

CITY OF MOUNT HOPE, KANSAS

Financial Statement

For the Year Ended December 31, 2021

City of Mount Hope, Kansas
For the Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Mount Hope
Mount Hope, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Mount Hope, Kansas (City), and its related municipal entity, as of and for the year ended December 31, 2021, and the related disclosures to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Basis for Adverse and Unmodified Opinions

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

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

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

Responsibilities of Management for the Audit of the Financial Statement

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

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

Auditor's Responsibility for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2021 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole.

The individual fund schedule of regulatory basis receipts and expenditures (Schedule 1 as listed in the table of contents) is presented for additional analysis and is not a required part of the 2021 basic financial statement, but is required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statement. The 2021 information has been subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the 2021 basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated May 10, 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/municipal-services>. The 2020 actual column (2020 comparative information) presented in the individual fund schedule of regulatory basis receipts and expenditures 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 2021 basic financial statement. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2020, on the basis of accounting described in Note 1.

Krudsen, Monroe & Company, LLC

Certified Public Accountants
Newton, Kansas
April 7, 2022

City of Mount Hope, 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	\$ 119,456	558,901	545,776	132,581	7,074	139,655
Special Purpose Funds						
Employee Benefit	35,576	131,837	122,783	44,630	1,266	45,896
Library	897	26,542	26,980	459	386	845
Special Street and Highway Equipment Replacement	130,710	58,434	28,945	160,199	-	160,199
Police	20,342	19,826	8,012	32,156	-	32,156
Fire	31,706	31,887	14,119	49,474	-	49,474
Utility	2,636	5,000	-	7,636	-	7,636
ARPA	-	61,124	-	61,124	-	61,124
Bond and Interest Fund	9,667	59,970	59,400	10,237	-	10,237
Business Funds						
Electric	151,488	776,351	750,604	177,235	6,519	183,754
Sewer	17,810	85,226	84,277	18,759	741	19,500
Solid Waste	9,944	74,767	75,267	9,444	79	9,523
Water	15,521	103,226	95,556	23,191	713	23,904
Electric Maintenance Reserve	63,551	-	-	63,551	-	63,551
Sewer Reserve	10,340	-	-	10,340	-	10,340
Water Reserve	44,730	-	-	44,730	-	44,730
Trust Fund						
Special Law Enforcement Trust Fund	1,289	-	-	1,289	-	1,289
Related Municipal Entity						
Library Board	23,249	65,338	43,226	45,361	1,736	47,097
Total Reporting Entity (Excluding Agency funds)	\$ 688,912	2,058,429	1,854,945	892,396	18,514	910,910
Composition of Cash						
Cash on hand						\$ 200
Checking						524,710
Money Market						90,479
Certificates of Deposit						269,624
First National Bank of Hutchinson, Library						47,097
Total Cash						932,110
Less Agency Funds per Schedule 4						21,200
Total Reporting Entity						<u>\$ 910,910</u>

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

City of Mount Hope, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The City of Mount Hope is a municipal corporation governed by an elected five-member council. This regulatory financial statement presents the City of Mount Hope (City) 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.

Library Board – The City of Mount Hope Library Board operates the City's public library. The City provides funding for the library through special purpose and general fund appropriations. Acquisition or disposition of real property by the Board must be approved by the City. Bond issuances must also be approved by the City.

Regulatory Basis Fund Types

General Fund – used to account for all resources except those required to be accounted for in another fund.

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

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

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

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

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

Agency Fund – used to report assets held by the City in a purely custodial capacity.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

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

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

City of Mount Hope, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Purpose Funds (unless specifically exempted by statute), Bond and Interest Fund and Business Funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

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

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

A legal operating budget is not required for Capital Project Funds, Equipment Reserve Funds, Business Reserve Funds, Trust Funds and Agency Funds.

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

Reimbursements

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

City of Mount Hope, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2021

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

Per K.S.A. 9-1402, the City's financial institutions are required to pledge securities for deposits in excess of FDIC coverage. One of the City's financial institutions did not maintain proper records of pledged securities, which resulted in the City's deposits being inadequately secured for several days during the year ended December 31, 2021.

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

3. DEPOSITS AND INVESTMENTS

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

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

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

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

At December 31, 2021, the City's carrying amount of deposits, including its related municipal entity, was \$931,524 and the bank balance was \$948,626. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$621,126 was covered by federal depository insurance and the remaining \$327,500 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

City of Mount Hope, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2021

4. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions /Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Series 2010	4.00%	06/29/10	\$ 685,000	12/01/30	\$ 360,000	-	45,000	315,000	14,400
Capital Leases Payable									
First National Bank	3.75%	05/21/14	500,000	05/21/24	205,134	-	53,835	151,299	6,294
Legacy Bank	5.50%	09/26/18	27,500	09/26/21	8,963	-	8,963	-	355
The Halstead Bank	3.00%	07/19/19	77,034	04/25/25	64,564	-	12,171	52,393	1,948
					278,661	-	74,969	203,692	8,597
Total contractual indebtedness					\$ 638,661	-	119,969	518,692	22,997

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

	Year ending December 31						
	2022	2023	2024	2025	2026	2027-2030	Total
Principal							
General Obligation Bonds	\$ 45,000	45,000	45,000	55,000	25,000	100,000	315,000
Capital Leases Payable	73,426	76,163	40,440	13,663	-	-	203,692
Total principal	118,426	121,163	85,440	68,663	25,000	100,000	518,692
Interest							
General Obligation Bonds	12,600	10,800	9,000	7,200	5,000	10,000	54,600
Capital Leases Payable	6,288	3,551	1,022	452	-	-	11,313
Total interest	18,888	14,351	10,022	7,652	5,000	10,000	65,913
Total principal and interest	\$ 137,314	135,514	95,462	76,315	30,000	110,000	584,605

5. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General	Special Street and Highway	K.S.A. 12-1,119	\$ 25,000
General	Equipment Replacement-Police	K.S.A. 12-1,117	10,000
General	Equipment Replacement-Fire	K.S.A. 12-1,117	18,500
Electric	General	K.S.A. 12-825d	80,000
Electric	Employee Benefit	K.S.A. 12-825d	65,000
Electric	Equipment Replacement-Utility	K.S.A. 12-825d	5,000
Sewer	Bond and Interest	K.S.A. 12-825d	5,000
Water	Bond and Interest	K.S.A. 12-825d	30,000

City of Mount Hope, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2021

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post-Employment Benefits

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Death and Disability Other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate was set at 1% for the period ended June 30, 2021, with a 0% moratorium for the period July 1, 2021 through December 31, 2021.

Compensated Absences

Full-time employees earn paid vacation according to the following schedule:

<u>Years of continuous service</u>	<u>0 to 5</u>	<u>5 to 10</u>	<u>10 to 20</u>	<u>20+</u>
Hours earned each month	6.66	8.50	10.00	13.20
Maximum hours of accumulation	80.00	104.00	120.00	160.00

Unused vacation time has not been recorded as a liability in the accompanying financial statement.

Full-time employees earn eight hours of sick leave for each month of service which can be accumulated to a maximum of 480 hours. Unused sick leave is not paid to employees upon termination. Unused sick leave has not been recorded as a liability in the accompanying financial statement.

7. DEFINED BENEFIT PENSION PLAN

Plan Description

The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org 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

City of Mount Hope, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2021

7. DEFINED BENEFIT PENSION PLAN (Continued)

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 8.61% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were \$21,286 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 \$137,863. 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.

8. RELATED PARTIES

A city employee is related to a City Council member, and the Library Board treasurer is related to the City mayor.

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased commercial insurance for these potential risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

City of Mount Hope, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2021

10. COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City’s financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation 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 2021. Future potential impacts may include disruptions or restriction on the City’s ability to operate under its current mission and operating model.

11. DATE OF MANAGEMENT REVIEW

Management has performed an analysis of the activities and transactions subsequent to December 31, 2021, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through April 7, 2022, which is the date at which the financial statement was available to be issued.

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

City of Mount Hope, Kansas
SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GENERAL FUND	\$ 631,643	-	631,643	545,776	(85,867)
SPECIAL PURPOSE FUNDS					
Employee Benefit	135,849	-	135,849	122,783	(13,066)
Library	26,980	-	26,980	26,980	-
Special Street and Highway	204,254	-	204,254	28,945	(175,309)
Ambulance	3,500	-	3,500	-	(3,500)
BOND AND INTEREST FUND	60,000	-	60,000	59,400	(600)
BUSINESS FUNDS					
Electric	915,595	-	915,595	750,604	(164,991)
Sewer	84,277	-	84,277	84,277	-
Solid Waste	81,000	-	81,000	75,267	(5,733)
Water	170,000	-	170,000	95,556	(74,444)

City of Mount Hope, Kansas

General Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2021

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

		Current Year		
	Prior Year			Variance
	Actual	Actual	Budget	Over (Under)
RECEIPTS				
Ad valorem property tax	\$ 155,543	169,734	182,130	(12,396)
Delinquent tax	7,262	3,963	1,500	2,463
Vehicle tax	27,021	34,441	30,443	3,998
State assessed utilities tax	5,425	6,031	-	6,031
Local sales tax	126,093	140,921	118,000	22,921
Township payments	6,881	9,559	20,000	(10,441)
Fines and fees	29,862	28,783	32,000	(3,217)
Licenses and permits	5,145	3,669	1,700	1,969
Franchise tax	14,943	15,737	18,000	(2,263)
Interest	4,333	969	2,000	(1,031)
Late charges	16,792	13,426	10,000	3,426
Swimming pool	11,266	9,642	9,000	642
Neighborhood revitalization	6,005	5,591	6,500	(909)
Other income and reimbursements	69,039	36,435	72,000	(35,565)
Transfer from Electric	50,000	80,000	80,000	-
Total Receipts	535,610	558,901	583,273	(24,372)
EXPENDITURES, page 13	468,216	545,776		
Receipts over (under) expenditures	67,394	13,125		
UNENCUMBERED CASH, beginning	52,062	119,456		
UNENCUMBERED CASH, ending	\$ 119,456	132,581		

City of Mount Hope, 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	
EXPENDITURES				
Administrative	\$ 86,218	95,363	104,897	(9,534)
General business	7,472	10,272	10,000	272
Police	148,451	164,803	189,500	(24,697)
Fire	45,810	56,077	70,000	(13,923)
Ambulance subsidy	55,242	55,000	55,000	-
Swimming pool	22,454	29,024	54,800	(25,776)
Court	11,213	16,554	16,050	504
Park department	15,114	23,477	26,800	(3,323)
Ball park	3,607	739	3,700	(2,961)
Streets	3,951	5,484	38,846	(33,362)
Community projects	1,406	5,577	6,000	(423)
Economic development	2,500	5,250	7,500	(2,250)
Planning/zoning	342	-	1,000	(1,000)
Code enforcement	1,435	3,990	8,000	(4,010)
Library	3,143	9,504	6,500	3,004
Neighborhood revitalization	11,983	11,162	6,500	4,662
Tree board	-	-	1,550	(1,550)
Transfer to				
Special Street and Highway	20,000	25,000	25,000	-
Equipment Replacement-Police	10,000	10,000	-	10,000
Equipment Replacement-Fire	17,875	18,500	-	18,500
Total Expenditures	<u>\$ 468,216</u>	<u>545,776</u>	<u>631,643</u>	<u>(85,867)</u>

City of Mount Hope, Kansas

Special Purpose Funds**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**

Regulatory Basis

For the Year Ended December 31, 2021

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

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over (Under)
<u>EMPLOYEE BENEFIT</u>				
RECEIPTS				
Ad valorem property tax	\$ 38,224	32,676	35,060	(2,384)
Delinquent tax	1,943	1,134	500	634
State assessed utility tax	1,333	1,161	-	1,161
Vehicle tax	11,715	8,704	7,482	1,222
Interest and other	4,247	23,162	4,500	18,662
Transfer from Electric	50,000	65,000	65,000	-
Total Receipts	<u>107,462</u>	<u>131,837</u>	<u>112,542</u>	<u>19,295</u>
EXPENDITURES				
Health insurance premiums	63,096	71,727	75,121	(3,394)
Unemployment tax	284	294	700	(406)
KPERS	22,413	21,286	28,709	(7,423)
Social security	21,749	22,570	31,319	(8,749)
Insurance claims paid	-	6,826	-	6,826
Miscellaneous	-	80	-	80
Total Expenditures	<u>107,542</u>	<u>122,783</u>	<u>135,849</u>	<u>(13,066)</u>
Receipts over (under) expenditures	(80)	9,054		
UNENCUMBERED CASH, beginning	<u>35,656</u>	<u>35,576</u>		
UNENCUMBERED CASH, ending	<u>\$ 35,576</u>	<u>44,630</u>		

City of Mount Hope, Kansas

Special Purpose Funds**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**

Regulatory Basis

For the Year Ended December 31, 2021

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
<u>LIBRARY</u>				
RECEIPTS				
Ad valorem property tax	\$ 20,018	20,840	22,360	(1,520)
Delinquent tax	839	508	100	408
State assessed utility tax	698	740	-	740
Vehicle tax	3,886	4,454	3,919	535
Donations and other income	4,683	-	-	-
Total Receipts	30,124	26,542	26,379	163
EXPENDITURES				
Appropriations to Library Board	29,683	26,980	26,980	-
Receipts over (under) expenditures	441	(438)		
UNENCUMBERED CASH, beginning	456	897		
UNENCUMBERED CASH, ending	\$ 897	459		

City of Mount Hope, Kansas

Special Purpose Funds**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**

Regulatory Basis

For the Year Ended December 31, 2021

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
<u>SPECIAL STREET AND HIGHWAY</u>				
RECEIPTS				
State payments	\$ 20,825	23,319	18,200	5,119
County payments	9,225	10,115	7,970	2,145
Transfer from General	20,000	25,000	25,000	-
Total Receipts	<u>50,050</u>	<u>58,434</u>	<u>51,170</u>	<u>7,264</u>
EXPENDITURES				
Contractual services	67,714	28,945	180,000	(151,055)
Commodities	-	-	24,254	(24,254)
Total Expenditures	<u>67,714</u>	<u>28,945</u>	<u>204,254</u>	<u>(175,309)</u>
Receipts over (under) expenditures	(17,664)	29,489		
UNENCUMBERED CASH, beginning	<u>148,374</u>	<u>130,710</u>		
UNENCUMBERED CASH, ending	<u>\$ 130,710</u>	<u>160,199</u>		
<u>AMBULANCE</u>				
RECEIPTS				
County Health Tax	\$ -	-	<u>3,500</u>	<u>(3,500)</u>
EXPENDITURES				
Contractual services	-	-	<u>3,500</u>	<u>(3,500)</u>
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	-	-		
UNENCUMBERED CASH, ending	<u>\$ -</u>	<u>-</u>		

City of Mount Hope, Kansas

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL

Regulatory Basis

For the Year Ended December 31, 2021

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

	<u>2020</u>	<u>2021</u>
<u>EQUIPMENT REPLACEMENT-POLICE</u>		
RECEIPTS		
Reimbursements	\$ 2,419	1,814
Insurance proceeds	-	8,012
Transfer from General	<u>10,000</u>	<u>10,000</u>
Total receipts	<u>12,419</u>	<u>19,826</u>
EXPENDITURES		
Capital outlay	<u>-</u>	<u>8,012</u>
Receipts over (under) expenditures	12,419	11,814
UNENCUMBERED CASH, beginning	4,923	20,342
Prior Year Cancelled Encumbrances	<u>3,000</u>	<u>-</u>
UNENCUMBERED CASH, ending	<u><u>\$ 20,342</u></u>	<u><u>32,156</u></u>
<u>EQUIPMENT REPLACEMENT-FIRE</u>		
RECEIPTS		
Other income	\$ 12,124	13,387
Transfer from General	<u>17,875</u>	<u>18,500</u>
Total receipts	<u>29,999</u>	<u>31,887</u>
EXPENDITURES		
Capital outlay - principal	12,337	12,171
Capital outlay - interest	<u>1,782</u>	<u>1,948</u>
Total expenditures	<u>14,119</u>	<u>14,119</u>
Receipts over (under) expenditures	15,880	17,768
UNENCUMBERED CASH, beginning	15,608	31,706
Prior Year Cancelled Encumbrances	<u>218</u>	<u>-</u>
UNENCUMBERED CASH, ending	<u><u>\$ 31,706</u></u>	<u><u>49,474</u></u>

City of Mount Hope, Kansas

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL

Regulatory Basis

For the Year Ended December 31, 2021

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

	<u>2020</u>	<u>2021</u>
<u>EQUIPMENT REPLACEMENT-UTILITY</u>		
RECEIPTS		
Transfer from Electric Fund	\$ -	5,000
EXPENDITURES	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	5,000
UNENCUMBERED CASH, beginning	<u>2,636</u>	<u>2,636</u>
UNENCUMBERED CASH, ending	<u>\$ 2,636</u>	<u>7,636</u>
 <u>ARPA GRANT</u>		
RECEIPTS		
Grant income	\$ -	61,120
Interest income	<u>-</u>	<u>4</u>
Total receipts	-	61,124
EXPENDITURES	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	61,124
UNENCUMBERED CASH, beginning	<u>-</u>	<u>-</u>
UNENCUMBERED CASH, ending	<u>\$ -</u>	<u>61,124</u>

City of Mount Hope, Kansas

Bond and Interest Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2021

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
RECEIPTS				
Special assessments	\$ 48,098	24,970	24,214	756
Transfer from				
Sewer	18,000	5,000	20,000	(15,000)
Water	20,000	30,000	30,000	-
Total Receipts	86,098	59,970	74,214	(14,244)
EXPENDITURES				
Principal	70,000	45,000	45,000	-
Interest	17,335	14,400	14,400	-
Commission and postage	-	-	600	(600)
Total Expenditures	87,335	59,400	60,000	(600)
Receipts over (under) expenditures	(1,237)	570		
UNENCUMBERED CASH, beginning	10,904	9,667		
UNENCUMBERED CASH, ending	\$ 9,667	10,237		

City of Mount Hope, Kansas

Business Funds**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET****Regulatory Basis**

For the Year Ended December 31, 2021

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

		Current Year		Variance
	Prior Year			Over
	Actual	Actual	Budget	(Under)
<u>ELECTRIC</u>				
RECEIPTS				
Sales to consumers	\$ 689,445	770,958	800,000	(29,042)
Reimbursements	-	-	25,000	(25,000)
Collections and interest	4,428	5,393	6,000	(607)
Total Receipts	693,873	776,351	831,000	(54,649)
EXPENDITURES				
Personnel services	40,512	23,790	55,000	(31,210)
Contractual services	21,011	17,569	15,000	2,569
Commodities	33,525	26,444	30,000	(3,556)
Wholesale electricity	382,216	472,672	600,000	(127,328)
Lease purchase principal	65,080	53,835	58,632	(4,797)
Lease purchase interest	10,002	6,294	6,963	(669)
Transfer to				
General	50,000	80,000	80,000	-
Employee Benefit	50,000	65,000	65,000	-
Equipment Reserve Fund	-	5,000	5,000	-
Total Expenditures	652,346	750,604	915,595	(164,991)
Receipts over (under) expenditures	41,527	25,747		
UNENCUMBERED CASH, beginning	109,961	151,488		
UNENCUMBERED CASH, ending	\$ 151,488	177,235		

City of Mount Hope, Kansas

Business Funds**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**

Regulatory Basis

For the Year Ended December 31, 2021

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
<u>SEWER</u>				
RECEIPTS				
Sales to consumers	\$ 86,051	84,809	80,000	4,809
Interest	-	-	1,000	(1,000)
Other	-	417	500	(83)
Total Receipts	86,051	85,226	81,500	3,726
EXPENDITURES				
Personnel services	18,069	21,557	11,677	9,880
Contractual services	7,604	20,954	5,000	15,954
Commodities	25,444	27,448	24,850	2,598
Lease purchase principal	12,443	8,963	1,000	7,963
Lease purchase interest	854	355	8,250	(7,895)
Transfer to				
Equipment Replacement-Utility	-	-	8,500	(8,500)
Bond & Interest	18,000	5,000	20,000	(15,000)
Sewer Reserve	5,000	-	5,000	(5,000)
Total Expenditures	87,414	84,277	84,277	-
Receipts over (under) expenditures	(1,363)	949		
UNENCUMBERED CASH, beginning	19,173	17,810		
UNENCUMBERED CASH, ending	\$ 17,810	18,759		

City of Mount Hope, Kansas

Business FundsSCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory BasisFor the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
<u>SOLID WASTE</u>				
RECEIPTS				
Sales to consumers	\$ 70,259	71,472	75,000	(3,528)
Miscellaneous	2,772	2,903	500	2,403
Other	341	392	2,000	(1,608)
Total Receipts	73,372	74,767	77,500	(2,733)
EXPENDITURES				
Personnel services	6,686	6,732	15,000	(8,268)
Contractual services	66,666	68,535	66,000	2,535
Total Expenditures	73,352	75,267	81,000	(5,733)
Receipts over (under) expenditures	20	(500)		
UNENCUMBERED CASH, beginning	9,924	9,944		
UNENCUMBERED CASH, ending	\$ 9,944	9,444		

City of Mount Hope, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2021

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
<u>WATER</u>				
RECEIPTS				
Sales to consumers	\$ 112,667	102,809	137,000	(34,191)
Other	-	417	31,000	(30,583)
Total Receipts	<u>112,667</u>	<u>103,226</u>	<u>168,000</u>	<u>(64,774)</u>
EXPENDITURES				
Personnel services	28,818	25,028	35,000	(9,972)
Contractual services	37,320	28,213	40,000	(11,787)
Commodities	29,245	12,315	40,000	(27,685)
Lease purchase principal	3,884	-	-	-
Lease purchase interest	134	-	-	-
Transfer to				
Equipment Replacement-Utility	-	-	5,000	(5,000)
Bond and Interest	20,000	30,000	30,000	-
Water Reserve	-	-	20,000	(20,000)
Total Expenditures	<u>119,401</u>	<u>95,556</u>	<u>170,000</u>	<u>(74,444)</u>
Receipts over (under) expenditures	(6,734)	7,670		
UNENCUMBERED CASH, beginning	<u>22,255</u>	<u>15,521</u>		
UNENCUMBERED CASH, ending	<u>\$ 15,521</u>	<u>23,191</u>		

City of Mount Hope, Kansas

Business Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL

Regulatory Basis

For the Year Ended December 31, 2021

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

	<u>2020</u>	<u>2021</u>
<u>ELECTRIC MAINTENANCE RESERVE</u>		
RECEIPTS	\$ -	-
EXPENDITURES	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	<u>63,551</u>	<u>63,551</u>
UNENCUMBERED CASH, ending	<u>\$ 63,551</u>	<u>63,551</u>
 <u>SEWER RESERVE</u>		
RECEIPTS		
Transfer from Sewer Fund	\$ 5,000	-
EXPENDITURES	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	5,000	-
UNENCUMBERED CASH, beginning	<u>5,340</u>	<u>10,340</u>
UNENCUMBERED CASH, ending	<u>\$ 10,340</u>	<u>10,340</u>
 <u>WATER RESERVE</u>		
RECEIPTS	\$ -	-
EXPENDITURES	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	<u>44,730</u>	<u>44,730</u>
UNENCUMBERED CASH, ending	<u>\$ 44,730</u>	<u>44,730</u>

City of Mount Hope, Kansas

Trust 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>2020</u>	<u>2021</u>
<u>SPECIAL LAW ENFORCEMENT TRUST FUND</u>		
RECEIPTS	\$ -	-
EXPENDITURES	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	<u>1,289</u>	<u>1,289</u>
UNENCUMBERED CASH, ending	<u><u>\$ 1,289</u></u>	<u><u>1,289</u></u>

City of Mount Hope, Kansas

Related Municipal Entity**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL**

Regulatory Basis

For the Year Ended December 31, 2021

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

	<u>2020</u>	<u>2021</u>
<u>LIBRARY BOARD</u>		
RECEIPTS		
City of Mount Hope	\$ 25,256	26,980
SCKLS and other grants	7,822	24,395
State of Kansas	1,046	480
Township appropriation	5,568	8,252
Fundraising	425	424
Interest	3	7
Other	<u>4,330</u>	<u>4,800</u>
Total Receipts	<u>44,450</u>	<u>65,338</u>
EXPENDITURES		
Personnel services	14,687	19,305
Books, periodicals and materials	6,217	7,311
Grant expenditures	-	7,517
Operating supplies and commodities	2,697	7,412
Telephone and utilities	<u>1,458</u>	<u>1,681</u>
Total Expenditures	<u>25,059</u>	<u>43,226</u>
Receipts over (under) expenditures	19,391	22,112
UNENCUMBERED CASH, beginning	<u>3,858</u>	<u>23,249</u>
UNENCUMBERED CASH, ending	<u><u>\$ 23,249</u></u>	<u><u>45,361</u></u>

City of Mount Hope, Kansas

Agency Funds

SUMMARY OF RECEIPTS AND DISBURSEMENTS

Regulatory Basis

For the Year Ended December 31, 2021

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
AMBULANCE ESCROW				
DEPARTMENT OF LABOR	\$ 4,360	47	-	4,407
METER DEPOSITS	<u>15,842</u>	<u>4,200</u>	<u>3,249</u>	<u>16,793</u>
	<u>\$ 20,202</u>	<u>4,247</u>	<u>3,249</u>	<u>21,200</u>