

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

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

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

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.

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.

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

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

Basis of Presentation – Regulatory Basis of Accounting

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

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

Pension Plan

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

Reimbursed Expenses

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

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 timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended December 31, 2021, the City amended the Gas Utility Fund, Water Utility Fund and Electric Utility Fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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

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

- Employee Benefits Fund
- Equipment Reserve Fund
- American Rescue Plan Act Grant 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.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

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

The City was in apparent violation of K.S.A. 12-1608 which requires the treasurer of second class cities to publish quarterly statements showing the total amount received into each fund and the total amount expended from each fund and the cash balances of each fund at the beginning and close of each quarter. Such quarterly statements shall show the amount of outstanding registered warrants, temporary notes, bonds and all other obligations and liabilities of the city. The quarterly statements shall be published within 30 days after the quarter ending in March, June, September and December of each year in the official city newspaper. The first and second quarterly statements were not published within the 30 day requirement.

3. DEPOSITS AND INVESTMENTS

K.S.A 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main branch or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the 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. The rating of the City's investments is noted above.

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

Deposits: At year-end, the City's carrying amount of deposits was \$5,142,624.36 and the bank balance was \$5,367,874.58. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$801,810.71 was covered by FDIC insurance and \$4,566,063.87 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

4. OPERATING LEASES

The City has entered into several operating leases for various equipment. Rent expense for the year ended December 31, 2021, was \$3,030.96. Under the current lease agreement, the future minimum rental payments are as follows:

2022	\$ 3,030.96
2023	1,515.48

5. CAPITAL LEASES

The City has entered into a capital lease agreement dated February 27, 2017, to finance the purchase of a 2002 Sutphen Ladder Truck at a cost of \$25,000.00. The City agreed to make annual payments of interest and annual payments of principal, including imputed interest at 1.62%.

2022	\$ 5,263.38
Total Net Minimum Lease Payments	5,263.38
Less: Imputed Interest	(78.75)
Net Present Value	5,184.63
Less: Current Maturities	(5,184.63)
Long-Term Capital Lease Obligations	\$ 0.00

5. CAPITAL LEASES (Continued)

The City has entered into a capital lease agreement dated September 12, 2018 to finance the purchase of a 2018 Street Sweeper at a cost of \$167,070.00. The City agreed to make annual payments of interest and annual payments of principal, including imputed interest at 2.95%.

2022	\$ 36,087.48
2023	<u>35,914.73</u>
Total Net Minimum Lease Payments	72,002.21
Less: Imputed Interest	<u>(2,899.54)</u>
Net Present Value	69,102.67
Less: Current Maturities	<u>(34,015.47)</u>
Long-Term Capital Lease Obligations	<u>\$ 35,087.20</u>

The City has entered into a capital lease agreement dated January 24, 2020 to finance the purchase of a 2020 Trash Truck at a cost of \$111,035.00. The City agreed to make annual payments of interest and annual payments of principal, including imputed interest at 2.51%.

2022	\$ 38,887.61
2023	<u>38,887.60</u>
Total Net Minimum Lease Payments	77,775.21
Less: Imputed Interest	<u>(2,833.21)</u>
Net Present Value	74,942.00
Less: Current Maturities	<u>(37,006.57)</u>
Long-Term Capital Lease Obligations	<u>\$ 37,935.43</u>

The City has entered into a capital lease agreement dated August 5, 2021 to finance the purchase of two 2020 ambulances at a cost of \$530,146.00. The City agreed to make annual payments of interest and annual payments of principal, including imputed interest at 2.49%.

2022	\$ 81,398.95
2023	81,398.95
2024	81,398.95
2025	81,398.95
2026	81,398.95
2027-2028	<u>162,797.92</u>
Total Net Minimum Lease Payments	569,792.67
Less: Imputed Interest	<u>(39,646.67)</u>
Net Present Value	530,146.00
Less: Current Maturities	<u>(71,670.03)</u>
Long-Term Capital Lease Obligations	<u>\$ 458,475.97</u>

6. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Paid with Tax Levies									
General Improvement									
Bonds, Series 2008 - A	3.00% to 4.35%	September 2, 2008	\$ 870,000.00	October 1, 2023	\$ 220,000.00	\$ -	\$ 70,000.00	\$ 150,000.00	\$ 9,570.00
Bonds, Series 2020	1.50%	September 28, 2020	7,000,000.00	September 28, 2060	7,000,000.00	-	129,010.00	6,870,990.00	105,000.00
Temporary Notes									
2020A - Gas Improvements	2.73%	March 11, 2020	1,766,000.00	October 1, 2021	1,766,000.00	-	1,766,000.00	-	73,524.51
2021A - Gas Improvements	2.75%	September 30, 2021	1,766,000.00	October 1, 2022	-	1,766,000.00	-	1,766,000.00	-
2021-1 - Police Station	1.98%	April 14, 2021	600,000.00	October 1, 2022	-	600,000.00	-	600,000.00	-
2021B - Water Improvements	2.73%	December 1, 2021	998,000.00	July 1, 2023	-	998,000.00	-	998,000.00	-
Revolving Loan									
Low Interest Energy Loan	0.25%	March 9, 2021	825,000.00	January 1, 2024	-	825,000.00	274,599.62	550,400.38	1,461.14
Capital Lease									
2002 Sutphen Ladder Truck	1.62%	February 27, 2017	25,000.00	May 15, 2022	10,280.16	-	5,095.53	5,184.63	167.85
2020 Trash Truck	2.51%	January 24, 2020	111,035.00	January 24, 2023	111,035.00	-	36,093.00	74,942.00	2,794.61
2018 Street Sweeper	2.95%	September 12, 2018	167,070.00	May 15, 2023	102,159.92	-	33,057.25	69,102.67	3,030.17
2 - 2020 Ambulances	2.49%	August 5, 2021	530,146.00	August 5, 2028	-	530,146.00	-	530,146.00	-
Total Contractual Indebtedness					<u>\$ 9,209,475.08</u>	<u>\$ 4,719,146.00</u>	<u>\$ 2,313,855.40</u>	<u>\$ 11,614,765.68</u>	<u>\$ 195,548.28</u>

6. LONG-TERM DEBT (Continued)

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

Issue	2022	2023	2024	2025	2026	2027-2031	2032-2036	2037-2041
Principal								
General Obligation Bonds								
Paid with Tax Levies								
General Improvement								
Bonds, Series 2008 - A	\$ 75,000.00	\$ 75,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds, Series 2020	130,945.15	132,909.33	134,631.44	136,922.44	138,976.28	726,523.28	782,494.28	843,231.69
Temporary Notes								
2021A - Gas Improvements	1,766,000.00	-	-	-	-	-	-	-
2021-1 - Police Station	600,000.00	-	-	-	-	-	-	-
2021B - Water Improvements	-	998,000.00	-	-	-	-	-	-
Revolving Loan								
Low Interest Energy Loan	-	137,342.38	137,514.06	137,685.95	137,857.99	-	-	-
Capital Lease								
2002 Sutphen Ladder Truck	5,184.63	-	-	-	-	-	-	-
2020 Trash Truck	37,006.57	37,935.43	-	-	-	-	-	-
2018 Street Sweeper	34,015.47	35,087.20	-	-	-	-	-	-
2 - 2020 Ambulances	71,670.03	72,985.28	74,305.28	75,688.27	77,077.25	158,419.89	-	-
Total Principal Payments	2,719,821.85	1,489,259.62	346,450.78	350,296.66	353,911.52	884,943.17	782,494.28	843,231.69
Interest								
General Obligation Bonds								
Paid with Tax Levies								
General Improvement								
Bonds, Series 2008 - A	6,525.00	3,262.50	-	-	-	-	-	-
Bonds, Series 2020	105,000.00	103,064.85	101,100.67	99,378.56	97,087.56	454,263.51	398,923.36	339,476.18
Temporary Notes								
2021A - Gas Improvements	62,192.68	-	-	-	-	-	-	-
2021-1 - Police Station	17,391.00	-	-	-	-	-	-	-
2021B - Water Improvements	-	47,246.98	-	-	-	-	-	-
Revolving Loan								
Low Interest Energy Loan	-	688.00	516.32	344.43	172.32	-	-	-
Capital Lease								
2002 Sutphen Ladder Truck	78.75	-	-	-	-	-	-	-
2020 Trash Truck	1,881.04	952.17	-	-	-	-	-	-
2018 Street Sweeper	2,072.01	827.53	-	-	-	-	-	-
2 - 2020 Ambulances	9,728.92	8,413.67	7,093.67	5,710.68	4,321.70	4,378.03	-	-
Total Interest Payments	204,869.40	164,455.70	108,710.66	105,433.67	101,581.58	458,641.54	398,923.36	339,476.18
Total Principal and Interest	\$ 2,924,691.25	\$ 1,653,715.32	\$ 455,161.44	\$ 455,730.33	\$ 455,493.10	\$ 1,343,584.71	\$ 1,181,417.64	\$ 1,182,707.87

6. LONG-TERM DEBT (Continued)

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

Issue	2042-2046	2047-2051	2052-2056	2057-2060	Total
Principal					
General Obligation Bonds					
Paid with Tax Levies					
General Improvement					
Bonds, Series 2008 - A	\$ -	\$ -	\$ -	\$ -	\$ 150,000.00
Bonds, Series 2020	908,427.04	978,663.63	1,054,285.27	902,980.17	6,870,990.00
Temporary Notes					
2021A - Gas Improvements	-	-	-	-	1,766,000.00
2021-1 - Police Station	-	-	-	-	600,000.00
2021B - Water Improvements	-	-	-	-	998,000.00
Revolving Loan					
Low Interest Energy Loan	-	-	-	-	550,400.38
Capital Lease					
2002 Sutphen Ladder Truck	-	-	-	-	5,184.63
2020 Trash Truck	-	-	-	-	74,942.00
2018 Street Sweeper	-	-	-	-	69,102.67
2 - 2020 Ambulances	-	-	-	-	530,146.00
Total Principal Payments	908,427.04	978,663.63	1,054,285.27	902,980.17	11,614,765.68
Interest					
General Obligation Bonds					
Paid with Tax Levies					
General Improvement					
Bonds, Series 2008 - A	-	-	-	-	9,787.50
Bonds, Series 2020	275,047.99	205,849.38	131,299.95	50,995.44	2,361,487.45
Temporary Notes					
2021A - Gas Improvements	-	-	-	-	62,192.68
2021-1 - Police Station	-	-	-	-	17,391.00
2021B - Water Improvements	-	-	-	-	47,246.98
Revolving Loan					
Low Interest Energy Loan	-	-	-	-	1,721.07
Capital Lease					
2002 Sutphen Ladder Truck	-	-	-	-	78.75
2020 Trash Truck	-	-	-	-	2,833.21
2018 Street Sweeper	-	-	-	-	2,899.54
2 - 2020 Ambulances	-	-	-	-	39,646.67
Total Interest Payments	275,047.99	205,849.38	131,299.95	50,995.44	2,545,284.85
Total Principal and Interest	\$ 1,183,475.03	\$ 1,184,513.01	\$ 1,185,585.22	\$ 953,975.61	\$ 14,160,050.53

7. INDUSTRIAL REVENUE BONDS

The City has entered into various agreements to induce businesses to locate or expand operations in Neodesha, Kansas. In connection therewith, the City has issued industrial revenue bonds (IRB's) which require the businesses to make lease payments to trust accounts sufficient to pay debt service on the IRB's. The City is under no obligation to pay the IRB debt, which is to be paid from the lease payments made by the related businesses. At December 31, 2021, there were two industrial revenue bond issues with principal balances due totaling \$3,600,000.00

8. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publically 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, 2017. 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 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate (for the Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were \$224,197.13 for the year ended December 31, 2021.

Net Pension Liability

At December 31, 2021, the City's proportionate share of the collective net pension liability reported by KPERS was \$1,437,416.00. 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 nonemployer 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 pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

9. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits

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

Compensated Absences:

Regular employees earn and accumulate vacation leave as follows:

After 1 full year of employment	- 10 Days
After 5 full years of employment	- 12 Days
After 10 full years of employment	- 15 Days
After 15 full years of employment	- 20 Days
After 20 full years of employment	- 25 Days
After 25 full years of employment	- 30 Days

Vacation is not earned for partial years worked. Vacation days may be carried over at the discretion of the City Administrator if not used during the year earned.

Regular employees earn and accumulate sick leave from the beginning of employment at the rate of one day per month worked. Sick leave may be accumulated to a maximum without limit. Any unused sick leave at date of termination is lost. Employees employed prior to October 1985 will be paid for their unused sick leave upon retirement from the City only.

The City accrues a liability for compensated absences which meet the following criteria:

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

In accordance with the above criteria, the City has estimated a liability for annual leave which has been earned, but not taken, by City employees. The estimated liability for accrued annual leave at December 31, 2021, was \$119,405.29. The City has not estimated a liability for sick leave earned, but not taken, by City employees, as the amounts cannot be reasonably estimated.

Other Post Employment Benefits:

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

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

10. CAPITAL PROJECTS

The following is a summary of capital project authorizations and expenditures to date:

<u>PROJECT NAME</u>	<u>AUTHORIZED</u>	<u>EXPENDED THRU 12/31/21</u>	<u>ESTIMATED COMPLETION</u>
Raw Water Treatment Plant	\$ 9,272,000.00	\$ 9,476,157.33	2022
CDBG Gas Project	2,366,719.00	2,208,703.55	2022
Police Building Project	600,000.00	188,915.00	2022

11. RISK MANAGEMENT

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

12. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
Electric Utility	General	K.S.A. 12-825d	\$ 200,000.00
Electric Utility	Electric Utility Reserve	K.S.A. 12-825d	50,000.00
Electric Utility	CDBG Gas Project	K.S.A. 12-825d	73,524.51
Gas Utility	General	K.S.A. 12-825d	300,000.00
Gas Utility	Gas Utility Reserve	K.S.A. 12-825d	100,000.00
Sewer Utility	General	K.S.A. 12-825d	50,000.00
Solid Waste Utility	Solid Waste Utility Reserve	K.S.A. 12-825d	15,000.00
Storm Water Utility	Storm Water Utility Reserve	K.S.A. 12-825d	17,000.00

13. COVID-19

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

As a result of the COVID-19 outbreak, numerous Federal and State grants have been made available to the City to assist with the risks and help offset incurred costs of the City. For the year ended December 31, 2021, the City received \$172,600.95 as a result of the American Rescue Plan Act, of which \$43,800.00 has been spent by year end.

14. SUBSEQUENT EVENTS

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

SUPPLEMENTARY INFORMATION

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

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General	\$ 2,935,750.00	\$ 547,578.10	\$ 3,483,328.10	\$ 3,241,128.00	\$ (242,200.10)
Special Purpose Funds:					
Industrial Development	90,500.00	-	90,500.00	67,594.47	(22,905.53)
Library	98,300.00	-	98,300.00	90,448.59	(7,851.41)
Tort	43,000.00	-	43,000.00	-	(43,000.00)
Special Highway	72,000.00	-	72,000.00	31,627.00	(40,373.00)
Special Parks and Recreation	20,000.00	-	20,000.00	-	(20,000.00)
Special Infrastructure Sales Tax	-	-	-	-	-
Bond and Interest Funds:					
Wilson Medical Center Bond Payment	79,570.00	-	79,570.00	74,785.00	(4,785.00)
Swimming Pool Bond and Interest	109,450.00	-	109,450.00	82,652.20	(26,797.80)
Business Funds:					
Electric Utility	5,269,750.00	-	5,269,750.00	4,989,251.64	(280,498.36)
Gas Utility	2,245,150.00	-	2,245,150.00	2,204,868.22	(40,281.78)
Water Utility	835,800.00	-	835,800.00	805,484.07	(30,315.93)
Sewer Utility	410,600.00	-	410,600.00	364,767.97	(45,832.03)
Solid Waste Utility	253,200.00	-	253,200.00	228,897.42	(24,302.58)
Storm Water Utility	28,650.00	-	28,650.00	27,540.02	(1,109.98)

CITY OF NEODESHA, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 513,484.55	\$ 573,524.42	\$ 629,679.00	\$ (56,154.58)
Delinquent Tax	41,981.64	54,528.76	35,000.00	19,528.76
Motor Vehicle Tax	87,825.51	91,369.67	78,530.00	12,839.67
Recreational Vehicle Tax	1,491.05	1,580.91	984.00	596.91
16/20M Vehicle Tax	362.62	768.78	379.00	389.78
Commercial Vehicle Tax	2,865.53	2,158.29	2,664.00	(505.71)
Neighborhood Revitalization Rebate	(2,538.84)	(16,507.49)	-	(16,507.49)
Sales Tax	279,833.62	320,586.03	240,000.00	80,586.03
911 Tax	1,118.84	1,514.15	1,500.00	14.15
Sales Tax-Wilson Co. Hospital	279,833.59	320,585.95	240,000.00	80,585.95
Weeds & Demolition Tax	5,915.31	11,317.82	4,000.00	7,317.82
Local Alcoholic Liquor Tax	2,726.22	2,975.41	3,505.00	(529.59)
Ambulance Tax Levy	166,300.03	165,666.70	163,000.00	2,666.70
Intergovernmental				
CRF Grant	55,216.31	-	-	-
CARES Grant	13,158.48	-	-	-
Click-It or Ticket Grant	954.76	2,432.10	-	2,432.10
State Grants	17,626.70	15,000.00	-	15,000.00
Fines, Forfeitures, and Penalties	43,811.58	67,266.75	40,000.00	27,266.75
Charges for Services				
Ambulance Fees	257,400.63	261,445.41	250,000.00	11,445.41
Fire Department Fees	16,471.86	16,257.32	16,000.00	257.32
Cemetery Fees	6,500.00	7,185.00	10,000.00	(2,815.00)
Utility Transfer Fees	1,605.00	1,025.00	2,000.00	(975.00)
Swimming Pool	36,006.99	48,951.08	36,000.00	12,951.08
Licenses and Permits				
Dog Tags	1,135.00	1,900.00	2,500.00	(600.00)
Franchises & Licenses	21,955.27	20,971.49	20,000.00	971.49
Use of Money and Property				
Capital Lease Proceeds	-	530,146.00	-	530,146.00
Interest Income	1,815.64	1,222.47	1,000.00	222.47
Oil Royalties	5,182.98	3,986.57	7,000.00	(3,013.43)
Rental Income	58,272.25	31,001.50	46,600.00	(15,598.50)
Sale of Property	11,835.00	15,942.00	20,000.00	(4,058.00)
Other Receipts				
Donations	-	3,777.00	-	3,777.00
Miscellaneous	37,818.86	67,534.09	-	67,534.09
Reimbursed Expense	16,936.65	-	-	-
Operating Transfers from:				
Electric Utility Fund	150,000.00	200,000.00	600,000.00	(400,000.00)
Sewer Utility Fund	50,000.00	50,000.00	100,000.00	(50,000.00)
Gas Utility Fund	270,000.00	300,000.00	250,000.00	50,000.00
Total Receipts	2,454,903.63	3,176,113.18	\$ 2,800,341.00	\$ 375,772.18

CITY OF NEODESHA, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures				
General Administration				
Personal Services	\$ 34,655.44	\$ 35,911.59	\$ 22,000.00	\$ 13,911.59
Contractual Services	35,354.91	34,070.37	71,950.00	(37,879.63)
Commodities	3,600.20	14,169.62	12,550.00	1,619.62
Capital Outlay	21,195.58	35,217.34	-	35,217.34
Police				
Personal Services	506,354.86	541,876.09	611,000.00	(69,123.91)
Contractual Services	42,452.90	38,285.67	46,500.00	(8,214.33)
Commodities	21,569.20	81,462.35	58,000.00	23,462.35
Capital Outlay	21,948.03	38,417.74	79,800.00	(41,382.26)
Swimming Pool				
Contractual Services	551.18	-	-	-
Commodities	364.00	-	-	-
Fire				
Personal Services	262,279.93	305,908.98	246,950.00	58,958.98
Contractual Services	29,879.80	58,251.86	68,900.00	(10,648.14)
Commodities	18,255.99	24,458.97	37,200.00	(12,741.03)
Capital Outlay	5,969.87	7,045.77	51,350.00	(44,304.23)
Street				
Personal Services	226,636.58	217,831.94	236,300.00	(18,468.06)
Contractual Services	24,191.08	40,435.08	35,000.00	5,435.08
Commodities	23,575.79	42,247.26	45,200.00	(2,952.74)
Capital Outlay	-	-	-	-
Airport				
Contractual Services	5,526.37	5,418.85	4,300.00	1,118.85
Commodities	5,993.53	9,191.98	13,500.00	(4,308.02)
Ambulance				
Personal Services	413,142.72	461,325.00	573,500.00	(112,175.00)
Contractual Services	32,411.28	32,228.19	43,100.00	(10,871.81)
Commodities	28,721.35	37,783.33	36,400.00	1,383.33
Capital Outlay	38,010.49	567,194.13	39,250.00	527,944.13
Municipal Court				
Personal Services	11,626.20	11,626.20	12,300.00	(673.80)
Contractual Services	-	-	500.00	(500.00)
Commodities	152.29	225.21	1,500.00	(1,274.79)
Parks & Facilities				
Personal Services	113,492.34	122,316.24	138,900.00	(16,583.76)
Contractual Services	65,497.90	72,241.96	102,200.00	(29,958.04)
Commodities	19,022.59	26,225.82	43,900.00	(17,674.18)
Capital Outlay	29,893.87	16,472.79	-	16,472.79
Neodesha Historical Museum				
Personal Services	-	4,415.30	7,200.00	(2,784.70)
Contractual Services	455.00	571.51	3,500.00	(2,928.49)
Commodities	347.45	1,126.38	1,000.00	126.38

CITY OF NEODESHA, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Service Improvements				
Contractual Services	\$ 15,346.30	\$ 26,540.15	\$ 47,000.00	\$ (20,459.85)
Wilson Medical Center				
Contractual Services	300,978.34	320,585.95	235,000.00	85,585.95
Economic Development				
Personal Services	1,764.11	-	-	-
Ladder Truck				
Capital Lease Payments	5,263.38	5,263.38	10,000.00	(4,736.62)
Debt Service				
Interest	-	4,785.00	-	4,785.00
Total Certified Budget			2,935,750.00	305,378.00
Adjustments for Qualifying Budget Credits			547,578.10	(547,578.10)
Total Expenditures	2,366,480.85	3,241,128.00	\$ 3,483,328.10	\$ (242,200.10)
Receipts Over(Under) Expenditures	88,422.78	(65,014.82)		
Unencumbered Cash, Beginning	2,732.25	91,155.03		
Unencumbered Cash, Ending	\$ 91,155.03	\$ 26,140.21		

CITY OF NEODESHA, KANSAS
INDUSTRIAL DEVELOPMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 57,191.81	\$ 28,320.91	\$ 31,092.00	\$ (2,771.09)
Delinquent Tax	2,518.25	4,323.61	-	4,323.61
Motor Vehicle Tax	6,658.17	9,770.92	8,738.00	1,032.92
Recreational Vehicle Tax	115.96	169.22	109.00	60.22
16/20M Vehicle Tax	14.55	63.10	42.00	21.10
Commercial Vehicle Tax	235.00	240.18	296.00	(55.82)
Neighborhood Revitalization Rebate	(282.52)	(815.19)	-	(815.19)
Other Receipts				
Miscellaneous	21.00	21.00	-	21.00
Total Receipts	66,472.22	42,093.75	\$ 40,277.00	\$ 1,816.75
Expenditures				
General Government				
Personal Services	12,499.93	64,588.38	\$ 70,500.00	\$ (5,911.62)
Contractual Services	881.31	1,508.36	-	1,508.36
Economic Development	61,618.76	1,497.73	20,000.00	(18,502.27)
Total Expenditures	75,000.00	67,594.47	\$ 90,500.00	\$ (22,905.53)
Receipts Over(Under) Expenditures	(8,527.78)	(25,500.72)		
Unencumbered Cash, Beginning	54,518.87	45,991.09		
Unencumbered Cash, Ending	\$ 45,991.09	\$ 20,490.37		

CITY OF NEODESHA, KANSAS
LIBRARY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 71,290.84	\$ 71,480.64	\$ 78,481.00	\$ (7,000.36)
Delinquent Tax	6,311.81	7,621.62	-	7,621.62
Motor Vehicle Tax	12,647.72	12,771.61	10,905.00	1,866.61
Recreational Vehicle Tax	215.20	220.99	137.00	83.99
16/20M Vehicle Tax	50.12	111.50	53.00	58.50
Commercial Vehicle Tax	415.55	299.70	370.00	(70.30)
Neighborhood Revitalization Rebate	(352.55)	(2,057.47)	-	(2,057.47)
Total Receipts	90,578.69	90,448.59	\$ 89,946.00	\$ 502.59
Expenditures				
Subject to Budget				
Appropriation to Library Board	90,578.69	90,448.59	\$ 98,300.00	\$ (7,851.41)
Total Expenditures	90,578.69	90,448.59	\$ 98,300.00	\$ (7,851.41)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	8,873.32	8,873.32		
Unencumbered Cash, Ending	\$ 8,873.32	\$ 8,873.32		

CITY OF NEODESHA, KANSAS
TORT LIABILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Other Revenues				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total Cash Receipts	-	-	\$ -	\$ -
Expenditures				
General Government				
Contractual Services	-	-	\$ 43,000.00	\$ (43,000.00)
Total Expenditures	-	-	\$ 43,000.00	\$ (43,000.00)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	43,815.75	43,815.75		
Unencumbered Cash, Ending	\$ 43,815.75	\$ 43,815.75		

CITY OF NEODESHA, KANSAS
EMPLOYEE BENEFITS FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis
 For the Year Ended December 31, 2021
 (With Comparative Actual Amounts for the Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Other Revenues		
Internal Service Charges	\$ 494,873.50	\$ 556,997.03
Total Cash Receipts	494,873.50	556,997.03
Expenditures		
General Government		
Personal Services	535,971.59	777,235.52
Commodities	33.89	-
Total Expenditures	536,005.48	777,235.52
Receipts Over(Under) Expenditures	(41,131.98)	(220,238.49)
Unencumbered Cash, Beginning	282,914.98	241,783.00
Unencumbered Cash, Ending	\$ 241,783.00	\$ 21,544.51

CITY OF NEODESHA, KANSAS
SPECIAL HIGHWAY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Special Highway Tax	\$ 59,501.91	\$ 64,930.07	\$ 52,330.00	\$ 12,600.07
Total Receipts	59,501.91	64,930.07	\$ 52,330.00	\$ 12,600.07
Expenditures				
Highways and Streets				
Contractual Services	-	31,627.00	\$ 72,000.00	\$ (40,373.00)
Total Expenditures	-	31,627.00	\$ 72,000.00	\$ (40,373.00)
Receipts Over(Under) Expenditures	59,501.91	33,303.07		
Unencumbered Cash, Beginning	45,165.40	104,667.31		
Unencumbered Cash, Ending	\$ 104,667.31	\$ 137,970.38		

CITY OF NEODESHA, KANSAS
SPECIAL PARKS AND RECREATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Local Alcoholic Liquor Tax	\$ 2,726.19	\$ 2,975.39	\$ 5,100.00	\$ (2,124.61)
Total Receipts	<u>2,726.19</u>	<u>2,975.39</u>	<u>\$ 5,100.00</u>	<u>\$ (2,124.61)</u>
Expenditures				
Culture and Recreation				
Capital Outlay	-	-	\$ 20,000.00	\$ (20,000.00)
Total Expenditures	<u>-</u>	<u>-</u>	<u>\$ 20,000.00</u>	<u>\$ (20,000.00)</u>
Receipts Over(Under) Expenditures	2,726.19	2,975.39		
Unencumbered Cash, Beginning	<u>49,647.47</u>	<u>52,373.66</u>		
Unencumbered Cash, Ending	<u>\$ 52,373.66</u>	<u>\$ 55,349.05</u>		

CITY OF NEODESHA, KANSAS
SPECIAL INFRASTRUCTURE SALES TAX FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Sales Tax-Infrastructure	\$ -	\$ 221,109.54	\$ -	\$ 221,109.54
Total Receipts	-	221,109.54	\$ -	\$ 221,109.54
Expenditures				
Culture and Recreation				
Capital Outlay	-	-	\$ -	\$ -
Total Expenditures	-	-	\$ -	\$ -
Receipts Over(Under) Expenditures	-	221,109.54		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ 221,109.54		

CITY OF NEODESHA, KANSAS
EQUIPMENT RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 67.42	\$ 50.14
Total Receipts	67.42	50.14
Expenditures		
General Government		
Capital Outlay	225,619.19	-
Total Expenditures	225,619.19	-
Receipts Over(Under) Expenditures	(225,551.77)	50.14
Unencumbered Cash, Beginning	345,192.51	119,640.74
Unencumbered Cash, Ending	<u>\$ 119,640.74</u>	<u>\$ 119,690.88</u>

CITY OF NEODESHA, KANSAS
AMERICAN RESCUE PLAN ACT GRANT FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grant	\$ -	\$ 172,600.95
Total Receipts	-	172,600.95
Expenditures		
Capital Improvements		
Capital Outlay	-	43,800.00
Total Expenditures	-	43,800.00
Receipts Over(Under) Expenditures	-	128,800.95
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 128,800.95

CITY OF NEODESHA, KANSAS
WILSON MEDICAL CENTER BOND PAYMENT FUND
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Special Assessment	\$ 77,397.50	\$ 79,569.64	\$ 85,000.00	\$ (5,430.36)
Total Receipts	<u>77,397.50</u>	<u>79,569.64</u>	<u>\$ 85,000.00</u>	<u>\$ (5,430.36)</u>
Expenditures				
Debt Service				
Principal	65,000.00	70,000.00	\$ 70,000.00	\$ -
Interest	12,397.50	4,785.00	9,570.00	(4,785.00)
Total Expenditures	<u>77,397.50</u>	<u>74,785.00</u>	<u>\$ 79,570.00</u>	<u>\$ (4,785.00)</u>
Receipts Over(Under) Expenditures	-	4,784.64		
Unencumbered Cash, Beginning	<u>465.50</u>	<u>465.50</u>		
Unencumbered Cash, Ending	<u>\$ 465.50</u>	<u>\$ 5,250.14</u>		

CITY OF NEODESHA, KANSAS
SWIMMING POOL BOND AND INTEREST FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Sales Tax	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	\$ -	\$ -
Expenditures				
Capital Improvements				
Personal Services	55,570.78	60,232.58	\$ 77,700.00	\$ (17,467.42)
Contractual Services	47,000.88	1,612.45	6,250.00	(4,637.55)
Commodities	15,976.63	20,807.17	25,500.00	(4,692.83)
Total Expenditures	118,548.29	82,652.20	\$ 109,450.00	\$ (26,797.80)
Receipts Over(Under) Expenditures	(118,548.29)	(82,652.20)		
Unencumbered Cash, Beginning	406,466.57	287,918.28		
Unencumbered Cash, Ending	\$ 287,918.28	\$ 205,266.08		

CITY OF NEODESHA, KANSAS
RAW WATER PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants	\$ 497,802.86	\$ -
Use of Money and Property		
Bond Proceeds	7,000,000.00	998,000.00
Interest Income	5,517.95	175.88
Total Receipts	<u>7,503,320.81</u>	<u>998,175.88</u>
Expenditures		
Capital Improvements		
Capital Outlay	2,638,257.53	1,901,816.12
Debt Service		
Principal	7,000,000.00	-
Interest	265,930.01	-
Total Expenditures	<u>9,904,187.54</u>	<u>1,901,816.12</u>
Receipts Over(Under) Expenditures	(2,400,866.73)	(903,640.24)
Unencumbered Cash, Beginning	<u>3,372,618.10</u>	<u>971,751.37</u>
Unencumbered Cash, Ending	<u>\$ 971,751.37</u>	<u>\$ 68,111.13</u>

CITY OF NEODESHA, KANSAS
CDBG GAS PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
CDBG Grant	\$ 290,000.00	\$ 243,000.00
Use of Money and Property		
Bond Proceeds	1,766,000.00	1,766,000.00
Interest Income	643.80	165.54
Operating Transfers from		
Gas Utility Fund	-	73,524.51
Total Receipts	2,056,643.80	2,082,690.05
Expenditures		
Capital Improvements		
Contractual Services	574,153.38	267,600.44
Commodities	17.55	-
Capital Outlay	926,956.03	372,137.37
Debt Service		
Principal	-	1,766,000.00
Interest	-	73,524.51
Total Expenditures	1,501,126.96	2,479,262.32
Receipts Over(Under) Expenditures	555,516.84	(396,572.27)
Unencumbered Cash, Beginning	(107,211.58)	448,305.26
Unencumbered Cash, Ending	\$ 448,305.26	\$ 51,732.99

CITY OF NEODESHA, KANSAS
POLICE BUILDING PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Bond Proceeds	\$ -	\$ 600,000.00
Total Receipts	-	600,000.00
Expenditures		
Capital Improvements		
Contractual Services	-	10,915.00
Capital Outlay	-	178,000.00
Total Expenditures	-	188,915.00
Receipts Over(Under) Expenditures	-	411,085.00
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 411,085.00

CITY OF NEODESHA, KANSAS
ELECTRIC UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental				
CRF Grant	\$ 4,469.76	\$ -	\$ -	\$ -
Charges for Services				
Electric Sales	3,333,955.08	4,372,073.34	4,400,000.00	(27,926.66)
Connection Fees	8,333.01	7,422.30	7,000.00	422.30
Service Fees	5,598.01	4,653.66	5,000.00	(346.34)
Penalties	30,125.81	28,420.55	28,000.00	420.55
Use of Money and Property				
Loan Proceeds	-	825,000.00	825,000.00	-
Interest Income	289.96	172.14	200.00	(27.86)
Other Receipts				
Miscellaneous	675.89	6,146.97	-	6,146.97
Total Receipts	<u>3,383,447.52</u>	<u>5,243,888.96</u>	<u>\$ 5,265,200.00</u>	<u>\$ (21,311.04)</u>
Expenditures				
Administration				
Personal Services	193,701.87	185,226.87	\$ 187,000.00	\$ (1,773.13)
Contractual Services	88,866.37	59,372.53	94,600.00	(35,227.47)
Commodities	28,303.38	19,787.02	24,000.00	(4,212.98)
Capital Outlay	340.35	-	-	-
Distribution				
Personal Services	311,887.30	332,812.61	325,000.00	7,812.61
Contractual Services	90,478.05	76,029.53	99,000.00	(22,970.47)
Commodities	28,484.55	59,548.39	223,150.00	(163,601.61)
Capital Outlay	146,050.03	226,627.38	90,000.00	136,627.38
Production				
Contractual Services	2,017,606.82	3,430,262.04	3,500,000.00	(69,737.96)
Debt Service				
Principal	-	274,599.62	277,000.00	(2,400.38)
Interest	-	1,461.14	-	1,461.14
Operating Transfers to:				
General Fund	150,000.00	200,000.00	400,000.00	(200,000.00)
Electric Utility Reserve Fund	-	50,000.00	50,000.00	-
CDBG Gas Project Fund	-	73,524.51	-	73,524.51
Total Expenditures	<u>3,055,718.72</u>	<u>4,989,251.64</u>	<u>\$ 5,269,750.00</u>	<u>\$ (280,498.36)</u>
Receipts Over(Under) Expenditures	327,728.80	254,637.32		
Unencumbered Cash, Beginning	13,787.00	341,515.80		
Unencumbered Cash, Ending	<u>\$ 341,515.80</u>	<u>\$ 596,153.12</u>		

CITY OF NEODESHA, KANSAS
ELECTRIC UTILITY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from Electric Utility Fund	\$ -	\$ 50,000.00
Total Receipts	-	50,000.00
Expenditures		
Operating Transfers to General Fund	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	50,000.00
Unencumbered Cash, Beginning	125,000.00	125,000.00
Unencumbered Cash, Ending	\$ 125,000.00	\$ 175,000.00

CITY OF NEODESHA, KANSAS
GAS UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Customer Sales	\$ 1,806,473.30	\$ 2,390,350.86	\$ 2,300,000.00	\$ 90,350.86
Connection Fees	6,978.50	6,526.35	10,000.00	(3,473.65)
Penalties	12,328.38	10,981.12	15,000.00	(4,018.88)
Use of Money and Property				
Interest Income	2,174.77	1,290.98	5,000.00	(3,709.02)
Other Receipts				
Miscellaneous	122.00	684.00	-	684.00
Total Receipts	1,828,076.95	2,409,833.31	\$ 2,330,000.00	\$ 79,833.31
Expenditures				
Administration				
Personal Services	170,058.58	171,954.69	\$ 163,400.00	\$ 8,554.69
Contractual Services	76,128.24	54,567.94	83,000.00	(28,432.06)
Commodities	26,721.59	18,386.87	21,000.00	(2,613.13)
Capital Outlay	-	1,344.00	-	1,344.00
Distribution				
Personal Services	169,892.23	171,678.24	220,000.00	(48,321.76)
Contractual Services	25,086.79	22,109.01	30,500.00	(8,390.99)
Commodities	39,690.95	39,130.10	80,700.00	(41,569.90)
Capital Outlay	25,945.14	111,856.42	126,550.00	(14,693.58)
Production				
Commodities	581,549.09	1,177,753.47	930,000.00	247,753.47
Debt Services				
Capital Lease Payments	18,087.48	36,087.48	40,000.00	(3,912.52)
Operating Transfers to:				
General Fund	270,000.00	300,000.00	450,000.00	(150,000.00)
Gas Utility Reserve Fund	50,000.00	100,000.00	100,000.00	-
Total Expenditures	1,453,160.09	2,204,868.22	\$ 2,245,150.00	\$ (40,281.78)
Receipts Over(Under) Expenditures	374,916.86	204,965.09		
Unencumbered Cash, Beginning	48,156.69	423,073.55		
Unencumbered Cash, Ending	<u>\$ 423,073.55</u>	<u>\$ 628,038.64</u>		

CITY OF NEODESHA, KANSAS
GAS UTILITY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from Gas Utility Fund	\$ 50,000.00	\$ 100,000.00
Total Receipts	50,000.00	100,000.00
Expenditures		
Operating Transfers to Gas Utility Fund	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	50,000.00	100,000.00
Unencumbered Cash, Beginning	50,000.00	100,000.00
Unencumbered Cash, Ending	\$ 100,000.00	\$ 200,000.00

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

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental				
CRF Grant	\$ 3,462.56	\$ -	\$ -	\$ -
Charges for Services				
Customer Sales	673,649.41	921,501.31	878,500.00	43,001.31
Connection Fee	7,228.49	6,726.35	8,000.00	(1,273.65)
Penalties	8,210.41	10,489.09	10,000.00	489.09
Use of Money and Property				
Interest Income	289.96	172.14	600.00	(427.86)
Other Receipts				
Miscellaneous	304.06	1,617.75	1,500.00	117.75
Total Receipts	693,144.89	940,506.64	\$ 898,600.00	\$ 41,906.64
Expenditures				
Administration				
Personal Services	22,676.32	1,821.17	\$ 23,300.00	\$ (21,478.83)
Contractual Services	14,368.02	23,169.78	11,800.00	11,369.78
Commodities	2,128.80	3,839.75	3,100.00	739.75
Capital Outlay	-	-	-	-
Distribution				
Personal Services	166,590.80	186,692.41	212,500.00	(25,807.59)
Contractual Services	10,548.42	9,156.10	15,100.00	(5,943.90)
Commodities	32,730.09	17,413.89	34,200.00	(16,786.11)
Capital Outlay	440.44	1,091.01	-	1,091.01
Production				
Personal Services	196,997.08	231,129.98	225,000.00	6,129.98
Contractual Services	81,486.36	97,045.15	77,000.00	20,045.15
Commodities	44,811.75	62,120.47	69,800.00	(7,679.53)
Capital Outlay	2,710.70	8,004.36	-	8,004.36
Debt Service				
Principal	-	90,413.20	164,000.00	(73,586.80)
Interest	-	73,586.80	-	73,586.80
Total Expenditures	575,488.78	805,484.07	\$ 835,800.00	\$ (30,315.93)
Receipts Over(Under) Expenditures	117,656.11	135,022.57		
Unencumbered Cash, Beginning	42,401.48	160,057.59		
Unencumbered Cash, Ending	\$ 160,057.59	\$ 295,080.16		

CITY OF NEODESHA, KANSAS
WATER UTILITY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from Water Utility Fund	\$ -	\$ -
Total Receipts	-	-
Expenditures		
Capital Improvements Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	20,924.00	20,924.00
Unencumbered Cash, Ending	\$ 20,924.00	\$ 20,924.00

CITY OF NEODESHA, KANSAS
SEWER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
User Fees	\$ 388,498.21	\$ 528,658.38	\$ 355,000.00	\$ 173,658.38
Penalties	5,628.52	7,188.98	7,500.00	(311.02)
Use of Money and Property				
Interest Income	87.00	51.65	300.00	(248.35)
Total Receipts	394,213.73	535,899.01	\$ 362,800.00	\$ 173,099.01
Expenditures				
Sewer System				
Personal Services	48,457.63	45,437.99	\$ 47,000.00	\$ (1,562.01)
Contractual Services	4,490.43	16,065.16	9,000.00	7,065.16
Commodities	3,035.82	8,678.20	20,000.00	(11,321.80)
Capital Outlay	5,285.27	-	29,000.00	(29,000.00)
Lagoons				
Personal Services	22,511.10	26,238.15	28,000.00	(1,761.85)
Contractual Services	21,788.42	11,668.94	21,600.00	(9,931.06)
Commodities	589.45	1,237.14	3,200.00	(1,962.86)
Capital Outlay	3,189.64	-	-	-
Administration				
Personal Services	81,571.70	92,912.18	93,500.00	(587.82)
Contractual Services	23,128.17	31,170.97	47,300.00	(16,129.03)
Commodities	14,725.05	11,349.24	12,000.00	(650.76)
Capital Outlay	301.33	-	-	-
Debt Service				
Principal	-	38,596.80	-	38,596.80
Interest	-	31,413.20	-	31,413.20
Operating Transfers to				
General Fund	50,000.00	50,000.00	100,000.00	(50,000.00)
Total Expenditures	279,074.01	364,767.97	\$ 410,600.00	\$ (45,832.03)
Receipts Over(Under) Expenditures	115,139.72	171,131.04		
Unencumbered Cash, Beginning	170,955.18	286,094.90		
Unencumbered Cash, Ending	<u>\$ 286,094.90</u>	<u>\$ 457,225.94</u>		

CITY OF NEODESHA, KANSAS
SEWER UTILITY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from Sewer Utility Fund	\$ -	\$ -
Total Receipts	-	-
Expenditures		
Capital Improvements Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	45,559.57	45,559.57
Unencumbered Cash, Ending	\$ 45,559.57	\$ 45,559.57

CITY OF NEODESHA, KANSAS
SOLID WASTE UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
User Fees	\$ 217,723.61	\$ 216,979.88	\$ 220,000.00	\$ (3,020.12)
Penalties	2,760.12	2,645.63	3,500.00	(854.37)
Other Receipts				
Miscellaneous	-	-	3,500.00	(3,500.00)
Total Receipts	<u>220,483.73</u>	<u>219,625.51</u>	<u>\$ 227,000.00</u>	<u>\$ (7,374.49)</u>
Expenditures				
Collections				
Personal Services	132,605.75	130,503.64	\$ 127,600.00	\$ 2,903.64
Contractual Services	31,811.04	28,519.65	43,200.00	(14,680.35)
Commodities	13,913.83	15,986.52	28,500.00	(12,513.48)
Capital Outlay	2,086.50	-	-	-
Debt Service				
Capital Lease Payments	-	38,887.61	38,900.00	(12.39)
Operating Transfers to				
Solid Waste Utility Reserve Fund	-	15,000.00	15,000.00	-
Total Expenditures	<u>180,417.12</u>	<u>228,897.42</u>	<u>\$ 253,200.00</u>	<u>\$ (24,302.58)</u>
Receipts Over(Under) Expenditures	40,066.61	(9,271.91)		
Unencumbered Cash, Beginning	<u>60,909.03</u>	<u>100,975.64</u>		
Unencumbered Cash, Ending	<u>\$ 100,975.64</u>	<u>\$ 91,703.73</u>		

CITY OF NEODESHA, KANSAS
SOLID WASTE UTILITY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from Solid Waste Utility Fund	\$ -	\$ 15,000.00
Total Receipts	-	15,000.00
Expenditures		
Capital Improvements Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	15,000.00
Unencumbered Cash, Beginning	58,259.00	58,259.00
Unencumbered Cash, Ending	\$ 58,259.00	\$ 73,259.00

CITY OF NEODESHA, KANSAS
STORM WATER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
User Fees	\$ 43,983.64	\$ 44,193.50	\$ 35,000.00	\$ 9,193.50
Penalties	604.28	550.42	-	550.42
Total Receipts	44,587.92	44,743.92	\$ 35,000.00	\$ 9,743.92
Expenditures				
Collections				
Contractual Services	378.45	469.36	\$ 3,300.00	\$ (2,830.64)
Commodities	2,796.05	10,070.66	5,350.00	4,720.66
Debt Service				
Capital Lease Payments	18,000.00	-	20,000.00	(20,000.00)
Operating Transfers to Storm Water Utility Reserve Fund	-	17,000.00	-	17,000.00
Total Expenditures	21,174.50	27,540.02	\$ 28,650.00	\$ (1,109.98)
Receipts Over(Under) Expenditures	23,413.42	17,203.90		
Unencumbered Cash, Beginning	62,010.54	85,423.96		
Unencumbered Cash, Ending	\$ 85,423.96	\$ 102,627.86		

CITY OF NEODESHA, KANSAS
STORM WATER UTILITY RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Amounts for the Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from Storm Water Utility Fund	\$ -	\$ 17,000.00
Total Receipts	-	17,000.00
Expenditures		
Debt Services		
Capital Lease Payments	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	17,000.00
Unencumbered Cash, Beginning	12,891.00	12,891.00
Unencumbered Cash, Ending	\$ 12,891.00	\$ 29,891.00

CITY OF NEODESHA, KANSAS
AGENCY FUNDS
 Schedule of Receipts and Disbursements
 Regulatory Basis
 For the Year Ended December 31, 2021

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Fire Insurance Proceeds	\$ 18,615.57	\$ 17,259.47	\$ 31,411.98	\$ 4,463.06
Drug Seizure	3,525.93	-	3,525.93	-
Tax Seizure	3,362.25	-	788.34	2,573.91
Petty Cash	637.48	-	45.07	592.41
Police Substation	35,840.55	10,068.62	38,225.36	7,683.81
Sales Tax Fund	3,806.76	198,799.39	199,137.95	3,468.20
	<u>\$ 65,788.54</u>	<u>\$ 226,127.48</u>	<u>\$ 273,134.63</u>	<u>\$ 18,781.39</u>
Total Agency Funds	<u>\$ 65,788.54</u>	<u>\$ 226,127.48</u>	<u>\$ 273,134.63</u>	<u>\$ 18,781.39</u>

CITY OF NEODESHA, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CFDA NUMBER	PROVIDED TO SUBRECIPIENTS	CASH RECEIPTS	DISBURSE- MENTS/ EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Direct Grant					
Water and Waste Disposal Systems for Rural Communities	N/A	10.760	\$ -	\$ -	\$ 1,081,996.66
Community Facilities Loans and Grants Cluster					
Community Facilities Loans and Grants	N/A	10.766	-	-	480,027.12
Community Facilities Loans and Grants	N/A	10.766	-	-	28,457.40
		TOTAL 10.766	-	-	508,484.52
Total U.S. Department of Agriculture			-	-	1,590,481.18
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Passed through the State of Kansas Department of Commerce					
Community Development Block Grants/State's Program And Non-Entitlement Grants in Hawaii	19-PF-007	14.228	-	243,000.00	153,000.00
Total U.S. Department of Housing and Urban Development			-	243,000.00	153,000.00
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
Passed through the State of Kansas Department of Transportation					
Highway Safety Cluster					
State and Community Highway Safety	SP130021	20.600	-	2,432.10	2,432.10
Total U.S. Department of Transportation			-	2,432.10	2,432.10
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
Direct Grant					
Provider Relief Fund - COVID-19	Not Assigned	93.498	-	-	13,158.48
Total U.S. Department of Health and Human Services			-	-	13,158.48

CITY OF NEODESHA, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CFDA NUMBER	PROVIDED TO SUBRECIPIENTS	CASH RECEIPTS	DISBURSE- MENTS/ EXPENDITURES
<u>U.S. DEPARTMENT OF THE TREASURY</u>					
Passed through State of Kansas, Department of Administration					
Coronavirus State and Local Fiscal Recovery					
Funds (CSLFRF) - COVID-19					
	Not Assigned	21.027	\$ -	\$ 172,600.95	\$ 43,800.00
Total U.S. Department of the Treasury			-	172,600.95	43,800.00
TOTAL ALL PROGRAMS			\$ -	\$ 418,033.05	\$ 1,802,871.76

NOTE A -- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Neodesha, Kansas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statement.

NOTE B -- INDIRECT COSTS

The City of Neodesha, Kansas did not elect to use the 10% de minimis cost rate.

NOTE C: PROVIDER RELIEF FUND REPORTING

Per the 2021 Compliance Supplement, the Provider Relief Fund amounts reported on the schedule of expenditures of federal awards are to be reported based upon the 'Provider Relief Fund report that is required to be submitted to the Health Resources & Services Administration reporting portal. Therefore the amount reported above for the Provider Relief Fund is from the Provider Relief Fund report.

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and City Commission
City of Neodesha, Kansas

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, the financial statement of the City of Neodesha, Kansas, as of and for the year ended December 31, 2021, and the related notes to the financial statement, which collectively comprise the City of Neodesha's basic financial statement, and have issued our report thereon dated July 11, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City of Neodesha'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 statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Neodesha's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Neodesha'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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Neodesha'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.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
July 11, 2022

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Honorable Mayor and City Commission
City of Neodesha, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Neodesha, Kansas' 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 each of the City of Neodesha's major federal programs for the year ended December 31, 2021. The City of Neodesha's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each 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 of Neodesha 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 each major federal program. Our audit does not provide a legal determination of the City of Neodesha'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 of Neodesha'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 of Neodesha'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 accept 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 judgement made by a reasonable user of the report on compliance about the City of Neodesha's compliance with the requirements of each 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 judgement 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 of Neodesha'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 of Neodesha'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 of Neodesha'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 our 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 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.

Purpose of this Report

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.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
July 11, 2022

CITY OF NEODESHA, KANSAS

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

I. SUMMARY OF AUDITORS' RESULTS

Financial Statement:

The auditors' report expresses an adverse opinion on the basic financial statement of City of Neodesha, Kansas on the Generally Accepted Accounting Principles (GAAP) basis of accounting and an unmodified opinion on the regulatory basis of accounting.

Internal Control over Financial Reporting:

Material weakness(es) identified?	_____	Yes	<u> X </u>	No
Significant deficiencies identified?	_____	Yes	<u> X </u>	None Reported
Noncompliance or other matters required to be reported under <i>Government Auditing Standards</i>	_____	Yes	<u> X </u>	No

Federal Awards:

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	<u> X </u>	No
Significant deficiencies identified?	_____	Yes	<u> X </u>	None Reported

The auditors' report on compliance for the major federal award programs for City of Neodesha, Kansas expresses an unmodified opinion.

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	_____	Yes	<u> X </u>	No
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Identification of major programs:

U.S. DEPARTMENT OF AGRICULTURE

Water and Waste Disposal Systems for Rural Communities – CFDA No. 10.760

The threshold for distinguishing Types A and B programs was \$750,000.00.

Auditee qualified as a low risk auditee?	_____	Yes	<u> X </u>	No
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II. FINANCIAL STATEMENT FINDINGS

NONE

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

CITY OF NEODESHA, KANSAS

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2021

Period Year Ended/Findings:

None