

City of Washington, Kansas

**Financial Statement
As of December 31, 2021
and For the Year Then Ended**

With Report by Independent Auditor



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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of the
City of Washington, Kansas

Adverse and Unmodified Opinions

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Washington, Kansas (the City), 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 my opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of my report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2021, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

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

Basis for Adverse and Unmodified Opinions

I conducted my 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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of my report. I am required to be independent of the City, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse and unmodified audit opinions.

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

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

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

My 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 my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, I:

- 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 my 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.

I am 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 I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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.

The City's basic financial statement for the year ended December 30, 2020 (not presented herein), was audited by other auditors whose report dated March 23, 2021, expressed an unmodified opinion on the basic financial statement. The 2020 basic financial statement and the other auditor's report 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/municipal-services>. The report of the other auditors dated March 23, 2021, stated that the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2020 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, and in their opinion, was 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 Information

My audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 US. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 25, 2022 on my consideration of the City's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ShIPLEY CPA, LLC

ShIPLEY CPA, LLC
Topeka, Kansas
March 25, 2022

CITY OF WASHINGTON, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

| Funds | Beginning Unencumbered Cash Balance | Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Encumbrances And Accounts Payable | Ending Cash Balance |
|----------------------------------|---|----------------------|----------------------|--|--|------------------------|
| General Fund: | | | | | | |
| General | \$ 703,150 | \$ 570,428 | \$ 460,165 | \$ 813,413 | \$ - | \$ 813,413 |
| Special Purpose Funds: | | | | | | |
| Employee Benefits | 151,226 | 74,883 | 76,819 | 149,290 | - | 149,290 |
| Library | 97,401 | 67,812 | 57,361 | 107,852 | - | 107,852 |
| Special Highway | 168,952 | 32,971 | - | 201,923 | - | 201,923 |
| Special Highway Improvement | 87,813 | 1,661 | - | 89,474 | - | 89,474 |
| Special Law and Fire | 110,652 | 2,452 | - | 113,104 | - | 113,104 |
| Special Park and Recreation | 91,209 | 7,725 | 100 | 98,834 | - | 98,834 |
| Special Alcohol | 3,061 | 61 | - | 3,122 | - | 3,122 |
| Municipal Equipment Reserve | 434,066 | 70,987 | 118,124 | 386,929 | - | 386,929 |
| Municipal Improvement | 506,751 | 215,589 | - | 722,340 | - | 722,340 |
| Ambulance Reserve | 93,274 | 5,412 | 1,199 | 97,487 | - | 97,487 |
| Capital Project Fund: | | | | | | |
| Capital Projects | 1,361,624 | 6,937,377 | 7,916,187 | 382,814 | - | 382,814 |
| Business Funds: | | | | | | |
| Water Utility | 1,046,950 | 383,848 | 117,784 | 1,313,014 | - | 1,313,014 |
| Sewer and Waste Utility | 305,745 | 171,887 | 92,134 | 385,498 | - | 385,498 |
| Electric Utility | 1,534,571 | 2,019,062 | 1,716,522 | 1,837,111 | 289 | 1,837,400 |
| Ambulance Utility | 70,513 | 106,364 | 109,113 | 67,764 | - | 67,764 |
| Related Municipal Entity: | | | | | | |
| Washington Public Library | 4,191 | 16,386 | 14,730 | 5,847 | - | 5,847 |
| Total | <u>\$ 6,771,149</u> | <u>\$ 10,684,905</u> | <u>\$ 10,680,238</u> | <u>\$ 6,775,816</u> | <u>\$ 289</u> | <u>\$ 6,776,105</u> |

Composition of Cash:

| | |
|-------------------------|------------------|
| Checking accounts | \$ 453 |
| Money market | 5,605,067 |
| Certificates of deposit | <u>1,306,296</u> |

Total

| | |
|------------------------------------|------------------|
| | 6,911,816 |
| Less Agency Funds (per Schedule 3) | <u>(135,711)</u> |

Total Reporting Entity (Excluding Agency Funds) \$ 6,776,105

CITY OF WASHINGTON, KANSAS

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

The City of Washington, Kansas (the City) is a municipal corporation governed by a citizen-elected mayor and five elected council members. The financial statement presents the City of Washington, Kansas and its related municipal entity. The related municipal entity is included in the City's reporting entity because it was established to benefit the city and/or its constituents.

Washington Public Library: The Library Board operates the City's public library. The Library Board operates as a separate governing body. Acquisition or disposition of real property by the Library Board must be approved by the City. Bond issuances must also be approved by the City. The Washington Public Library is organized under K.S.A. 12-1218. The City levies a property tax for the Washington Public Library under K.S.A 79-1952, which is deposited in the City's Library Fund and transferred to the Washington Public Library for its operations.

This financial statement does not include the related municipal entity shown below.

Washington Housing Authority: The Washington Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. The audit of their financial statement is available at the Washington Housing Authority's office, 350 Washington Street, Washington, Kansas 66968.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds. 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 out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The following types of funds were utilized in recording the financial activities of the City for the year 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 funds – Used to account for the proceeds of specific tax levies and other specific regulatory receipt sources 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.

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

Agency funds – Used to account for assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, tax collection accounts, etc.)

CITY OF WASHINGTON, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021**

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide (KMAAG)* regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash.

The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

Reimbursed Expenses

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

Note 2 – Budgetary Information

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

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

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

CITY OF WASHINGTON, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021**

Note 2 – Budgetary Information (continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held, and the governing body may amend the budget at that time. There were no such amendments to the 2021 budget.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances.

Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds and the following special purpose funds: Municipal Equipment Reserve, Municipal Improvement and Ambulance Reserve.

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.

Note 3 – Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 (d) (1) requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

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

CITY OF WASHINGTON, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021**

Note 3 – Deposits and Investments (continued)

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 Government’s deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated “peak periods” when required coverage is 50%. The City did not have a peak period pledge agreement during 2020, and therefore the City did not designate peak periods. All deposits were legally secured at December 31, 2021.

At December 31, 2021, the carrying amount of the City’s deposits including certificates of deposit was \$6,776,104 and the bank balance was \$7,088,581. The bank balance was held at two banks resulting in a concentration of credit risk. The difference between the carrying amount and the bank balance is outstanding checks and deposits. Of the bank balance, \$500,000 was covered by FDIC insurance and the remaining was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City’s name.

Related Municipal Entity

At December 31, 2021, the carrying amount of the Washington Public Library deposits including certificates of deposit was \$5,847 and the bank balance was \$5,847. The bank balance was held at one bank. Of the bank balance, all was covered by FDIC insurance.

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

Note 4 – Property Taxes

In accordance with governing State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar-year basis and are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half of the full amounts of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes levied and collected in the year prior to January 1st of the ensuing year.

Note 5 – Long-Term Debt

During 2021, the City issued Series 2021 General Obligation Bonds in the amount of \$6,151,000 for the purpose of the refunding the General Obligation Temporary Note Series 2019 which was issued for the water improvement project.

Subsequent to year end, the City entered into a lease purchase agreement for two engines for the City’s electric power plant. The amount of the agreement is \$1,884,157 to be paid over 20 years at a rate of 3.78% with payments starting on April 8, 2022.

CITY OF WASHINGTON, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021**

Note 5 – Long-Term Debt (continued)

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

| Issue | Interest Rates | Date of Issue | Amount of Issue | Date of Final Maturity | Balance Beginning of Year | Additions | Reductions/ Payments | Balance End of Year | Interest and Service Fee Paid |
|--|----------------|---------------|-----------------|------------------------|---------------------------|---------------------|----------------------|---------------------|-------------------------------|
| General Obligation Temporary Note | | | | | | | | | |
| Series 2019 | 2.00% | 6/27/2019 | \$ 6,150,000 | 12/1/2022 | <u>\$ 6,150,000</u> | <u>\$ -</u> | <u>\$ 6,150,000</u> | <u>\$ -</u> | <u>\$ 41,000</u> |
| General Obligation Bond | | | | | | | | | |
| Series 2021 | 1.75% | 3/25/2021 | \$ 6,151,000 | 3/25/2061 | <u>\$ -</u> | <u>\$ 6,151,000</u> | <u>\$ -</u> | <u>\$ 6,151,000</u> | <u>\$ -</u> |

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

| | <u>Principal</u> | <u>Interest</u> |
|-----------|---------------------|---------------------|
| 2022 | \$ 107,520 | \$ 107,642 |
| 2023 | 109,401 | 105,761 |
| 2024 | 111,031 | 104,131 |
| 2025 | 113,259 | 101,903 |
| 2026 | 115,241 | 99,921 |
| 2027-2031 | 606,893 | 468,917 |
| 2032-2036 | 661,694 | 414,116 |
| 2037-2041 | 721,934 | 353,876 |
| 2042-2046 | 787,379 | 288,431 |
| 2047-2051 | 858,760 | 217,050 |
| 2052-2056 | 936,552 | 139,258 |
| 2057-2061 | 1,021,336 | 54,474 |
| | <u>\$ 6,151,000</u> | <u>\$ 2,455,480</u> |

CITY OF WASHINGTON, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021**

Note 6 – Capital Projects

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

| | <u>Project Authorization</u> | | <u>Expenditures to Date</u> |
|---------------------------|----------------------------------|----|---------------------------------|
| Water Improvement Project | \$ 8,283,000 | \$ | 6,507,215 |

Note 7 – Interfund Transactions

Operating transfers were as follows:

| <u>From</u> | <u>To</u> | <u>Amount</u> | <u>Authority</u> |
|-------------------------|-----------------------------|---------------|------------------|
| General | Special Law and Fire | \$ 2,000 | 12-101a |
| General | Capital Projects | 20,000 | 12-1,118 |
| Water Utility | Municipal Equipment Reserve | 10,800 | 12-1,117 |
| Electric Utility | Municipal Equipment Reserve | 44,100 | 12-1,117 |
| Sewer and Waste Utility | Municipal Equipment Reserve | 15,000 | 12-1,117 |
| Ambulance Utility | Ambulance Reserve | 5,000 | 12-1,117 |

Note 8 – Compensated Absences

The City provides compensation for absences. The policy permits employees classified as full-time, one who works 40 hours per week, to accrue vacation time at the following rates:

| <u>Years of Service</u> | <u>Accrued Vacation Leave Per Pay Period</u> |
|---------------------------|--|
| Start of employment | 1.54 hours |
| After 2 year anniversary | 3.07 hours |
| After 10 year anniversary | 4.62 hours |

The City also allows full time employees to earn sick leave at the rate of 3.69 hours per pay period, regardless of their years of service. No employee may accumulate more than 160 hours of vacation leave and 480 hours of sick leave. Upon termination, an employee shall be paid 50% of the accumulated vacation leave at the employee’s current wages and shall not receive any payment for unused sick leave.

Note 9 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no decreases in insurance coverage from the prior year.

CITY OF WASHINGTON, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021**

Note 10 – Defined Benefit Pension Plan

Plan Description: The non-school Municipality participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer 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 \$45,069 for the year ended December 31, 2021.

Net Pension Liability

At December 31, 2021, the (non-school municipality)'s proportionate share of the collective net pension liability reported by KPERS was \$278,762. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

CITY OF WASHINGTON, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2021**

Note 11 – Covid-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity, and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, 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 may include disruptions or restrictions on the City's ability to operate under its current mission and operating model.

Note 12 – Evaluation of Subsequent Events

The City has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report, which is the date the financial statement was available for issue.

Regulatory-Required Supplementary Information

**CITY OF WASHINGTON, KANSAS
SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

| Funds | Certified Budget | Adjustments for Qualifying Budget Credits | Total Budget | Expenditures Chargeable to Current Year | Variance Over (Under) |
|-------------------------------|---------------------|--|-----------------|---|-----------------------------|
| General Fund: | | | | | |
| General | \$ 1,307,389 | \$ - | \$ 1,307,389 | \$ 460,165 | \$ (847,224) |
| Special Purpose Funds: | | | | | |
| Employee Benefits | 229,135 | - | 229,135 | 76,819 | (152,316) |
| Library | 162,635 | - | 162,635 | 57,361 | (105,274) |
| Special Highway | 165,175 | - | 165,175 | - | (165,175) |
| Special Highway Improvement | 86,367 | - | 86,367 | - | (86,367) |
| Special Law and Fire | 112,382 | - | 112,382 | - | (112,382) |
| Special Park and Recreation | 98,193 | - | 98,193 | 100 | (98,093) |
| Special Alcohol | 3,145 | - | 3,145 | - | (3,145) |
| Business Funds: | | | | | |
| Water Utility Fund | 1,104,548 | - | 1,104,548 | 117,784 | (986,764) |
| Sewer and Waste Utility | 499,295 | - | 499,295 | 92,134 | (407,161) |
| Electric Utility Fund | 3,327,008 | - | 3,327,008 | 1,716,522 | (1,610,486) |
| Ambulance Utility | 198,341 | - | 198,341 | 109,113 | (89,228) |

CITY OF WASHINGTON, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|---|----------------------|-------------------|---------------------|--------------------------|
| | | Actual | Budget | |
| Receipts | | | | |
| Ad valorem tax | \$ 185,665 | \$ 195,474 | \$ 200,459 | \$ (4,985) |
| Delinquent tax | 1,463 | 5,603 | 2,500 | 3,103 |
| Motor vehicle tax | 32,387 | 34,766 | 24,120 | 10,646 |
| Recreational vehicle tax | 486 | 534 | 387 | 147 |
| 16/20M vehicle tax | 444 | 314 | 463 | (149) |
| Commercial vehicle tax | - | 337 | 535 | (198) |
| Watercraft tax | 223 | 222 | 219 | 3 |
| Neighborhood revitalization rebate | (2,072) | (14,453) | (14,510) | 57 |
| Liquor tax | 3,327 | 3,136 | 4,782 | (1,646) |
| Local sales tax | 96,787 | 107,013 | 87,000 | 20,013 |
| Franchise tax | 29,446 | 31,578 | 45,000 | (13,422) |
| Payments in lieu of taxes | 7,512 | 7,438 | 8,300 | (862) |
| Fines, forfeitures and penalties | 180 | 105 | 300 | (195) |
| Licenses | 2,945 | 1,515 | 2,000 | (485) |
| Cemetery, pool and park fees | 14,881 | 24,678 | 22,000 | 2,678 |
| Intangible tax | 501 | 6,946 | 3,407 | 3,539 |
| Fire | 331 | 132 | - | 132 |
| Police | 7,075 | 5,513 | 7,500 | (1,987) |
| Street | 483,487 | 122,675 | 5,200 | 117,475 |
| Friendly Corner | 4,200 | 4,200 | 4,300 | (100) |
| Farm and community building rent | 1,000 | 1,000 | 2,500 | (1,500) |
| Interest on idle funds | 13,185 | 5,228 | 4,200 | 1,028 |
| Miscellaneous | 34,685 | 26,474 | 25,000 | 1,474 |
| Total Receipts | 918,138 | 570,428 | \$ 435,662 | \$ 134,766 |
| Expenditures | | | | |
| Administration | | | | |
| Personnel services | 70,090 | 72,556 | \$ 72,200 | \$ 72,556 |
| Contractual services | 23,270 | 23,420 | 30,000 | (6,580) |
| Commodities | 5,781 | 3,349 | 9,800 | (6,451) |
| Police | 10,680 | 9,172 | 15,300 | (6,128) |
| Fire | 8,635 | 7,299 | 11,650 | (4,351) |
| Cemetery, Pool & Park | 36,778 | 56,463 | 65,150 | (8,687) |
| Street | 831,470 | 244,607 | 276,040 | (31,433) |
| Golf course appropriation | 5,000 | 5,000 | 5,000 | - |
| Housing cleanup | 6,396 | 7,807 | 12,700 | (4,893) |
| Friendly Corners | 7,364 | 8,367 | 10,320 | (1,953) |
| Dog Park | 1,002 | - | 2,000 | (2,000) |
| Economic development | 50 | 125 | - | 125 |
| Transfers out | 22,000 | 22,000 | 22,000 | - |
| Cash forward | - | - | 775,229 | (775,229) |
| Total Expenditures | 1,028,516 | 460,165 | \$ 1,307,389 | \$ (775,024) |
| Receipts Over (Under) Expenditures | (110,378) | 110,263 | | |
| Unencumbered Cash, Beginning | 813,528 | 703,150 | | |
| Unencumbered Cash, Ending | \$ 703,150 | \$ 813,413 | | |

CITY OF WASHINGTON, KANSAS
EMPLOYEE BENEFITS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|---|----------------------|-------------------|-------------------|--------------------------|
| | | Actual | Budget | |
| Receipts | | | | |
| Ad valorem tax | \$ 57,058 | \$ 61,117 | \$ 62,378 | \$ (1,261) |
| Delinquent tax | 442 | 1,713 | 750 | 963 |
| Motor vehicle tax | 9,620 | 10,325 | 7,412 | 2,913 |
| Recreational vehicle tax | 144 | 160 | 119 | 41 |
| 16/20 M vehicle tax | 138 | 92 | 142 | (50) |
| Commercial vehicle tax | - | 92 | 164 | (72) |
| Watercraft tax | 65 | 67 | 68 | (1) |
| Neighborhood revitalization rebate | (637) | (4,038) | (4,515) | 477 |
| Payments in lieu of taxes | 2,309 | 2,314 | 3,000 | (686) |
| Interest on idle funds | 1,706 | 968 | 1,500 | (532) |
| Miscellaneous | 198 | 2,073 | - | 2,073 |
| Total Receipts | 71,043 | 74,883 | \$ 71,018 | \$ 3,865 |
| Expenditures | | | | |
| Personal services | 88,896 | 76,819 | \$ 115,300 | \$ (38,481) |
| Cash forward | - | - | 113,835 | (113,835) |
| Total Expenditures | 88,896 | 76,819 | \$ 229,135 | \$ (152,316) |
| Receipts Over (Under) Expenditures | (17,853) | (1,936) | | |
| Unencumbered Cash, Beginning | 169,079 | 151,226 | | |
| Unencumbered Cash, Ending | \$ 151,226 | \$ 149,290 | | |

CITY OF WASHINGTON, KANSAS
LIBRARY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|---|----------------------|-------------------|-------------------|--------------------------|
| | | Actual | Budget | |
| Receipts | | | | |
| Ad valorem tax | \$ 50,600 | \$ 53,653 | \$ 55,317 | \$ (1,664) |
| Delinquent tax | 393 | 1,553 | 600 | 953 |
| Motor vehicle tax | 8,560 | 9,647 | 6,573 | 3,074 |
| Recreational vehicle tax | 128 | 147 | 105 | 42 |
| 16/20 M vehicle tax | 123 | 82 | 126 | (44) |
| Commercial vehicle tax | - | 104 | 146 | (42) |
| Watercraft tax | 58 | 62 | 60 | 2 |
| Neighborhood revitalization rebate | (565) | (4,448) | (4,004) | (444) |
| Payments in lieu of taxes | 2,047 | 2,053 | 2,150 | (97) |
| Interest on idle funds | 428 | 59 | 500 | (441) |
| Miscellaneous | 95,458 | 4,900 | - | 4,900 |
| Total Receipts | 157,230 | 67,812 | \$ 61,573 | \$ 6,239 |
| Expenditures | | | | |
| Personal services | 34,417 | 38,060 | \$ 42,000 | \$ (3,940) |
| Contractual services | 8,876 | 9,172 | 35,000 | (25,828) |
| Commodities | 86 | 129 | 250 | (121) |
| Capital outlay | 105,995 | - | 75,385 | (75,385) |
| Library appopriation | 10,000 | 10,000 | 10,000 | - |
| Total Expenditures | 159,374 | 57,361 | \$ 162,635 | \$ (105,274) |
| Receipts Over (Under) Expenditures | (2,144) | 10,451 | | |
| Unencumbered Cash, Beginning | 99,545 | 97,401 | | |
| Unencumbered Cash, Ending | \$ 97,401 | \$ 107,852 | | |

**CITY OF WASHINGTON, KANSAS
SPECIAL HIGHWAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)**

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|---|----------------------|-------------------|-------------------|--------------------------|
| | | Actual | Budget | |
| Receipts | | | | |
| State of Kansas gas tax | \$ 27,604 | \$ 30,836 | \$ 24,250 | \$ 6,586 |
| Interest on idle funds | 2,638 | 2,135 | 1,250 | 885 |
| Total Receipts | <u>30,242</u> | <u>32,971</u> | <u>\$ 25,500</u> | <u>\$ 7,471</u> |
| Expenditures | | | | |
| Contractual services | - | - | \$ 1,000 | \$ (1,000) |
| Commodities | 22,765 | - | 31,856 | (31,856) |
| Cash forward | - | - | 132,319 | (132,319) |
| Total Expenditures | <u>22,765</u> | <u>-</u> | <u>\$ 165,175</u> | <u>\$ (165,175)</u> |
| Receipts Over (Under) Expenditures | 7,477 | 32,971 | | |
| Unencumbered Cash, Beginning | <u>161,475</u> | <u>168,952</u> | | |
| Unencumbered Cash, Ending | <u>\$ 168,952</u> | <u>\$ 201,923</u> | | |

**CITY OF WASHINGTON, KANSAS
SPECIAL HIGHWAY IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)**

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|---|----------------------|------------------|------------------|--------------------------|
| | | Actual | Budget | |
| Receipts | | | | |
| Interest on idle funds | \$ 1,695 | \$ 1,661 | \$ 700 | \$ 961 |
| Total Receipts | <u>1,695</u> | <u>1,661</u> | <u>\$ 700</u> | <u>\$ 961</u> |
| Expenditures | | | | |
| Contractual services | - | - | \$ 2,400 | \$ (2,400) |
| Cash forward | - | - | 83,967 | (83,967) |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>\$ 86,367</u> | <u>\$ (86,367)</u> |
| Receipts Over (Under) Expenditures | 1,695 | 1,661 | | |
| Unencumbered Cash, Beginning | <u>86,118</u> | <u>87,813</u> | | |
| Unencumbered Cash, Ending | <u>\$ 87,813</u> | <u>\$ 89,474</u> | | |

**CITY OF WASHINGTON, KANSAS
SPECIAL LAW AND FIRE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)**

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|---|----------------------|-------------------|-------------------|--------------------------|
| | | Actual | Budget | |
| Receipts | | | | |
| Interest on idle funds | \$ 720 | \$ 452 | \$ 700 | \$ (248) |
| Transfers in | 2,000 | 2,000 | 2,000 | - |
| Total Receipts | <u>2,720</u> | <u>2,452</u> | <u>\$ 2,700</u> | <u>\$ (248)</u> |
| Expenditures | | | | |
| Contractual services | - | - | \$ 2,000 | \$ (2,000) |
| Cash forward | - | - | 110,382 | (110,382) |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>\$ 112,382</u> | <u>\$ (112,382)</u> |
| Receipts Over (Under) Expenditures | 2,720 | 2,452 | | |
| Unencumbered Cash, Beginning | <u>107,932</u> | <u>110,652</u> | | |
| Unencumbered Cash, Ending | <u>\$ 110,652</u> | <u>\$ 113,104</u> | | |

**CITY OF WASHINGTON, KANSAS
SPECIAL PARK AND RECREATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)**

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|---|----------------------|------------------|------------------|--------------------------|
| | | Actual | Budget | |
| Receipts | | | | |
| Liquor tax | \$ 3,327 | \$ 3,136 | \$ 4,782 | \$ (1,646) |
| Fines, forfeitures and penalites | 5,384 | 4,314 | 5,000 | (686) |
| Interest on idle funds | 465 | 245 | 500 | (255) |
| Miscellaneous | - | 30 | 500 | (470) |
| Total Receipts | <u>9,176</u> | <u>7,725</u> | <u>\$ 10,782</u> | <u>\$ (3,057)</u> |
| Expenditures | | | | |
| Commodities | - | 100 | \$ 15,500 | \$ (15,400) |
| Cash forward | - | - | 82,693 | (82,693) |
| Total Expenditures | <u>-</u> | <u>100</u> | <u>\$ 98,193</u> | <u>\$ (98,093)</u> |
| Receipts Over (Under) Expenditures | 9,176 | 7,625 | | |
| Unencumbered Cash, Beginning | <u>82,033</u> | <u>91,209</u> | | |
| Unencumbered Cash, Ending | <u>\$ 91,209</u> | <u>\$ 98,834</u> | | |

**CITY OF WASHINGTON, KANSAS
SPECIAL ALCOHOL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)**

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|---|----------------------|-----------------|-----------------|--------------------------|
| | | Actual | Budget | |
| Receipts | | | | |
| Interest on idle funds | \$ 61 | \$ 61 | \$ 50 | \$ 11 |
| Total Receipts | <u>61</u> | <u>61</u> | <u>\$ 50</u> | <u>\$ 11</u> |
| Expenditures | | | | |
| Programs | 80 | - | \$ 100 | \$ (100) |
| Cash forward | - | - | 3,045 | (3,045) |
| Total Expenditures | <u>80</u> | <u>-</u> | <u>\$ 3,145</u> | <u>\$ (3,145)</u> |
| Receipts Over (Under) Expenditures | (19) | 61 | | |
| Unencumbered Cash, Beginning | <u>3,080</u> | <u>3,061</u> | | |
| Unencumbered Cash, Ending | <u>\$ 3,061</u> | <u>\$ 3,122</u> | | |

**CITY OF WASHINGTON, KANSAS
MUNICIPAL EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)**

| | Prior Year Actual | Actual |
|---|------------------------------|-------------------|
| Receipts | | |
| Interest on idle funds | \$ 2,871 | \$ 1,087 |
| Miscellaneous | 8,815 | - |
| Transfers in | 69,900 | 69,900 |
| Total Receipts | 81,586 | 70,987 |
| Expenditures | | |
| Contractual services | 33,915 | 110,946 |
| Capital outlay | 15,502 | 7,178 |
| Total Expenditures | 49,417 | 118,124 |
| Receipts Over (Under) Expenditures | 32,169 | (47,137) |
| Unencumbered Cash, Beginning | 401,897 | 434,066 |
| Unencumbered Cash, Ending | \$ 434,066 | \$ 386,929 |

**CITY OF WASHINGTON, KANSAS
MUNICIPAL IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)**

| | Prior Year Actual | Actual |
|---|------------------------------|----------------|
| Receipts | | |
| Local sales tax | \$ 211,148 | \$ 215,302 |
| Interest on idle funds | 1,067 | 287 |
| | 212,215 | 215,589 |
| Total Receipts | | |
| Expenditures | | |
| Contractual services | - | - |
| | - | - |
| Total Expenditures | | |
| Receipts Over (Under) Expenditures | 212,215 | 215,589 |
| Unencumbered Cash, Beginning | 294,536 | 506,751 |
| Unencumbered Cash, Ending | \$ 506,751 | \$ 722,340 |

**CITY OF WASHINGTON, KANSAS
 AMBULANCE RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2020)**

| | Prior Year Actual | Actual |
|---|------------------------------|------------------|
| Receipts | | |
| Interest on idle funds | \$ 700 | \$ 412 |
| County payments | 31,219 | - |
| Transfers in | 10,000 | 5,000 |
| Total Receipts | 41,919 | 5,412 |
| Expenditures | | |
| Capital outlay | 57,959 | 1,199 |
| Total Expenditures | 57,959 | 1,199 |
| Receipts Over (Under) Expenditures | (16,040) | 4,213 |
| Unencumbered Cash, Beginning | 109,314 | 93,274 |
| Unencumbered Cash, Ending | \$ 93,274 | \$ 97,487 |

CITY OF WASHINGTON, KANSAS
CAPITAL PROJECTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | <u>Prior Year Actual</u> | <u>Actual</u> |
|---|------------------------------|-------------------|
| Receipts | | |
| Bond proceeds | \$ - | \$ 6,151,000 |
| Interest on idle funds | 15,685 | 217 |
| Grants | 346,900 | 766,160 |
| Transfers in | <u>20,000</u> | <u>20,000</u> |
| Total Receipts | <u>382,585</u> | <u>6,937,377</u> |
| Expenditures | | |
| Contractual services | 4,790,317 | 1,716,898 |
| Principal | - | 5,961,712 |
| Interest | 123,000 | 229,288 |
| Bond issuance cost | <u>-</u> | <u>8,289</u> |
| Total Expenditures | <u>4,913,317</u> | <u>7,916,187</u> |
| Receipts Over (Under) Expenditures | (4,530,732) | (978,810) |
| Unencumbered Cash, Beginning | <u>5,892,356</u> | <u>1,361,624</u> |
| Unencumbered Cash, Ending | <u>\$ 1,361,624</u> | <u>\$ 382,814</u> |

CITY OF WASHINGTON, KANSAS
WATER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|---|----------------------|---------------------|---------------------|--------------------------|
| | | Actual | Budget | |
| Receipts | | | | |
| User fees | \$ 334,173 | \$ 354,011 | \$ 305,000 | \$ 49,011 |
| Interest on idle funds | 3,570 | 1,296 | 3,500 | (2,204) |
| Sale of property, refunds and other | 1,061 | 28,541 | 5,000 | 23,541 |
| Total Receipts | <u>338,804</u> | <u>383,848</u> | <u>\$ 313,500</u> | <u>\$ 70,348</u> |
| Expenditures | | | | |
| Personal services | 45,725 | 44,655 | \$ 55,900 | \$ (11,245) |
| Contractual services | 62,543 | 60,836 | 265,125 | (204,289) |
| Commodities | 884 | 1,493 | 106,700 | (105,207) |
| Capital outlay | - | - | 15,000 | (15,000) |
| Transfers out | 10,800 | 10,800 | 10,800 | - |
| Cash forward | - | - | 651,023 | (651,023) |
| Total Expenditures | <u>119,952</u> | <u>117,784</u> | <u>\$ 1,104,548</u> | <u>\$ (986,764)</u> |
| Receipts Over (Under) Expenditures | 218,852 | 266,064 | | |
| Unencumbered Cash, Beginning | <u>828,098</u> | <u>1,046,950</u> | | |
| Unencumbered Cash, Ending | <u>\$ 1,046,950</u> | <u>\$ 1,313,014</u> | | |

**CITY OF WASHINGTON, KANSAS
SEWER AND WASTE UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)**

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|---|----------------------|-------------------|-------------------|--------------------------|
| | | Actual | Budget | |
| Receipts | | | | |
| User fees | \$ 166,944 | \$ 167,798 | \$ 190,000 | \$ (22,202) |
| Interest on idle funds | 2,896 | 2,174 | 3,000 | (826) |
| Fines, forfeitures and penalites | 1,893 | 1,915 | 2,000 | (85) |
| Total Receipts | <u>171,733</u> | <u>171,887</u> | <u>\$ 195,000</u> | <u>\$ (23,113)</u> |
| Expenditures | | | | |
| Personal services | 48,988 | 48,248 | \$ 68,600 | \$ (20,352) |
| Contractual services | 165,894 | 22,409 | 131,250 | (108,841) |
| Commodities | 7,402 | 6,477 | 12,100 | (5,623) |
| Capital outlay | - | - | 36,000 | (36,000) |
| Transfers out | 15,000 | 15,000 | 15,000 | - |
| Cash forward | - | - | 236,345 | (236,345) |
| Total Expenditures | <u>237,284</u> | <u>92,134</u> | <u>\$ 499,295</u> | <u>\$ (407,161)</u> |
| Receipts Over (Under) Expenditures | (65,551) | 79,753 | | |
| Unencumbered Cash, Beginning | <u>371,296</u> | <u>305,745</u> | | |
| Unencumbered Cash, Ending | <u>\$ 305,745</u> | <u>\$ 385,498</u> | | |

CITY OF WASHINGTON, KANSAS
ELECTRIC UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|---|----------------------|---------------------|---------------------|--------------------------|
| | | Actual | Budget | |
| Receipts | | | | |
| User fees | \$ 1,355,870 | \$ 1,640,288 | \$ 1,916,000 | \$ (275,712) |
| Interest on idle funds | 15,216 | 12,433 | 7,000 | 5,433 |
| Sale of property and penalties | 169,473 | 26,397 | 5,000 | 21,397 |
| Miscellaneous | 292 | 327,553 | - | 327,553 |
| Fines, forfeitures and penalties | 10,749 | 12,391 | 14,000 | (1,609) |
| Total Receipts | <u>1,551,600</u> | <u>2,019,062</u> | <u>\$ 1,942,000</u> | <u>\$ 77,062</u> |
| Expenditures | | | | |
| Personal services | 302,796 | 348,061 | \$ 485,200 | \$ (137,139) |
| Contractual services | 923,460 | 1,143,785 | 1,388,975 | (245,190) |
| Commodities | 36,851 | 147,981 | 130,250 | 17,731 |
| Capital outlay | 14,424 | 32,578 | 165,000 | (132,422) |
| Lease principal | 15,482 | - | - | - |
| Lease interest | 9 | 17 | - | 17 |
| Miscellaneous | 71,194 | - | - | - |
| Transfers out | 44,100 | 44,100 | 44,100 | - |
| Cash forward | - | - | 1,113,483 | (1,113,483) |
| Total Expenditures | <u>1,408,316</u> | <u>1,716,522</u> | <u>\$ 3,327,008</u> | <u>\$ (1,610,486)</u> |
| Receipts Over (Under) Expenditures | 143,284 | 302,540 | | |
| Unencumbered Cash, Beginning | <u>1,391,287</u> | <u>1,534,571</u> | | |
| Unencumbered Cash, Ending | <u>\$ 1,534,571</u> | <u>\$ 1,837,111</u> | | |

**CITY OF WASHINGTON, KANSAS
 AMBULANCE UTILITY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES -ACTUAL AND BUDGET
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2020)**

| | Prior Year Actual | Current Year | | Variance Over (Under) |
|---|----------------------|------------------|-------------------|--------------------------|
| | | Actual | Budget | |
| Receipts | | | | |
| User fees | \$ 60,161 | \$ 55,178 | \$ 62,000 | \$ (6,822) |
| Interest on idle funds | 232 | 25 | 600 | (575) |
| Fines, forfeitures and penalites | 115 | 6 | - | 6 |
| State payments | 1,751 | 2,300 | 3,100 | (800) |
| County payments | 43,115 | 48,855 | 57,000 | (8,145) |
| Total Receipts | <u>105,374</u> | <u>106,364</u> | <u>\$ 122,700</u> | <u>\$ (16,336)</u> |
| Expenditures | | | | |
| Personal services | 90,019 | 82,799 | \$ 96,200 | \$ (13,401) |
| Contractual services | 14,038 | 17,526 | 16,500 | 1,026 |
| Commodities | 6,545 | 3,788 | 7,000 | (3,212) |
| Capital outlay | - | - | 1,000 | (1,000) |
| Transfers out | 10,000 | 5,000 | 5,000 | - |
| Cash forward | - | - | 72,641 | (72,641) |
| Total Expenditures | <u>120,602</u> | <u>109,113</u> | <u>\$ 198,341</u> | <u>\$ (89,228)</u> |
| Receipts Over (Under) Expenditures | (15,228) | (2,749) | | |
| Unencumbered Cash, Beginning | <u>85,741</u> | <u>70,513</u> | | |
| Unencumbered Cash, Ending | <u>\$ 70,513</u> | <u>\$ 67,764</u> | | |

**CITY OF WASHINGTON, KANSAS
 AGENCY FUNDS
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS – ACTUAL
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021**

| Funds | Beginning Cash Balance | Receipts | Disbursements | Ending Cash Balance |
|---------------------------|---------------------------|-----------------|---------------|------------------------|
| Electric Meter Deposit | \$ 65,167 | \$ 329 | \$ 59 | \$ 65,437 |
| Water Meter Deposit | 10,846 | 794 | - | 11,640 |
| Cemetery Perpetual Care | 57,670 | 425 | - | 58,095 |
| Unreimbursed Medical | 539 | 404 | 404 | 539 |
| Total Agency Funds | \$ 134,222 | \$ 1,952 | \$ 463 | \$ 135,711 |

**CITY OF WASHINGTON, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 WASHINGTON PUBLIC LIBRARY
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2021
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2020)**

| | Prior Year Actual | Actual |
|---|------------------------------|---------------|
| Receipts | | |
| Fines, forfeitures and penalties | \$ 2,497 | \$ 4,602 |
| State of Kansas | 1,794 | 1,779 |
| Building repair campaign | 5,053 | - |
| Interest on idle funds | 353 | 5 |
| Appropriations | 10,000 | 10,000 |
| Total Receipts | 19,697 | 16,386 |
| Expenditures | | |
| Contractual | 59,991 | 6,378 |
| Commodities | 2,944 | 6,182 |
| Capital outlay | 5,909 | 2,170 |
| Total Expenditures | 68,844 | 14,730 |
| Receipts Over (Under) Expenditures | (49,147) | 1,656 |
| Unencumbered Cash, Beginning | 53,338 | 4,191 |
| Unencumbered Cash, Ending | \$ 4,191 | \$ 5,847 |

CITY OF WASHINGTON, KANSAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal ALS Number | Expenditures |
|---|-----------------------------------|---------------------|
| Department of Housing and Development | | |
| Passed Through Kansas Department of Commerce | | |
| Community Development Block Grants/Special PurposeGrants/Insular Areas | 14.225 | \$ 145,342 |
| United States Department of Agriculture | | |
| Water and Waste Disposal Loans and Grants (Section 306C) - Agency Loan | 10.770 | 1,106,809 |
| Water and Waste Disposal Loans and Grants (Section 306C) - Agency Grant | 10.770 | 505,214 |
| Total United States Department of Agriculture | | <u>1,612,023</u> |
| Total Expenditures of Federal Awards | | <u>\$ 1,757,365</u> |

CITY OF WASHINGTON, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1. General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal financial assistance programs for the City of Washington, Kansas (the City). The reporting City is defined in Note 1 of the City's basic financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the Schedule.

Note 2. Basis of Presentation

The accompanying Schedule is presented on a basis which is the same basis of accounting as the financial statements. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

The City did not elect to use the 10% de minimis cost rate.

CITY OF WASHINGTON, KANSAS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021**

Section I – Summary of Independent Auditor’s Results

Financial Statement

| | |
|--|-------------------|
| Type of auditor’s report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified? | No |
| Noncompliance material to financial statement noted? | No |

Federal Awards

| | |
|--|-------------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified? | No |
| Type of auditor’s report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |

Identification of Major Federal Programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------------|--|
| 10.770 | Water and Waste Disposal Loans and Grants (Section 306C) |

| | |
|--|-------------------|
| Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 |
| Auditee qualified as low-risk auditee? | No |

Section II – Financial Statement Audit

None Reported

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

None Noted



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

To the Mayor and City Council of the
City of Washington, Kansas

I 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 Washington, Kansas (the City), which comprise the Summary Statement of Receipts, Expenditures and Unencumbered Cash as of and for the year ended December 31, 2021, and the related notes to the financial statement, and have issued my report thereon dated March 25, 2022.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements 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.

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses.



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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, I 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 determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Shiplely CPA, LLC

Shiplely CPA, LLC
Topeka, Kansas
March 25, 2022



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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Mayor and City Council of the
City of Washington, Kansas

Report on Compliance for Each Major Federal Program

I have audited City of Washington, Kansas (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended December 31, 2021. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

I conducted mt 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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the City and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the City ’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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



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Auditor's Responsibilities for the Audit of Compliance

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.



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Report on Internal Control over Compliance

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

My 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my 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

Shiple CPA, LLC

Shiple CPA, LLC
Topeka, Kansas
March 25, 2022