

CITY OF MEDICINE LODGE, KANSAS

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
Medicine Lodge, Kansas

Adverse and Unmodified Opinions

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Medicine Lodge, Kansas, 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 balances of the City of Medicine Lodge, Kansas, 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 A.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City of Medicine Lodge, Kansas 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 A of the financial statement, the financial statement is prepared by the City of Medicine Lodge, Kansas 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 A 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 A; 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, which raise substantial doubt about the City of Medicine Lodge, Kansas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Medicine Lodge, Kansas' 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, which raise substantial doubt about the City of Medicine Lodge, Kansas' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balance (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 (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Medicine Lodge, Kansas as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated September 29, 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 website of the Kansas Department of Administration at the following link: <https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/municipal-audits>. The 2020 actual column (2020 comparative information) presented in the individual fund schedules 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 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 A.

Kennedy McKee & Company LLP

September 26, 2022

CITY OF MEDICINE LODGE, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS

For the Year Ended December 31, 2021

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>
General fund:		
General	\$ 257,298	\$ -
Special purpose funds:		
Tourism	31,839	-
Library	-	-
Special highway	46,966	-
Special parks and recreation	32,012	-
Community improvement district	367,179	-
Municipal equipment reserve	612,944	-
ARPA	-	-
Capital improvements reserve	942,769	-
Public Building Commission	2,524	-
Total special purpose funds	<u>2,036,233</u>	<u>-</u>
Bond and interest fund:		
Bond and interest	<u>18,034</u>	<u>-</u>
Capital project fund:		
Sidewalk improvement	<u>10,349</u>	<u>-</u>
Business funds:		
Water utility	1,166,110	-
Sewer utility	99,878	-
Solid waste utility	833	-
Waterworks depreciation and maintenance reserve	810,746	-
Sewer plant O-M-R	53,421	-
Total business funds	<u>2,130,988</u>	<u>-</u>
Total	<u><u>\$ 4,452,902</u></u>	<u><u>\$ -</u></u>
Composition of cash balance:		
Demand deposits		
Certificates of deposit		
Total cash		

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

Statement 1

<u>Receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
<u>\$ 1,765,074</u>	<u>\$ 1,858,501</u>	<u>\$ 163,871</u>	<u>\$ 68,406</u>	<u>\$ 232,277</u>
11,279	22,847	20,271	-	20,271
122,374	122,374	-	-	-
52,820	-	99,786	-	99,786
5,839	-	37,851	-	37,851
234,480	202,266	399,393	-	399,393
148,216	263,736	497,424	39,377	536,801
140,019	29,324	110,695	1,052	111,747
442,194	637,401	747,562	28,950	776,512
114,564	114,598	2,490	-	2,490
<u>1,271,785</u>	<u>1,392,546</u>	<u>1,915,472</u>	<u>69,379</u>	<u>1,984,851</u>
<u>-</u>	<u>-</u>	<u>18,034</u>	<u>-</u>	<u>18,034</u>
<u>401</u>	<u>-</u>	<u>10,750</u>	<u>-</u>	<u>10,750</u>
1,096,263	1,095,483	1,166,890	19,198	1,186,088
472,857	433,924	138,811	5,505	144,316
347,234	348,067	-	28,297	28,297
125,000	86,979	848,767	17,129	865,896
5,000	18,580	39,841	7,624	47,465
<u>2,046,354</u>	<u>1,983,033</u>	<u>2,194,309</u>	<u>77,753</u>	<u>2,272,062</u>
<u>\$ 5,083,614</u>	<u>\$ 5,234,080</u>	<u>\$ 4,302,436</u>	<u>\$ 215,538</u>	<u>\$ 4,517,974</u>
				<u>\$ 3,272,974</u>
				<u>1,245,000</u>
				<u>\$ 4,517,974</u>

CITY OF MEDICINE LODGE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement, schedules, and notes are representations of the City's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

The City of Medicine Lodge is a municipal corporation governed by an elected mayor and five-member council. This regulatory financial statement presents the City of Medicine Lodge (the municipality) and the Public Building Commission (part of the municipality). The Lincoln Library, a related municipal entity, has not been included in the City's reporting entity.

Public Building Commission. The Commission was authorized by City Ordinance No. 818, pursuant to K.S.A 12-1757 et. seq., and all amendments thereto, and as amended, supplemented, and limited by the City of Medicine Lodge, Kansas Charter Ordinance No. 17 establishing the composition thereof and purposes for which established. For financial reporting, the financial activities of the Public Building Commission are accounted for within a non-budgeted special purpose fund.

Lincoln Library. The members of the governing board of the Library are approved by the City Council. The Library is fiscally dependent on the City because the City provides substantial financial support in the form of appropriations. In addition, the Library is prohibited from issuing bonded debt without the approval of the City Council.

2. Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2021:

REGULATORY BASIS FUND TYPES

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

Special purpose fund – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than capital project and tax levies for long-term debt) that are intended for specified purposes.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Presentation – Fund Accounting (Continued)

REGULATORY BASIS FUND TYPES (CONTINUED)

Bond and interest fund – used to account for the accumulation of resources (including tax levies and 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 – funds financed in whole or in part by fees charged to users of the goods or services (i.e., enterprise and internal services fund, etc.).

3. 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.

4. 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:

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

If the municipality 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 municipality did not hold a revenue neutral rate hearing for this year.

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 receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the 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 the utility reserve funds, capital project funds, or the Municipal Equipment Reserve, ARPA, Capital Improvements Reserve, and Public Building Commission special purpose funds.

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

B. 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.

B. 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 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 was \$4,517,974 and the bank balance was \$4,559,036. Of the bank balance, \$252,490 was covered by federal depository insurance, \$400,000 was collateralized with an irrevocable letter of credit from the Federal Home Loan Bank of Topeka, and \$3,906,546 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

C. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project authorization</u>	<u>Cash disbursements and accounts payable to date</u>
Airport Environmental Assessment	\$ 136,952	\$ 116,499
Airport Seal Coat Runway	<u>231,058</u>	<u>211,704</u>
Total	<u>\$ 368,010</u>	<u>\$ 328,203</u>

D. LONG-TERM DEBT

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

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ payments</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
Refunding and improvement					
Issued April 1, 2013					
In the amount of \$1,130,000					
At interest rates of 0.80% to 2.70%					
Maturing September 1, 2024	\$ 235,000	\$ -	\$ 95,000	\$ 140,000	\$ 5,365
CID sales tax					
Issued May 23, 2017					
In the amount of \$1,930,000					
At interest rate of 3.00%					
Maturing September 1, 2030	1,575,000	-	145,000	1,430,000	47,250
Water system improvements					
Issued September 26, 2017					
In the amount of \$3,732,000					
At interest rate of 2.625%					
Maturing September 26, 2057	<u>3,566,171</u>	<u>-</u>	<u>58,204</u>	<u>3,507,967</u>	<u>93,612</u>
Subtotal general obligation bonds	<u>5,376,171</u>	<u>-</u>	<u>298,204</u>	<u>5,077,967</u>	<u>146,227</u>

D. LONG-TERM DEBT (CONTINUED)

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ payments</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Revenue bonds:					
Swimming pool improvements refunding					
Issued October 15, 2015					
In the amount of \$1,035,000					
At interest rates of 1.50% to 2.50%					
Maturing September 1, 2026	\$ 645,000	\$ -	\$ 100,000	\$ 545,000	\$ 14,563
Revolving loans:					
Sewer plant					
Issued March 1, 2003					
In the amount of \$2,946,766					
At interest rate of 2.94%					
Maturing September 1, 2024	720,527	-	172,325	548,202	19,925
Total long-term debt	<u>\$6,741,698</u>	<u>\$ -</u>	<u>\$ 570,529</u>	<u>\$6,171,169</u>	<u>\$ 180,715</u>

Current maturities of general obligation bonds and interest for the next five years and in five-year increments through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2022	\$ 289,731	\$ 138,354	\$ 428,085
2023	261,299	130,446	391,745
2024	237,908	123,062	360,970
2025	229,560	116,206	345,766
2026	231,254	109,561	340,815
2027-2031	993,291	444,886	1,438,177
2032-2036	407,851	351,226	759,077
2037-2041	464,266	294,811	759,077
2042-2046	528,485	230,592	759,077
2047-2051	601,588	157,489	759,077
2052-2056	684,802	74,276	759,078
2057	147,932	3,884	151,816
Total	<u>\$ 5,077,967</u>	<u>\$ 2,174,793</u>	<u>\$ 7,252,760</u>

Current maturities of revenue bonds and interest through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2022	\$ 105,000	\$ 12,563	\$ 117,563
2023	105,000	10,462	115,462
2024	110,000	8,100	118,100
2025	115,000	5,625	120,625
2026	110,000	2,750	112,750
Total	<u>\$ 545,000</u>	<u>\$ 39,500</u>	<u>\$ 584,500</u>

D. LONG-TERM DEBT (CONTINUED)

Current maturities of revolving loans and interest through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2022	\$ 177,427	\$ 14,823	\$ 192,250
2023	182,682	9,568	192,250
2024	<u>188,093</u>	<u>4,157</u>	<u>192,250</u>
Total	<u>\$ 548,202</u>	<u>\$ 28,548</u>	<u>\$ 576,750</u>

E. OPERATING LEASE

In 2021 the City converted the capital lease on the caterpillar motor grader with Caterpillar Financial to an operating lease. The agreement calls for annual payments of \$20,227 for the remaining thirty six months. Payments totaling \$44,291 were made in 2021.

Future minimum rental payments under the operating lease are as follows.

	<u>Caterpillar Financial</u>
2022	\$ -
2023	16,392
2024	<u>20,227</u>
Total	<u>\$ 36,619</u>

F. INTERFUND TRANSFERS

Operating transfers:

<u>From</u>	<u>To</u>	<u>Regulatory authority</u>	<u>Amount</u>
General	Municipal equipment reserve	K.S.A. 12-1,117	\$ 20,000
General	Capital improvements reserve	K.S.A. 12-1,118	122,000
General	Public Building Commission	Resolution	114,563
Sewer utility	Sewer plant O-M-R	K.S.A. 12-825d	5,000
Water utility	General	K.S.A. 12-825d	134,500
Water utility	Municipal equipment	K.S.A. 12-1,117	20,000
Water utility	Waterworks depreciation and maintenance res.	K.S.A. 12-825d	125,000
Water utility	Sewer utility	K.S.A. 12-825d	130,000
Solid waste utility	General	K.S.A. 12-825d	<u>4,228</u>
			<u>\$ 675,291</u>

F. INTERFUND TRANSFERS (CONTINUED)

Transfer to related municipal entity:

<u>From</u>	<u>To</u>	<u>Amount</u>
Library	Lincoln Library	<u>\$ 122,374</u>

G. 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. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

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

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% and contributions were \$2,628 for the year ended December 31, 2021.

Section 457 deferred compensation plan. The City offers a Section 457 deferred compensation plan to all employees on a voluntary basis. The City does not contribute to the plan, which is administered by a third party.

Section 125 plan. The City offers Section 125 plans to all eligible employees electing to participate. It is used for accident and cancer insurance. The City withholds the amounts from the employee's paychecks and remits the withholding to the plan administrator.

Compensated absences. The City's policy allows vacation time to accumulate to 160 hours. However, the number of hours of unused vacation that can be carried over without written authorization from the City Council varies depending on the number of continuous years of employment. The maximum number of hours eligible to be carried over is as follows: 40 hours, 0-5 years; 80 hours, 6-10 years; 120 hours, 11-15 years; 140 hours, 16-20 years; and, 160 hours, over 20 years. Sick leave may be accumulated up to 720 hours but is not paid upon termination or resignation.

H. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a 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.

H. DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

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 the City and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that 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 \$60,113 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 \$372,394. 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 the 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.

I. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members.

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

I. RISK MANAGEMENT (CONTINUED)

The City continues to carry commercial insurance for all other risks of loss, including property, liability, and fidelity bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there have been no significant reductions in coverage.

J. CORONAVIRUS (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 result 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.

As a result of the COVID-19 outbreak, numerous Federal and State grants have been made available to the City to assist with the risks and help offset incurred costs of the City. The City received funding from the American Rescue Plan Act of 2021 (ARPA) during the current year.

K. SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through September 26, 2022 and does not believe any events have occurred which affect the financial statement as presented, except for the ongoing concern regarding the novel strain of the Coronavirus (COVID-19) as discussed in Note J above.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF MEDICINE LODGE, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2021

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General fund:					
General	\$ 1,887,682	\$ -	\$ 1,887,682	\$ 1,858,501	\$ 29,181
Special purpose funds:					
Tourism	30,000	-	30,000	22,847	7,153
Library	127,931	-	127,931	122,374	5,557
Special highway	50,000	-	50,000	-	50,000
Special parks and recreation	30,000	-	30,000	-	30,000
Community improvement district	240,350	-	240,350	202,266	38,084
Bond and interest:					
Bond and interest	-	-	-	-	-
Business funds:					
Water utility	1,266,402	-	1,266,402	1,095,483	170,919
Sewer utility	503,170	-	503,170	433,924	69,246
Solid waste utility	358,000	-	358,000	348,067	9,933
Total	<u>\$ 4,493,535</u>	<u>\$ -</u>	<u>\$ 4,493,535</u>	<u>\$ 4,083,462</u>	<u>\$ 410,073</u>

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, 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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 634,201	\$ 616,426	\$ 628,803	\$ (12,377)
Delinquent tax	14,484	18,766	10,000	8,766
Motor vehicle tax	124,531	128,883	125,328	3,555
Recreational vehicle tax	1,572	1,433	1,457	(24)
16/20M tax	5,261	6,356	4,916	1,440
Special assessments	876	1,310	2,500	(1,190)
Local alcoholic liquor tax	9,395	5,838	9,500	(3,662)
Sales and use tax	465,622	515,273	468,000	47,273
State aid	696	-	-	-
Federal aid	5,220	116,392	-	116,392
License, permits and fees	5,275	5,368	8,500	(3,132)
Franchise fees	137,162	148,013	151,000	(2,987)
Fines, forfeitures and penalties	4,458	3,695	6,500	(2,805)
Charges for services	12,384	13,470	33,200	(19,730)
Interest	48,310	11,964	70,000	(58,036)
Use of property	100	150	-	150
Miscellaneous	49,481	55,483	15,000	40,483
Transfers:				
Water utility	131,000	134,500	134,500	-
Solid waste utility	-	4,228	13,000	(8,772)
Neighborhood revitalization rebate	(26,006)	(22,474)	(21,777)	(697)
Total receipts	<u>1,624,022</u>	<u>1,765,074</u>	<u>\$ 1,660,427</u>	<u>\$ 104,647</u>
Expenditures:				
Administration:				
Personnel	104,270	127,622	\$ 89,497	\$ (38,125)
Contractual services	81,701	93,806	73,100	(20,706)
Commodities	4,959	5,335	15,500	10,165
Capital outlay	1,433	1,110	1,500	390
General government	-	-	13,500	13,500
Community services	-	104,400	-	(104,400)
Miscellaneous	2,116	20,802	2,000	(18,802)
Total expenditures	<u>194,479</u>	<u>353,075</u>	<u>195,097</u>	<u>(157,978)</u>

CITY OF MEDICINE LODGE, 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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Police department:				
Personnel	\$ 339,212	\$ 308,354	\$ 335,000	\$ 26,646
Contractual services	42,292	65,660	36,600	(29,060)
Commodities	16,804	21,079	25,050	3,971
Capital outlay	12,501	14,390	11,500	(2,890)
Miscellaneous	3,120	3,008	2,000	(1,008)
	<u>413,929</u>	<u>412,491</u>	<u>410,150</u>	<u>(2,341)</u>
Fire department:				
Personnel	177	-	800	800
Contractual services	10,787	13,780	10,500	(3,280)
Commodities	545	451	9,450	8,999
Capital outlay	611	7,076	41,100	34,024
Debt service:				
Principal	32,314	17,100	-	(17,100)
Interest	1,274	966	-	(966)
	<u>45,708</u>	<u>39,373</u>	<u>61,850</u>	<u>22,477</u>
Street department:				
Personnel	147,334	149,603	170,473	20,870
Contractual services	21,331	35,118	19,100	(16,018)
Commodities	16,166	50,894	35,900	(14,994)
Capital outlay	7,196	1,236	1,250	14
Miscellaneous	523	2,349	-	(2,349)
	<u>192,550</u>	<u>239,200</u>	<u>226,723</u>	<u>(12,477)</u>
Swimming pool:				
Personnel	30,636	34,954	57,183	22,229
Contractual services	15,065	15,895	8,900	(6,995)
Commodities	5,616	5,914	12,900	6,986
Capital outlay	-	176	117,500	117,324
Miscellaneous	73	296	500	204
	<u>51,390</u>	<u>57,235</u>	<u>196,983</u>	<u>139,748</u>

CITY OF MEDICINE LODGE, 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)

		2021		
	2020	Actual	Budget	Variance favorable (unfavorable)
Airport:				
Contractual services	\$ 23,889	\$ 13,636	\$ 3,230	\$ (10,406)
Commodities	-	921	44,000	43,079
Capital outlay	180	4,749	100	(4,649)
	<u>24,069</u>	<u>19,306</u>	<u>47,330</u>	<u>28,024</u>
Municipal court:				
Contractual services	9,103	26,480	22,500	(3,980)
Commodities	-	-	200	200
	<u>9,103</u>	<u>26,480</u>	<u>22,700</u>	<u>(3,780)</u>
Code enforcement/animal control:				
Contractual services	25,158	30,495	43,000	12,505
Commodities	38	60	3,000	2,940
Miscellaneous	19	2,197	-	(2,197)
	<u>25,215</u>	<u>32,752</u>	<u>46,000</u>	<u>13,248</u>
Park department:				
Personnel	88,897	117,879	139,169	21,290
Contractual services	12,190	23,479	11,500	(11,979)
Commodities	9,063	14,207	23,850	9,643
Capital outlay	379	476	2,750	2,274
	<u>110,529</u>	<u>156,041</u>	<u>177,269</u>	<u>21,228</u>
Carrie Nation Memorial:				
Appropriation	15,000	18,000	15,000	(3,000)
Contractual services	4,048	6,370	2,500	(3,870)
Commodities	-	68	3,280	3,212
Capital outlay	-	-	3,500	3,500
	<u>19,048</u>	<u>24,438</u>	<u>24,280</u>	<u>(158)</u>

CITY OF MEDICINE LODGE, 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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Street lights	\$ 40,453	\$ 39,207	\$ 46,000	\$ 6,793
Emergency preparedness	749	8,003	6,200	(1,803)
Recycling program	2,236	1,787	-	(1,787)
Economic development	25,000	-	25,000	25,000
Transfers:				
Municipal equipment reserve	10,000	20,000	20,000	-
Capital improvements reserve	132,950	122,000	190,000	68,000
Public Building Commission	110,988	114,563	-	(114,563)
Hospital appropriation	182,036	192,550	192,000	(550)
Miscellaneous	-	-	100	100
Total expenditures	<u>1,590,432</u>	<u>1,858,501</u>	<u>\$ 1,887,682</u>	<u>\$ 29,181</u>
Receipts over (under) expenditures	33,590	(93,427)		
Unencumbered cash, beginning of year	<u>223,708</u>	<u>257,298</u>	<u>\$ 227,255</u>	<u>\$ 30,043</u>
Unencumbered cash, end of year	<u>\$ 257,298</u>	<u>\$ 163,871</u>		

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

TOURISM 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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Guest tax	\$ 11,382	\$ 11,279	\$ 15,500	\$ (4,221)
Expenditures:				
Contractual services	-	2,847	\$ -	\$ (2,847)
Donations	-	20,000	30,000	10,000
Total expenditures	-	22,847	\$ 30,000	\$ 7,153
Receipts over (under) expenditures	11,382	(11,568)		
Unencumbered cash, beginning of year	20,457	31,839	\$ 14,957	\$ 16,882
Unencumbered cash, end of year	\$ 31,839	\$ 20,271	\$ 457	\$ 19,814

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, 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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 100,261	\$ 101,677	\$ 103,500	\$ (1,823)
Delinquent tax	2,194	2,905	1,000	1,905
Motor vehicle tax	19,300	20,288	19,814	474
Recreational vehicle tax	244	226	230	(4)
16/20M vehicle tax	768	985	777	208
Neighborhood revitalization rebate	(4,111)	(3,707)	(3,592)	(115)
Total receipts	118,656	122,374	<u>\$ 121,729</u>	<u>\$ 645</u>
Expenditures:				
Transfer to related municipal entity	118,656	122,374	<u>\$ 127,931</u>	<u>\$ 5,557</u>
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	-	-	<u>\$ 6,202</u>	<u>\$ (6,202)</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ -</u>		

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, 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)

		2021		Variance favorable (unfavorable)
	2020	Actual	Budget	
Receipts:				
State of Kansas gas tax	\$ 47,999	\$ 52,820	\$ 42,970	\$ 9,850
Expenditures:				
Contractual services	-	-	\$ 50,000	\$ 50,000
Capital outlay	170,680	-	-	-
Total expenditures	170,680	-	\$ 50,000	\$ 50,000
Receipts over (under) expenditures	(122,681)	52,820		
Unencumbered cash, beginning of year	169,647	46,966	\$ 76,986	\$ (30,020)
Unencumbered cash, end of year	\$ 46,966	\$ 99,786	\$ 69,956	\$ 29,830

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Local alcoholic liquor tax	\$ 9,394	\$ 5,839	\$ 8,000	\$ (2,161)
Expenditures:				
Capital outlay	-	-	\$ 30,000	\$ 30,000
Receipts over (under) expenditures	9,394	5,839		
Unencumbered cash, beginning of year	22,618	32,012	\$ 22,754	\$ 9,258
Unencumbered cash, end of year	\$ 32,012	\$ 37,851	\$ 754	\$ 37,097

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

COMMUNITY IMPROVEMENT DISTRICT

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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Sales and use tax	\$ 223,559	\$ 234,480	\$ 232,000	\$ 2,480
Expenditures:				
Contractual services	16,809	10,016	\$ 50,000	\$ 39,984
Debt service:				
Principal	140,000	145,000	140,000	(5,000)
Interest	51,450	47,250	50,350	3,100
Total expenditures	208,259	202,266	\$ 240,350	\$ 38,084
Receipts over (under) expenditures	15,300	32,214		
Unencumbered cash, beginning of year	351,879	367,179	\$ 341,690	\$ 25,489
Unencumbered cash, end of year	\$ 367,179	\$ 399,393	\$ 333,340	\$ 66,053

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2021

	Municipal equipment reserve	ARPA	Capital improvements reserve	Public Building Commission	Total
Receipts:					
FAA grant	\$ -	\$ -	\$ 302,883	\$ -	\$ 302,883
ARPA grant	-	140,019	-	-	140,019
SPARK grant	70,179	-	17,311	-	87,490
Interest	-	-	-	1	1
Miscellaneous	38,037	-	-	-	38,037
Transfers:					
General	20,000	-	122,000	114,563	256,563
Water utility	20,000	-	-	-	20,000
Total receipts	148,216	140,019	442,194	114,564	844,993
Expenditures:					
Personnel	-	29,324	-	-	29,324
Contractual services	-	-	194,780	35	194,815
Capital outlay	263,736	-	442,621	-	706,357
Debt service:					
Principal	-	-	-	100,000	100,000
Interest	-	-	-	14,563	14,563
Total expenditures	263,736	29,324	637,401	114,598	1,045,059
Receipts over (under) expenditures	(115,520)	110,695	(195,207)	(34)	(200,066)
Unencumbered cash, beginning of year	612,944	-	942,769	2,524	1,558,237
Unencumbered cash, end of year	\$ 497,424	\$ 110,695	\$ 747,562	\$ 2,490	\$ 1,358,171

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, 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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Delinquent tax	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Debt service:				
Principal	-	-	\$ -	\$ -
Receipts over (under) expenditures	-	-		
Unencumbered cash, beginning of year	18,034	18,034	\$ 18,534	\$ (500)
Unencumbered cash, end of year	\$ 18,034	\$ 18,034	\$ 18,534	\$ (500)

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

SIDEWALK IMPROVEMENT

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	<u>2020</u>	<u>2021</u>
Receipts:		
Miscellaneous	\$ -	\$ 401
Expenditures:		
Contractual services	<u>802</u>	<u>-</u>
Receipts over (under) expenditures	(802)	401
Unencumbered cash, beginning of year	<u>11,151</u>	<u>10,349</u>
Unencumbered cash, end of year	<u><u>\$ 10,349</u></u>	<u><u>\$ 10,750</u></u>

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, 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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Water sales	\$ 976,048	\$ 1,035,470	\$ 995,000	\$ 40,470
New services	4,650	9,800	4,500	5,300
Reconnects	4,650	6,650	2,000	4,650
Bulk sales	883	846	1,250	(404)
Swimming pool fee	76,630	37,428	57,400	(19,972)
Sales tax	4,942	4,932	-	4,932
SPARK grant	-	590	-	590
Miscellaneous	-	547	1,000	(453)
Total receipts	<u>1,067,803</u>	<u>1,096,263</u>	<u>\$ 1,061,150</u>	<u>\$ 35,113</u>
Expenditures:				
Personnel	182,002	194,036	\$ 277,102	\$ 83,066
Contractual services	172,836	210,900	131,250	(79,650)
Commodities	26,290	27,763	94,000	66,237
Capital outlay	3,205	7,123	351,800	344,677
Miscellaneous	11,713	12,046	10,250	(1,796)
Debt service:				
Principal	208,950	136,104	-	(136,104)
Interest	102,075	98,011	-	(98,011)
Transfers:				
General	131,000	134,500	134,500	-
Municipal equipment reserve	18,000	20,000	125,000	105,000
Waterworks depreciation and maintenance reserve	90,000	125,000	12,500	(112,500)
Sewer utility	<u>125,000</u>	<u>130,000</u>	<u>130,000</u>	<u>-</u>
Total expenditures	<u>1,071,071</u>	<u>1,095,483</u>	<u>\$ 1,266,402</u>	<u>\$ 170,919</u>
Receipts over (under) expenditures	(3,268)	780		
Unencumbered cash, beginning of year	<u>1,169,378</u>	<u>1,166,110</u>	<u>\$ 1,030,552</u>	<u>\$ 135,558</u>
Unencumbered cash, end of year	<u>\$ 1,166,110</u>	<u>\$ 1,166,890</u>	<u>\$ 825,300</u>	<u>\$ 341,590</u>

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

SEWER 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)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Charges for services	\$ 349,599	\$ 342,561	\$ 351,000	\$ (8,439)
SPARK grant	-	296	-	296
Miscellaneous	999	-	-	-
Transfers:				
Water utility	125,000	130,000	130,000	-
Total receipts	475,598	472,857	\$ 481,000	\$ (8,143)
Expenditures:				
Personnel	121,043	82,603	\$ 130,570	\$ 47,967
Contractual services	151,871	140,791	102,250	(38,541)
Commodities	9,242	9,400	66,100	56,700
Capital outlay	580	3,059	194,250	191,191
Miscellaneous	95	821	-	(821)
Debt service:				
Principal	167,297	172,325	-	(172,325)
Interest	24,953	19,925	-	(19,925)
Transfers:				
Sewer plant O-M-R	5,000	5,000	10,000	5,000
Total expenditures	480,081	433,924	\$ 503,170	\$ 69,246
Receipts over (under) expenditures	(4,483)	38,933		
Unencumbered cash, beginning of year	104,361	99,878	\$ 45,067	\$ 54,811
Unencumbered cash, end of year	\$ 99,878	\$ 138,811	\$ 22,897	\$ 115,914

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

SOLID WASTE UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Charges for services	\$ 342,612	\$ 347,234	\$ 360,325	\$ (13,091)
Expenditures:				
Contractual services	342,711	343,839	\$ 345,000	\$ 1,161
Transfers:				
General	-	4,228	13,000	8,772
Total expenditures	342,711	348,067	\$ 358,000	\$ 9,933
Receipts over (under) expenditures	(99)	(833)		
Unencumbered cash, beginning of year	932	833	\$ 8,683	\$ (7,850)
Unencumbered cash, end of year	\$ 833	\$ -	\$ 11,008	\$ (11,008)

See Independent Auditor's Report.

CITY OF MEDICINE LODGE, KANSAS

NON-BUDGETED BUSINESS FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2021

	Waterworks depreciation and maintenance reserve	Sewer plant O-M-R	Total
Receipts:			
Transfers:			
Water utility	\$ 125,000	\$ -	\$ 125,000
Sewer utility	-	5,000	5,000
Total receipts	125,000	5,000	130,000
Expenditures:			
Contractual services	41,979	-	41,979
Commodities	-	17,680	17,680
Capital outlay	45,000	900	45,900
Total expenditures	86,979	18,580	105,559
Receipts over (under) expenditures	38,021	(13,580)	24,441
Unencumbered cash, beginning of year	810,746	53,421	864,167
Unencumbered cash, end of year	\$ 848,767	\$ 39,841	\$ 888,608

See Independent Auditor's Report.