

CITY OF ELLIS, KANSAS

Primary Government Financial Statement
With Independent Auditors' Report

For the Year Ended December 31, 2020

CITY OF ELLIS, KANSAS
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For the Year Ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Ellis, Kansas
Ellis, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **City of Ellis, Kansas**, as of and for the year ended December 31, 2020 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by **City of Ellis, 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 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the 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 **City of Ellis, Kansas** as of December 31, 2020, 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 financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **City of Ellis, Kansas** as of December 31, 2020, 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, and summary of regulatory basis receipts and disbursements – agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. 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 information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of **City of Ellis, Kansas** as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated May 18, 2020 which contained an unmodified opinion on the basic financial statement. The 2019 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 <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2019 actual column (2019

comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2020 (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 2019 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 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 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 2019 basic financial statement or to the 2019 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 2019 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, 2019, on the basis of accounting described in Note 1.

Other Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2021, on our consideration of **City of Ellis, Kansas**' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **City of Ellis, Kansas**' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **City of Ellis, Kansas**' internal control over financial reporting and compliance.



ADAMSBROWN, LLC
Certified Public Accountants
Hays, Kansas

June 21, 2021

CITY OF ELLIS, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2020

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Fund	\$ 735,841	-	1,721,707	1,821,982	635,566	46,062	681,628
Special Purpose Funds							
Special Highway Fund	6,281	-	54,285	58,752	1,814	1,642	3,456
Special Parks and Recreation Fund	21,764	-	3,010	-	24,774	-	24,774
Capital Improvement Fund	145,415	104	25,000	46,566	123,953	39,865	163,818
Capital Improvement Fund - Cemetery Expansion	7,500	-	-	-	7,500	-	7,500
Capital Improvement Fund - Streets	99,968	-	166,987	25,133	241,822	-	241,822
Capital Improvement Fund - Special Projects	474,672	-	72,828	378,150	169,350	-	169,350
Capital Improvement Fund - Water Exploration	357,240	-	4,698	20,407	341,531	20,000	361,531
Capital Improvement Fund - Swimming Pool	172,416	-	1,204,704	1,377,120	-	26,545	26,545
Special Machinery Fund	380,907	-	183,740	54,515	510,132	44,215	554,347
Library Fund	2,751	-	56,294	55,625	3,420	-	3,420
Tourism Fund	114,792	-	27,542	17,212	125,122	3,389	128,511
Bond and Interest Funds							
Water Principal and Interest Fund	466,110	-	490,187	430,300	525,997	-	525,997
TIF Bond Reserve Fund	80,000	-	-	-	80,000	-	80,000
TIF Bond and Interest Fund	527,015	-	167,876	87,388	607,503	-	607,503
Capital Project Funds							
USDA Waterline Project Fund	160,695	-	-	-	160,695	-	160,695
Business Funds							
Campground Utility Fund	79,567	-	47,554	45,945	81,176	1,306	82,482
Water Utility Fund	252,683	-	705,345	622,083	335,945	17,139	353,084
Sewer Utility Fund	116,172	955	399,298	303,783	212,642	8,141	220,783
Sanitation Utility Fund	90,435	-	361,229	335,710	115,954	15,531	131,485
Water Depreciation Reserve Fund	694,960	-	85,000	672,415	107,545	749,557	857,102
Sewer Depreciation Reserve Fund	171,417	3,125	57,035	14,431	217,146	5,095	222,241
Trust Funds							
Coinsurance Fund	183,661	-	330,141	267,264	246,538	-	246,538
Cemetery Endowment Fund	26,106	-	450	-	26,556	-	26,556
Total Primary Government	5,368,368	4,184	6,164,910	6,634,781	4,902,681	978,487	5,881,168
Related Municipal Entity							
Ellis Public Library	84,217	-	77,579	66,820	94,976	196	95,172
Total Primary Government	<u>\$ 5,452,585</u>	<u>4,184</u>	<u>6,242,489</u>	<u>6,701,601</u>	<u>4,997,657</u>	<u>978,683</u>	<u>5,976,340</u>
Composition of Cash				Checking Accounts		\$	5,892,759
				Cash on Hand			2,500
				Total Primary Government			5,895,259
				Total Related Municipal Entity			95,172
				Agency Fund per Schedule 3			(14,091)
				Total Primary Government		\$	5,976,340

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

CITY OF ELLIS, KANSAS
Notes to Financial Statement
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Ellis, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Financial Reporting Entity

The City is a municipal corporation governed by an elected mayor and six-member council. This financial statement presents the City (the municipality) and its related municipal entity, Ellis Public Library, shown below. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents. This financial statement does not include the related municipal entity, Ellis Housing Authority, shown below.

Public Library

The City's Library Board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City.

Housing Authority

The City's Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. Audited financial statements can be obtained by contacting the housing authority's office.

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, 2020.

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 revenue 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 the acquisition or construction of major capital facilities or equipment.

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

CITY OF ELLIS, KANSAS
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December 31, 2020

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

Agency Fund – fund used to report assets held by the municipal reporting entity in a purely custodial capacity (health reimbursement arrangement).

Basis of Accounting

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

The 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.

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 KMAAG regulatory basis of accounting.

NOTE 2 – BUDGETARY INFORMATION

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

- 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 10 days after publication of notice of hearing.
- d. 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 revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 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.

CITY OF ELLIS, KANSAS
Notes to Financial Statement
December 31, 2020

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the 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, trust funds, and the following special purpose funds: Capital Improvement Fund, Capital Improvement Fund – Cemetery Expansion, Capital Improvement Fund – Streets, Capital Improvement Fund – Special Projects, Capital Improvement Fund – Water Exploration, Capital Improvement Fund – Swimming Pool and Special Machinery Fund.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

City of Ellis, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

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 adopted an investment policy during 2007 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 K.S.A. 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, except during designated "peak periods" when required coverage is 50%. The City does not use "peak periods". All deposits were legally secured at December 31, 2020.

CITY OF ELLIS, KANSAS
Notes to Financial Statement
December 31, 2020

At December 31, 2020, the City's carrying amount of deposits was \$5,895,259 and the bank balance was \$6,101,935. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$264,091 was covered by federal depository insurance and \$5,837,844 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2020, the Public Library's carrying amount of deposits was \$95,172 and the bank balance was \$96,922. The bank balance was held by two banks resulting in a concentration of credit risk. The entire bank balance was covered by federal depository insurance.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2020.

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Ellis, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2020 were as follows:

From	To	Regulatory Authority	Amount
General Fund	Special Machinery Fund	K.S.A. 12-1,117	\$ 183,740
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	25,000
General Fund	Capital Improvement Fund – Streets	K.S.A. 12-1,118	166,987
General Fund	Coinsurance Fund	Ordinance	200,834
General Fund	Water Principal and Interest Fund	Resolution	242,062
General Fund	Capital Improvement Fund – Water Exploration	K.S.A. 12-1,118	4,698
General Fund	Capital Improvement Fund – Special Projects	K.S.A. 12-1,118	29,698
Sanitation Utility Fund	General Fund	K.S.A. 12-825d	21,948
Sanitation Utility Fund	Coinsurance Fund	Ordinance	45,589
Sewer Utility Fund	Sewer Depreciation Reserve Fund	K.S.A. 12-825d	40,000
Sewer Utility Fund	Coinsurance Fund	Ordinance	26,529
Campground Utility Fund	Coinsurance Fund	Ordinance	6,497
Water Utility Fund	General Fund	K.S.A. 12-825d	11,670
Water Utility Fund	Water Depreciation Reserve Fund	K.S.A. 12-825d	85,000
Water Utility Fund	Coinsurance Fund	Ordinance	50,692
Water Utility Fund	Water Principal and Interest Fund	Resolution	248,125
Capital Improvement Fund – Special Projects	Capital Improvement Fund – Swimming Pool	K.S.A. 12-1,118	335,019

NOTE 5 – LITIGATION

City of Ellis, Kansas is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the City.

CITY OF ELLIS, KANSAS
Notes to Financial Statement
December 31, 2020

NOTE 6 – RISK MANAGEMENT

City of Ellis, Kansas carries commercial insurance for risks of loss, including property, general liability, automobile, public official, inland marine, workers' compensation and umbrella. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 – GRANTS AND SHARED REVENUES

City of Ellis, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 8 – DEFERRED COMPENSATION PLAN

City of Ellis, Kansas sponsors a deferred compensation plan under Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The City is not required to make any contributions.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

City of Ellis, Kansas 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 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.61% for the fiscal year ended December 31, 2020. Contributions to the pension

CITY OF ELLIS, KANSAS
Notes to Financial Statement
December 31, 2020

plan from the City were \$63,386 for the year ended December 31, 2020.

The statutory contribution rate for Ellis Public Library was 10.02% for the fiscal year ended December 31, 2020. Contributions to the pension plan from the Public Library were \$3,307 for the year ended December 31, 2020.

Net Pension Liability

At December 31, 2020, the City's proportionate share of the collective net pension liability reported by KPERS was \$677,789. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. 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.

At December 31, 2020, Ellis Public Library's proportionate share of the collective net pension liability reported by KPERS was \$24,063. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The Public Library's proportion of the net pension liability was based on the ratio of the Public Library'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.

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **City of Ellis, Kansas** 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.

As provided by K.S.A.74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2020.

CITY OF ELLIS, KANSAS
Notes to Financial Statement
December 31, 2020

NOTE 11 – COMPENSATED ABSENCES

Vacation

City of Ellis, Kansas' policy regarding vacation for full-time employees is as follows:

Years Worked	80 Hour Pay Period Amount Earned	84 Hour Pay Period Amount Earned
1	40 hours/year	42 hours/year
2	80 hours/year	84 hours/year
3	88 hours/year	92 hours/year
4	96 hours/year	101 hours/year
5	104 hours/year	109 hours/year
6	112 hours/year	118 hours/year
7	120 hours/year	126 hours/year
8	128 hours/year	134 hours/year
9	136 hours/year	143 hours/year
10	144 hours/year	151 hours/year
11	152 hours/year	160 hours/year
12	160 hours/year	168 hours/year
13	168 hours/year	176 hours/year
14	176 hours/year	185 hours/year
15	184 hours/year	193 hours/year
16	192 hours/year	202 hours/year
17 and over	200 hours/year	210 hours/year

Part-time employees who work at least 20 hours or more per week shall earn vacation at the rate of one half the rate of full-time employees. Vacation may not be taken until the employee completes one full year of service. With the exception of 48 hours of allowable carryover, all vacation must be taken by the employee's anniversary date.

Sick Leave

The City's policy for sick leave permits an employee to earn sick leave at the rate of 8 hours per calendar month up to a maximum of 816 hours for 80 hours per pay period employees and 8.4 hours per calendar month up to a maximum of 856.8 hours for 84 hours per pay period employees. If specific voluntary separation requirements are met, employees shall be paid one percent (1%) for each year of continuous service of the value for any unused sick leave. The paid sick leave is included in the employee's final paycheck.

Currently, Ellis Public Library, a related municipal entity of **City of Ellis, Kansas**, allows the head librarian 48 hours of vacation and 44 hours of sick leave after six months of employment. Vacation and sick leave may not be carried over to the next year.

NOTE 12 – HEALTH REIMBURSEMENT ARRANGEMENT

City of Ellis, Kansas entered into a Health Reimbursement Arrangement (HRA). The full-time employee benefit is an HRA as defined by Section 105 of the Internal Revenue Code. The HRA plan is funded solely by the employer. The HRA plan allows for reimbursement of certain out-of-pocket medical and prescription drug costs incurred by the employees, their spouse or their dependents. The maximum allowance per year is \$4,050 for employee only, \$8,100 for employee and spouse, employee and children, and employee and family. The amount the City paid in HRA reimbursements was \$53,490 for the year ended December 31, 2020.

CITY OF ELLIS, KANSAS
Notes to Financial Statement
December 31, 2020

NOTE 13 – DEBT RESTRICTIONS AND COVENANTS

KDHE Revolving Loan

City of Ellis, Kansas entered into a loan agreement with the Kansas Department of Health and Environment to refinance the wastewater treatment plant project in the amount of \$831,611. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2020 as it is providing dedicated funds through rates, fees, and charges for the use and services furnished by or through the wastewater treatment system.

NOTE 14 – RISKS AND UNCERTAINTIES

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 2020.

NOTE 15 – CRF AND CARES ACT FUNDING

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK’s first round distribution was to local governments in the amount of \$400 million. The City received CRF in the amount of \$24,532 during 2020. The City is encouraged to share the CRF with school districts and local businesses within the City. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. The goals are to be fair, impactful and timely. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at <https://covid.ks.gov/>.

NOTE 16 – LONG-TERM DEBT

City of Ellis, Kansas has the following types of long-term debt.

KDHE Revolving Loan

The City entered into an \$831,611 revolving loan agreement on March 4, 2015, with the Kansas Department of Health and Environment acting on behalf of the State of Kansas for the purpose of financing improvements to the existing wastewater treatment facility.

General Obligation Bonds

On June 24, 2010, the City issued \$348,000 in General Obligation Bonds for the purpose of providing funds to pay the cost of the water system improvements.

On June 6, 2016, the City issued \$3,120,000 in General Obligation Refunding Bonds for the purpose of refinancing the 2006 General Obligation Bonds and the 2006 Water System Revenue Bonds.

CITY OF ELLIS, KANSAS
Notes to Financial Statement
December 31, 2020

On October 17, 2016, the City issued \$567,000 in General Obligation Bonds for the purpose of funding upgrades to the water distribution system.

Taxable Special Obligation Bonds

On May 30, 2012, the City issued \$885,000 in Taxable Special Obligation Bonds for the purpose of providing funds to pay the costs in connection with refunding the City's Taxable Special Obligation Bonds, Series 2004 and Series 2006, and the costs of certain improvements in the South Ridge Redevelopment District.

CITY OF ELLIS, KANSAS
Notes to Financial Statement
December 31, 2020

Changes in long-term liabilities for the City for the year ended December 31, 2020, 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
Revolving Loans									
KDHE - Wastewater Treatment Facility	2.13%	03/04/15	\$ 831,611	09/01/36	\$ 763,378	-	(35,207)	728,171	14,187
General Obligation Bonds									
Series 2010	3.25%	06/24/10	348,000	06/24/50	304,000	-	(6,000)	298,000	9,880
Series 2016	2.00%	06/06/16	3,120,000	10/01/24	2,015,000	-	(390,000)	1,625,000	40,300
Series 2016	1.88%	10/17/16	567,000	10/28/56	537,522	-	(10,197)	527,325	10,106
Taxable Special Obligation Bonds									
Series 2012	3.5 - 5%	05/30/12	885,000	12/01/24	440,000	-	(65,000)	375,000	20,738
Total Contractual Indebtedness					<u>\$ 4,059,900</u>	<u>-</u>	<u>(506,404)</u>	<u>3,553,496</u>	<u>95,211</u>

CITY OF ELLIS, KANSAS
Notes to Financial Statement
December 31, 2020

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

	YEAR												Total
	2021	2022	2023	2024	2025	2026-2030	2031-2035	2036-2040	2041-2045	2046-2050	2051-2055	2056	
Principal													
Revolving Loans	\$ 35,961	36,731	37,517	38,321	39,142	208,646	231,963	99,890	-	-	-	-	728,171
General Obligation Bonds	416,388	421,583	421,781	432,983	18,189	97,175	108,934	123,254	139,188	156,799	94,149	19,902	2,450,325
Taxable Special Obligation Bonds	70,000	75,000	80,000	150,000	-	-	-	-	-	-	-	-	375,000
Total Principal	522,349	533,314	539,298	621,304	57,331	305,821	340,897	223,144	139,188	156,799	94,149	19,902	3,553,496
Interest													
Revolving Loan	13,521	12,842	12,148	11,439	10,714	42,152	21,572	2,360	-	-	-	-	126,748
General Obligation Bonds	52,072	43,683	35,189	26,717	17,959	83,079	70,720	56,774	40,848	22,672	7,232	374	457,319
Taxable Special Obligation Bonds	17,813	14,488	10,925	7,126	-	-	-	-	-	-	-	-	50,352
Total Interest	83,406	71,013	58,262	45,282	28,673	125,231	92,292	59,134	40,848	22,672	7,232	374	634,419
Total Principal and Interest	\$ 605,755	604,327	597,560	666,586	86,004	431,052	433,189	282,278	180,036	179,471	101,381	20,276	4,187,915

CITY OF ELLIS, KANSAS

Regulatory-Required Supplementary Information

CITY OF ELLIS, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds					
General Fund	\$ 2,244,782	-	2,244,782	1,821,982	(422,800)
Special Purpose Funds					
Special Highway Fund	60,158	-	60,158	58,752	(1,406)
Special Parks and Recreation Fund	20,115	-	20,115	-	(20,115)
Library Fund	55,625	-	55,625	55,625	-
Tourism Fund	133,009	-	133,009	17,212	(115,797)
Bond and Interest Funds					
Water Principal and Interest Fund	877,415	-	877,415	430,300	(447,115)
TIF Bond and Interest Fund	613,112	-	613,112	87,388	(525,724)
Business Funds					
Campground Utility Fund	117,454	-	117,454	45,945	(71,509)
Water Utility Fund	914,009	-	914,009	622,083	(291,926)
Sewer Utility Fund	437,702	-	437,702	303,783	(133,919)
Sanitation Utility Fund	405,280	-	405,280	335,710	(69,570)

CITY OF ELLIS, KANSAS

General Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

			Current Year		
	Prior Year Actual		Actual	Budget	Variance Over (Under)
Receipts					
Taxes and Shared Revenues					
Ad Valorem	\$ 845,181	837,831	853,256	(15,425)	
Delinquent	19,190	28,838	-	28,838	
Motor Vehicle	110,331	121,770	85,949	35,821	
Total Taxes and Shared Revenues	<u>974,702</u>	<u>988,439</u>	<u>939,205</u>	<u>49,234</u>	
Intergovernmental					
Federal Aid - SPARKS	-	2,563	-	2,563	
Compensating Use Tax	81,234	114,599	84,500	30,099	
Local Alcoholic Liquor Tax	3,280	3,010	2,938	72	
City Sales Tax	336,058	378,927	320,000	58,927	
Total Intergovernmental	<u>420,572</u>	<u>499,099</u>	<u>407,438</u>	<u>91,661</u>	
Licenses and Permits					
Licenses and Permits	12,638	12,629	12,000	629	
Franchise Fees	92,190	83,921	90,000	(6,079)	
Total Licenses and Permits	<u>104,828</u>	<u>96,550</u>	<u>102,000</u>	<u>(5,450)</u>	
Miscellaneous					
Grave Openings and Closings	4,976	15,375	5,000	10,375	
Copy Fees	189	133	200	(67)	
Miscellaneous	7,628	6,928	11,200	(4,272)	
Cemetery Lots	1,450	1,175	1,000	175	
Pool Fees and Concessions	10,843	40	10,000	(9,960)	
Museum Roundup Program	247	222	250	(28)	
Grants and Donations	-	1,250	-	1,250	
Transfers In	35,918	33,618	33,618	-	
Total Miscellaneous	<u>61,251</u>	<u>58,741</u>	<u>61,268</u>	<u>(2,527)</u>	
Fines and Forfeitures					
Fines and Court Costs	13,306	13,359	12,500	859	
Diversion Fees	650	300	1,500	(1,200)	
Total Fines and Forfeitures	<u>13,956</u>	<u>13,659</u>	<u>14,000</u>	<u>(341)</u>	
Use of Money and Property					
Interest	114,652	39,140	-	39,140	
Rentals and Leases	22,774	26,079	22,000	4,079	
Total Use of Money and Property	<u>137,426</u>	<u>65,219</u>	<u>22,000</u>	<u>43,219</u>	
Total Receipts	\$ 1,712,735	1,721,707	1,545,911	175,796	

CITY OF ELLIS, KANSAS

General Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures				
General Government				
Personal Services	\$ 88,618	89,488	90,744	(1,256)
Contractual	140,152	148,053	153,325	(5,272)
Commodities	12,841	18,221	18,150	71
Capital Outlay	-	-	1,500	(1,500)
Total General Government	<u>241,611</u>	<u>255,762</u>	<u>263,719</u>	<u>(7,957)</u>
Police Department				
Personal Services	293,285	291,073	311,780	(20,707)
Contractual	21,760	24,700	22,600	2,100
Commodities	14,844	18,673	15,550	3,123
Capital Outlay	3,318	2,500	2,500	-
Total Police Department	<u>333,207</u>	<u>336,946</u>	<u>352,430</u>	<u>(15,484)</u>
Municipal Court				
Personal Services	12,436	10,584	9,646	938
Contractual	6,915	6,019	7,200	(1,181)
Commodities	269	328	500	(172)
Total Municipal Court	<u>19,620</u>	<u>16,931</u>	<u>17,346</u>	<u>(415)</u>
Fire Department				
Personal Services	18,997	16,145	21,997	(5,852)
Contractual	14,967	11,819	18,350	(6,531)
Commodities	8,605	9,014	7,250	1,764
Capital Outlay	4,780	-	2,500	(2,500)
Total Fire Department	<u>47,349</u>	<u>36,978</u>	<u>50,097</u>	<u>(13,119)</u>
Park Department				
Personal Services	54,428	53,112	53,210	(98)
Contractual	13,839	10,230	14,800	(4,570)
Commodities	16,839	10,722	16,500	(5,778)
Capital Outlay	-	-	3,000	(3,000)
Total Park Department	<u>85,106</u>	<u>74,064</u>	<u>87,510</u>	<u>(13,446)</u>
Economic Development	<u>-</u>	<u>-</u>	<u>439,970</u>	<u>(439,970)</u>
Street Department				
Personal Services	95,545	99,944	96,421	3,523
Commodities	-	105	-	105
Total Street Department	<u>\$ 95,545</u>	<u>100,049</u>	<u>96,421</u>	<u>3,628</u>

CITY OF ELLIS, KANSAS

General Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (continued)				
Building and Inspections				
Personal Services	\$ 13,860	15,273	16,052	(779)
Contractual	1,370	1,546	4,000	(2,454)
Commodities	416	841	1,225	(384)
Total Building and Inspections	15,646	17,660	21,277	(3,617)
Appropriations				
Museums	33,500	33,500	33,500	-
Library	14,000	9,500	9,500	-
Library Employee Benefit	2,500	2,500	2,500	-
Alliance and Foundation	25,000	22,500	22,500	-
Other	16,317	20,481	22,291	(1,810)
Total Appropriations	91,317	88,481	90,291	(1,810)
Swimming Pool				
Personal Services	63,197	32,677	71,855	(39,178)
Contractual	8,022	4,191	8,625	(4,434)
Commodities	7,893	908	18,500	(17,592)
Capital Outlay	380	3,590	2,000	1,590
Total Swimming Pool	79,492	41,366	100,980	(59,614)
Risk Management	500	-	10,000	(10,000)
Sales Tax Rebate Program	1,921	430	10,000	(9,570)
DARE Program	855	296	850	(554)
Growing Ellis Parks	-	-	100	(100)
Transfers Out	543,103	853,019	703,791	149,228
Total Expenditures	1,555,272	1,821,982	2,244,782	(422,800)
Receipts Over (Under) Expenditures	157,463	(100,275)		
Unencumbered Cash - Beginning	577,240	735,841		
Prior Year Cancelled Encumbrance	1,138	-		
Unencumbered Cash - Ending	\$ 735,841	635,566		

CITY OF ELLIS, KANSAS
Special Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Fuel Tax	\$ 54,948	52,563	54,050	(1,487)
Federal Aid - SPARKS	-	172	-	172
Licenses, Permits, Inspections	-	1,550	-	1,550
Total Receipts	<u>54,948</u>	<u>54,285</u>	<u>54,050</u>	<u>235</u>
Expenditures				
Personal Services	23,245	23,850	22,873	977
Contractual	14,760	20,539	17,490	3,049
Commodities	14,926	14,363	18,000	(3,637)
Capital Outlay	-	-	1,795	(1,795)
Transfers Out	2,500	-	-	-
Total Expenditures	<u>55,431</u>	<u>58,752</u>	<u>60,158</u>	<u>(1,406)</u>
Receipts Over (Under) Expenditures	(483)	(4,467)		
Unencumbered Cash - Beginning	<u>6,764</u>	<u>6,281</u>		
Unencumbered Cash - Ending	\$ <u>6,281</u>	<u>1,814</u>		

CITY OF ELLIS, KANSAS
Special Parks and Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental				
Local Alcoholic Liquor Tax	\$ 3,280	3,010	<u>2,938</u>	<u>72</u>
Expenditures				
Contractual	-	-	1,000	(1,000)
Commodities	619	-	3,750	(3,750)
Capital Outlay	-	-	<u>15,365</u>	<u>(15,365)</u>
Total Expenditures	<u>619</u>	<u>-</u>	<u>20,115</u>	<u>(20,115)</u>
Receipts Over (Under) Expenditures	2,661	3,010		
Unencumbered Cash - Beginning	<u>19,103</u>	<u>21,764</u>		
Unencumbered Cash - Ending	\$ <u>21,764</u>	<u>24,774</u>		

CITY OF ELLIS, KANSAS
Capital Improvement Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Insurance Proceeds	\$ 840	-
Sale of Equipment	2,250	-
Transfers In	10,080	25,000
Total Receipts	13,170	25,000
Expenditures		
Contractual	7,850	39,865
Capital Outlay	17,244	6,701
Total Expenditures	25,094	46,566
Receipts Over (Under) Expenditures	(11,924)	(21,566)
Unencumbered Cash - Beginning	157,339	145,415
Prior Year Cancelled Encumbrance	-	104
Unencumbered Cash - Ending	\$ 145,415	123,953

CITY OF ELLIS, KANSAS
Capital Improvement Fund - Cemetery Expansion
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts	\$ -	-
Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	7,500	7,500
Unencumbered Cash - Ending	\$ 7,500	7,500

CITY OF ELLIS, KANSAS
Capital Improvement Fund - Streets
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 63,880	166,987
Expenditures		
Capital Outlay	110,382	25,133
Receipts Over (Under) Expenditures	(46,502)	141,854
Unencumbered Cash - Beginning	146,470	99,968
Unencumbered Cash - Ending	\$ 99,968	241,822

CITY OF ELLIS, KANSAS
Capital Improvement Fund - Special Projects
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid - SPARKS	\$ -	15,233
Federal Aid - CDBG Coronavirus	-	27,897
Transfers In	-	29,698
Total Receipts	-	72,828
Expenditures		
Contractual Services	9,234	3,394
Capital Outlay	-	11,840
Local Grant Aid	-	27,897
Transfers Out	-	335,019
Total Expenditures	9,234	378,150
Receipts Over (Under) Expenditures	(9,234)	(305,322)
Unencumbered Cash - Beginning	483,906	474,672
Unencumbered Cash - Ending	\$ 474,672	169,350

CITY OF ELLIS, KANSAS
Capital Improvement Fund - Water Exploration
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ -	4,698
Expenditures		
Contractual Services	405	20,400
Commodities	-	7
Total Expenditures	405	20,407
Receipts Over (Under) Expenditures	(405)	(15,709)
Unencumbered Cash - Beginning	353,845	357,240
Prior Year Cancelled Encumbrances	3,800	-
Unencumbered Cash - Ending	\$ 357,240	341,531

CITY OF ELLIS, KANSAS
Capital Improvement Fund - Swimming Pool
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Grants	\$ 314,500	11,800
Federal Aid	-	833,653
Donations	49,735	21,562
Fundraising	6,385	2,670
Transfers In	-	335,019
Total Receipts	<u>370,620</u>	<u>1,204,704</u>
Expenditures		
Contractual Services	197,935	1,377,120
Commodities	269	-
Total Expenditures	<u>198,204</u>	<u>1,377,120</u>
Receipts Over (Under) Expenditures	172,416	(172,416)
Unencumbered Cash - Beginning	<u>-</u>	<u>172,416</u>
Unencumbered Cash - Ending	<u>\$ 172,416</u>	<u>-</u>

CITY OF ELLIS, KANSAS
Special Machinery Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Miscellaneous	\$ 11,100	-
Transfers In	77,583	183,740
Total Receipts	88,683	183,740
Expenditures		
Capital Outlay	73,056	54,515
Receipts Over (Under) Expenditures	15,627	129,225
Unencumbered Cash - Beginning	365,280	380,907
Unencumbered Cash - Ending	\$ 380,907	510,132

CITY OF ELLIS, KANSAS
Library Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Ad Valorem	\$ 48,012	47,600	48,467	(867)
Delinquent	1,145	1,702	-	1,702
Motor Vehicle	6,572	6,992	4,882	2,110
Total Receipts	55,729	56,294	<u>53,349</u>	<u>2,945</u>
Expenditures				
Library Appropriations	55,650	55,625	<u>55,625</u>	<u>-</u>
Receipts Over (Under) Expenditures	79	669		
Unencumbered Cash - Beginning	2,672	2,751		
Unencumbered Cash - Ending	\$ <u>2,751</u>	<u>3,420</u>		

CITY OF ELLIS, KANSAS
Tourism Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Receipts				
Transient Guest Tax	\$ 32,521	25,615	25,000	615
Federal Aid - SPARKS	-	1,800	-	1,800
Transfers In	15,000	-	-	-
Miscellaneous	525	127	250	(123)
Total Receipts	<u>48,046</u>	<u>27,542</u>	<u>25,250</u>	<u>2,292</u>
Expenditures				
Contractual	18,236	16,886	128,009	(111,123)
Commodities	7,402	326	5,000	(4,674)
Total Expenditures	<u>25,638</u>	<u>17,212</u>	<u>133,009</u>	<u>(115,797)</u>
Receipts Over (Under) Expenditures	22,408	10,330		
Unencumbered Cash - Beginning	<u>92,384</u>	<u>114,792</u>		
Unencumbered Cash - Ending	\$ <u>114,792</u>	<u>125,122</u>		

CITY OF ELLIS, KANSAS
Water Principal and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Transfers In	\$ 451,995	490,187	430,300	59,887
Expenditures				
Principal	385,000	390,000	390,000	-
Interest	48,000	40,300	40,300	-
Call Bonds	-	-	447,115	(447,115)
Total Expenditures	433,000	430,300	877,415	(447,115)
Receipts Over (Under) Expenditures	18,995	59,887		
Unencumbered Cash - Beginning	447,115	466,110		
Unencumbered Cash - Ending	\$ 466,110	525,997		

CITY OF ELLIS, KANSAS
TIF Bond Reserve Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts	\$ -	-
Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	80,000	80,000
Unencumbered Cash - Ending	\$ 80,000	80,000

CITY OF ELLIS, KANSAS
TIF Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		Current Year		Variance
	Prior Year Actual	Actual	Budget	Over Over (Under)
Receipts				
Taxes and Shared Revenues				
Ad Valorem	\$ 170,580	166,569	87,388	79,181
Delinquent	105	102	-	102
Special Assessments	1,100	1,200	-	1,200
Interest	666	5	-	5
Total Receipts	<u>172,451</u>	<u>167,876</u>	<u>87,388</u>	<u>80,488</u>
Expenditures				
Principal	65,000	65,000	65,000	-
Interest	23,663	20,738	20,738	-
Service Fees	1,650	1,650	1,650	-
Call Special Obligation Bonds	-	-	525,724	(525,724)
Total Expenditures	<u>90,313</u>	<u>87,388</u>	<u>613,112</u>	<u>(525,724)</u>
Receipts Over (Under) Expenditures	82,138	80,488		
Unencumbered Cash - Beginning	<u>444,877</u>	<u>527,015</u>		
Unencumbered Cash - Ending	\$ <u>527,015</u>	<u>607,503</u>		

CITY OF ELLIS, KANSAS
USDA Waterline Project Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts	\$ -	-
Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	160,695	160,695
Unencumbered Cash - Ending	\$ 160,695	160,695

CITY OF ELLIS, KANSAS
Campground Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Grants	\$ 50,000	3,975	-	3,975
Federal Aid - SPARKS	-	584	-	584
User Fees	51,009	39,390	42,000	(2,610)
Miscellaneous	606	-	-	-
Use of Money and Property Rentals and Leases	3,605	3,605	3,605	-
Total Receipts	105,220	47,554	<u>45,605</u>	<u>1,949</u>
Expenditures				
Personal Services	15,721	21,208	21,429	(221)
Contractual	10,010	7,500	10,150	(2,650)
Commodities	3,787	2,427	3,000	(573)
Capital Outlay	-	2,834	30,812	(27,978)
Transfers Out	6,021	6,497	6,497	-
Campground Expansion	35,023	5,479	45,566	(40,087)
Total Expenditures	70,562	45,945	<u>117,454</u>	<u>(71,509)</u>
Receipts Over (Under) Expenditures	34,658	1,609		
Unencumbered Cash - Beginning	44,909	79,567		
Unencumbered Cash - Ending	\$ <u>79,567</u>	<u>81,176</u>		

CITY OF ELLIS, KANSAS
Water Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Water Sales	\$ 657,158	670,010	665,000	5,010
Connects and Disconnects	19,741	21,349	18,900	2,449
Penalties	7,500	7,771	7,500	271
Federal Aid - SPARKS	-	1,705	-	1,705
Miscellaneous	3,152	4,510	2,500	2,010
Total Receipts	<u>687,551</u>	<u>705,345</u>	<u>693,900</u>	<u>11,445</u>
Expenditures				
Personal Services	115,554	73,592	115,355	(41,763)
Contractual	92,807	90,073	108,950	(18,877)
Commodities	31,974	26,748	41,000	(14,252)
Capital Outlay	1,879	-	217,159	(217,159)
Principal	16,009	16,197	16,197	-
Interest	20,341	19,986	19,986	-
Transfers Out	387,550	395,487	395,362	125
Total Expenditures	<u>666,114</u>	<u>622,083</u>	<u>914,009</u>	<u>(291,926)</u>
Receipts Over (Under) Expenditures	21,437	83,262		
Unencumbered Cash - Beginning	<u>231,246</u>	<u>252,683</u>		
Unencumbered Cash - Ending	\$ <u>252,683</u>	<u>335,945</u>		

CITY OF ELLIS, KANSAS
Sewer Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Receipts				
Sewer Charges	\$ 382,028	390,945	364,900	26,045
Penalties	4,721	4,945	3,450	1,495
Federal Aid - SPARKS	-	1,583	-	1,583
Miscellaneous	1,439	1,825	750	1,075
Total Receipts	<u>388,188</u>	<u>399,298</u>	<u>369,100</u>	<u>30,198</u>
Expenditures				
Personal Services	79,402	84,868	83,708	1,160
Contractual	101,353	75,294	108,450	(33,156)
Commodities	26,871	25,811	48,500	(22,689)
Capital Outlay	987	-	79,234	(79,234)
Principal	34,469	35,207	35,207	-
Interest	14,838	14,187	14,187	-
Commission Fees	1,973	1,887	1,887	-
Transfers Out	72,963	66,529	66,529	-
Total Expenditures	<u>332,856</u>	<u>303,783</u>	<u>437,702</u>	<u>(133,919)</u>
Receipts Over (Under) Expenditures	55,332	95,515		
Unencumbered Cash - Beginning	60,840	116,172		
Prior Year Cancelled Encumbrance	-	955		
Unencumbered Cash - Ending	\$ <u>116,172</u>	<u>212,642</u>		

CITY OF ELLIS, KANSAS
Sanitation Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Sanitation Charges	\$ 345,230	352,911	340,500	12,411
Recycle Proceeds	1,685	1,361	2,000	(639)
Penalties	4,166	4,272	3,500	772
Federal Aid - SPARKS	-	892	-	892
Miscellaneous	1,143	1,793	1,000	793
Total Receipts	<u>352,224</u>	<u>361,229</u>	<u>347,000</u>	<u>14,229</u>
Expenditures				
Personal Services	122,880	122,112	139,418	(17,306)
Contractual	105,782	118,111	109,300	8,811
Commodities	33,159	27,950	33,500	(5,550)
Capital Outlay	-	-	55,525	(55,525)
Transfers Out	62,390	67,537	67,537	-
Total Expenditures	<u>324,211</u>	<u>335,710</u>	<u>405,280</u>	<u>(69,570)</u>
Receipts Over (Under) Expenditures	28,013	25,519		
Unencumbered Cash - Beginning	<u>62,422</u>	<u>90,435</u>		
Unencumbered Cash - Ending	\$ <u>90,435</u>	<u>115,954</u>		

CITY OF ELLIS, KANSAS
Water Depreciation Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 85,000	85,000
Expenditures		
Contractual	119,543	672,415
Capital Outlay	48,862	-
Total Expenditures	168,405	672,415
Receipts Over (Under) Expenditures	(83,405)	(587,415)
Unencumbered Cash - Beginning	778,365	694,960
Unencumbered Cash - Ending	\$ 694,960	107,545

CITY OF ELLIS, KANSAS
Sewer Depreciation Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 50,000	40,000
Miscellaneous	-	17,035
Total Receipts	50,000	57,035
Expenditures		
Capital Outlay	-	11,836
Contractual	35,593	2,595
Total Expenditures	35,593	14,431
Receipts Over (Under) Expenditures	14,407	42,604
Unencumbered Cash - Beginning	157,010	171,417
Prior Year Cancelled Encumbrance	-	3,125
Unencumbered Cash - Ending	\$ 171,417	217,146

CITY OF ELLIS, KANSAS
Coinsurance Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 285,071	330,141
Expenditures		
Contractual	276,544	267,264
Receipts Over (Under) Expenditures	8,527	62,877
Unencumbered Cash - Beginning	175,134	183,661
Unencumbered Cash - Ending	\$ 183,661	246,538

CITY OF ELLIS, KANSAS
Cemetery Endowment Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Lot Sales	\$ 450	450
Expenditures	-	-
Receipts Over (Under) Expenditures	450	450
Unencumbered Cash - Beginning	25,656	26,106
Unencumbered Cash - Ending	\$ 26,106	26,556

CITY OF ELLIS, KANSAS
Ellis Public Library
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental	\$ 8,489	8,834
Interest	699	172
Collections	3,499	948
Appropriations	76,150	67,625
Total Receipts	88,837	77,579
Expenditures		
Personal Services	43,389	45,745
Contractual	15,655	12,507
Commodities	17,349	7,944
Capital Outlay	4,565	624
Total Expenditures	80,958	66,820
Receipts Over (Under) Expenditures	7,879	10,759
Unencumbered Cash - Beginning	76,338	84,217
Unencumbered Cash - Ending	\$ 84,217	94,976

CITY OF ELLIS, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2020

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Health Reimbursement Arrangement	\$ 7,475	60,106	53,490	14,091

CITY OF ELLIS, KANSAS

Single Audit Information

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

To the City Council
City of Ellis, Kansas
Ellis, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **City of Ellis, Kansas**, as of and for the year ended December 31, 2020, and the related notes to the financial statement, and have issued our report thereon dated June 21, 2021. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered **City of Ellis, Kansas'** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **City of Ellis, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **City of Ellis, Kansas'** internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Adams Brown, LLC". The signature is written in a cursive, flowing style.

ADAMSBROWN, LLC
Certified Public Accountants
Hays, Kansas

June 21, 2021

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

To the City Council
City of Ellis, Kansas
Ellis, Kansas

Report on Compliance for Each Major Federal Program

We have audited **City of Ellis, Kansas'** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **City of Ellis, Kansas'** major federal programs for the year ended December 31, 2020. **City of Ellis, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **City of Ellis, Kansas'** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit and Accounting Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **City of Ellis, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **City of Ellis, Kansas'** compliance.

Opinion on Each Major Federal Program

In our opinion, **City of Ellis, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of **City of Ellis, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **City of Ellis, Kansas'** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **City of Ellis, Kansas'** internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



ADAMSBROWN, LLC
Certified Public Accountants
Hays, Kansas

June 21, 2021

CITY OF ELLIS, KANSAS
Schedule of Expenditures of Federal Awards
December 31, 2020

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed Through Kansas Department of Commerce			
Community Development Block Grants	14.228	19-NC-007	\$ 833,653
COVID-19 Funding			
Community Development Block Grants	14.228	20-CV-081	<u>27,897</u>
Total U.S. Department of Housing and Urban Development			861,550
U.S. Department of the Treasury			
Passed Through Ellis County			
COVID-19 Funding			
Coronavirus Relief Fund	21.019	N/A	<u>24,532</u>
Total Expenditures of Federal Awards			\$ <u>886,082</u>

Note - There were no awards made to subrecipients for the year ended December 31, 2020.

See accompanying notes to schedule of expenditures of federal awards.

CITY OF ELLIS, KANSAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **City of Ellis, Kansas**, and is presented on the basis of accounting that demonstrates compliance with the regulatory basis of accounting of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

NOTE 2 – INDIRECT COST RATE

The City has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

NOTE 3 – OTHER EXPENDITURES

The City did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees, and incurred no expenditures in relation thereof for the year ended December 31, 2020.

CITY OF ELLIS, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued on whether the financial statement was prepared in accordance with a special purpose framework that is not is not in compliance with GAAP:

Unmodified

Internal control over financial reporting:

- | | | | | |
|---|----------------------|-----|----------------------|---------------|
| • Material weakness identified? | _____ | Yes | _____ <u>X</u> _____ | No |
| • Significant deficiency identified? | _____ <u>X</u> _____ | Yes | _____ | None reported |
| • Noncompliance material to financial statements noted? | _____ | Yes | _____ <u>X</u> _____ | No |

FEDERAL AWARDS

Internal control over major programs:

- | | | | | |
|--------------------------------------|-------|-----|----------------------|---------------|
| • Material weakness identified? | _____ | Yes | _____ <u>X</u> _____ | No |
| • Significant deficiency identified? | _____ | Yes | _____ <u>X</u> _____ | None reported |

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?

_____	Yes	_____ <u>X</u> _____	No
-------	-----	----------------------	----

Identification of major program:

_____ <u>Assistance Listing Number</u> _____	_____ <u>Name of Federal Program or Cluster</u> _____
14.228	Community Development Block Grants

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____	Yes	_____ <u>X</u> _____	No
-------	-----	----------------------	----

CITY OF ELLIS, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

2020-001

Criteria or specific requirement

Internal controls should be in place to ensure that employees do not have incompatible duties.

Condition

Proper segregation of duties does not exist in the accounting system.

Context

We determined, through inquiry and documentation of the City's internal controls, that there is a failure to properly segregate duties for the financial reporting process.

Cause

The City is unable to hire additional personnel due to its size.

Effect

Management may not become aware of problems or irregularities in a timely manner.

Recommendation

Procedures should be established and implemented to segregate duties in the receipts and expenditures cycles and strengthen internal controls. Also, involvement of the Council can mitigate the risk of errors or fraud. The Council should remain involved in the financial affairs of the Council to provide oversight and independent review functions.

Views of responsible officials

See Corrective Action Plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under the Uniform Guidance.

Summary Schedule of Prior Audit Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

2019-001

Condition

Proper segregation of duties does not exist in the accounting system.

Corrective Actions

The City implements segregation of duties wherever possible, given its size.

Status

Repeat Finding. See 2020-001.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None. No single audit for the year ended December 31, 2019.

