

**The City of Enterprise
Dickinson County, Kansas**

**Independent Auditors' Report and
Regulatory Basis Financial Statement
Year Ended December 31, 2019**

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City of Enterprise
Dickinson County, Kansas

Regulatory Basis Financial Statement
Year Ended December 31, 2019

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Independent Auditors' Report

Mayor and City Council
Enterprise, Kansas 67441

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Enterprise, Kansas, the Municipal Financial Reporting Entity, as of and for the year ended December 31, 2019 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 A to meet the financial reporting requirements of the State of Kansas; 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.

Auditor's Responsibility

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

An audit includes 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.

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

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

As described in Note A of the financial statement, the City of Enterprise, Kansas prepared this financial statement to meet the requirements of the State of 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.

Adverse Opinion on the U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the 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 the City of Enterprise, Kansas, as of December 31, 2019, or the changes in its financial position or cash flows for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In my opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Enterprise, Kansas, as of December 31, 2019, 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.

Report on Regulatory – Required Supplementary Information

My audit was conducted for the purpose of forming an opinion on the 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 schedule of regulatory basis receipts and expenditures-actual-related municipal entity (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 but are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. All supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the 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.

I also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Enterprise, Kansas as of and for the year ended December 31, 2018 (not presented herein), and have issued my report dated October 1, 2019, which contained an unmodified opinion on the basic financial statement. The 2018 basic financial statement and my 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/chief-financial-officer/municipal-services/municipal-audits>. The 2018 actual column (2018 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2019 (Schedule 2 as listed in the table of contents) is presented for analysis and are not a required part of the basic financial statement. Such 2018 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 2018 basic financial statement. The 2018 comparative information has been subjected to the auditing procedures applied in the audit of the 2018 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 2018 basic financial statement or to the 2018 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the 2018 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, 2018, on the basis of accounting described in Note 1.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the City of Enterprise, Kansas' basic financial statement. 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statement. 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 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 the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statement taken as a whole, on the basis of accounting described in Note A.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated September 28, 2020, on my consideration of the City of Enterprise's internal control over financial reporting and on our tests of its compliance with certain provisions of laws regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Enterprise's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cindy Jensen CPA". The signature is written in a cursive, flowing style.

Cindy Jensen, CPA
September 28, 2020

City of Enterprise
Dickinson County, Kansas

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2019

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances & Accounts Payable	Ending Cash Balance
General Fund	\$ 65,541	\$ 0	\$ 375,312	\$ 284,377	\$ 156,476	\$ 9,113	\$ 165,589
Special Purpose Funds							
Recreation	635	0	546	546	635	0	635
Library	1,897	0	14,029	14,029	1,897	0	1,897
Special Highway	79,411	0	21,881	65,868	35,424	43,472	78,896
Connecting Links	32,780	0	8,607	355,513	(314,126)	245,252	(68,874)
Special Law	50	0	0	0	50	0	50
Employee Benefits	44,885	0	8,792	17,429	36,248	283	36,531
Tort Liability	8	0	0	0	8	0	8
Bond & Interest							
Bond & Interest	7,469	0	6,914	9,634	4,749	0	4,749
Capital Project							
Capital Project	1	0	878,258	1,300,011	(421,752)	421,753	1
Business Fund							
Sewer	11,106	0	209,193	217,076	3,223	4,298	7,521
Water	2,757	0	132,040	132,892	1,905	2,980	4,885
Electric	178,702	0	597,379	683,192	92,889	46,665	139,554
Solid Waste	45,834	0	81,097	68,664	58,267	1,365	59,632
Trust Funds							
Landfill	109	0	0	0	109	0	109
Swimming Pool Endowment	1,175	0	0	0	1,175	0	1,175
Related Municipal Entity							
Enterprise Land Bank	500	0	0	0	500	0	500
Total Reporting Entity	<u>\$ 472,860</u>	<u>\$ 0</u>	<u>\$ 2,334,048</u>	<u>\$ 3,149,231</u>	<u>\$ (342,323)</u>	<u>\$ 775,181</u>	<u>\$ 432,858</u>

Composition of Cash Balance:

Checking & money market accounts	\$ 232,783
Certificates of Deposit	200,000
Cash on hand	75
Total Reporting Entity	<u>\$ 432,858</u>

The accompanying notes are an integral part of this statement.

The City of Enterprise
Dickinson County, Kansas

Notes to the Financial Statement
December 31, 2019

Note A – Summary of Significant Accounting Policies

The City has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The more significant of the City's accounting policies are described below.

Municipal Financial Reporting Entity

The City of Enterprise is a government entity and operates under a Mayor-Council form of government. The City operates as a third-class City. The City provides the following services: public safety (police and fire), streets, sanitation, water, sewer, electric service, recreation, public improvements, planning and zoning, and general administrative services. This financial statement presents the City of Enterprise (the municipality) and its related municipal entity the Enterprise Land Bank. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents. Other related municipal entities including the City of Enterprise Recreation Commission and Enterprise Library are not presented.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds, which are used to record the City's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, or limitations including State Statutes and City Ordinances. The following types of funds comprise the financial activities of the City.

General Fund – The chief operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

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

Business Funds – these are financed in whole or in part by fees charged to users of the goods or services. Business funds are operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of receipts, expenses, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Trust Funds – used to report assets held in trust for the benefit of the municipal financial reporting entity.

The City of Enterprise
Dickinson County, Kansas

Notes to the Financial Statement
December 31, 2019

Note A – Summary of Significant Accounting Policies (Cont.)

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 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.

Note B – Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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. The City amended its' Sewer and Library fund budgets increasing expenditure authority to \$211,000 and \$16,379 from \$100,240 and \$13,800 respectively.

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

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

The City of Enterprise
Dickinson County, Kansas

Notes to the Financial Statement
December 31, 2019

Note B – Stewardship, Compliance, and Accountability (Cont.)

A legal budget is not required for capital project and trust funds. Spending in funds that are not subject to the legal annual operating budget requirement are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Compliance with Finance-Related Legal and Contractual Provisions

References made herein to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the Municipality.

K.S.A. 9-1402 requires the City's funds to be adequately secured at all times. For short periods of time during the year, deposits were not secured as required.

K.S.A. 10-1113 requires no indebtedness be created for a fund in excess of monies in that fund. The capital project and connecting links funds were negative at year end. This occurred in both funds due to ongoing projects that were reimbursable by the state and federal governments, and therefore, no statutory violation occurred.

K.S.A. 79-2935 requires no expenditures be incurred in excess of budgeted limits. The sewer and connecting links funds were over budget.

K.S.A. 12-1608 requires the City treasurer to publish an annual statement. This statement was not published.

Management is not aware of any other items of noncompliance with Kansas regulations.

Note C – Cash and Deposits

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.

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

Custodial Credit Risk – 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 FDIC insurance, or by collateral held under a joint custody receipts 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 has no designated "peak periods". The City's deposits were legally secured at December 31, 2019.

The City maintains a cash pool that is available for use by all funds. At year-end the carrying amount of the City's deposits, including certificates of deposit, was \$432,783. The bank balance was \$476,659. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was held by one bank resulting in a concentration of credit risk. The entire bank balance was covered by FDIC insurance.

The City of Enterprise
Dickinson County, Kansas

Notes to the Financial Statement
December 31, 2019

Note D – Property Taxes

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the state of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations based on real estate transactions recorded by the Register of Deeds and personal property transactions reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the County. In accordance with State statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property tax is due December 20th prior to the fiscal year for which they are budgeted, and the second half is due the following May 10th. The County Treasurer collects and distributes the property taxes. In accordance with State statutes, property taxes levied during the current year are a revenue source to be used to finance the following years operation.

Note E – 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. To insure against risk of these types of losses, the City has purchased commercial insurance coverage. Settled claims resulting from these risks have not exceeded coverage in the past three calendar years.

Note F – Defined Pension Plan

Plan Description

The City of Enterprise, 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 may be found on the 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 KPERS 1, KPERS 2, or a KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 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 rate for KPERS 1, KPERS 2, and KPERS 3 to 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 8.89% for the fiscal year ended December 31, 2019. Contributions to the pension plan from the City were \$24,860 for the year ended December 31, 2019.

The City of Enterprise
Dickinson County, Kansas

Notes to the Financial Statement
December 31, 2019

Note F – Defined Benefit Pension Plan (Cont.)

Net Pension Liability

At December 31, 2019, the City's proportionate share of the collective net pension liability reported by KPERS was \$180,848. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. 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 these financial statements.

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

Note G – Other Long-Term Obligation from Operations

Compensated Absences

Full-time employees earn four hours of sick leave for each full month of service. Sick leave may accumulate to 750 hours. Upon termination, an employee is not paid for any unused sick leave.

Vacation for full-time employees is based on years of employment. Full-time employees receive one week after the first year of service, two weeks after two years of service, and three weeks after five years of continuous service. Vacation time may not be accumulated past the individual's employment date anniversary unless approval is made by the city council. The city council may also approve payment of unused vacation time. Upon termination, an employee shall be compensated for all earned but unused vacation at their final rate of pay, subject to the maximum hours of accumulation authorized.

Other Post-Employment Benefits

In accordance with State statutes, the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by State statutes. The premium is paid in full by the insured directly to the insurance carrier. There is no cost to the City under this program.

Death and Disability Other Post Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2019.

Customer Deposits

The City requires a utility deposit for new customers. The City retains the deposit for five years and then is paid back to those in good standing upon request. The City does not recognize the customer deposit liability in its financial statement.

Note H – Contracts

In February 2015, the City contracted with Dickinson County for its' police protection. The County agrees to provide not less than 200 man hours per month within the City. The City paid \$7,975 for each full month of this coverage in 2019. The contract is renegotiated annually.

The City of Enterprise
Dickinson County, Kansas

Notes to the Financial Statement
December 31, 2019

Note I – Long-Term Debt

General Obligation Bonds

The City issued General Obligation bonds in the amount of \$119,446 in 2006 for street improvements to Layton Lane. Special assessments were authorized to be charged to the benefiting property owners for repayment of the bond. The special assessments authorized to be charged began to be assessed by Dickinson County, Kansas in November 2007 and began distributing those assessments to the City beginning in 2008. Repayment of the bonds began in 2007. Payments are made from the Bond and Interest fund.

Capital Leases

On August 28, 2018, the City entered into a capital lease agreement with Dickinson County Bank for the purchase of a Mini-Excavator. The lease terminates due to non-appropriation of funds and the equipment is returned to the lessor. Four annual payments of \$10,991 are due beginning August 15, 2019, with the final purchase option payment of \$1 on August 15, 2022. Payments were made from the Special Highway and Connecting Links Funds.

Temporary Financing

On December 18, 2018, the City entered into a loan agreement with the Kansas Department of Health & Environment (loan number C20-1922-01) for \$545,000. The loan was necessary to obtain the estimated temporary financing to do a sewer project. On March 18, 2019, this loan was amended to \$765,000 based on the updated project estimates. The KDHE loan carries an interest rate of 2.54% with interest payments beginning on September 19, 2019 and is due in full March 1, 2024. This temporary financing is expected to be paid off with the issuance General Obligation Bonds in late 2020.

Changes in long term liabilities for the City for the year ended December 31, 2019 are as follows:

	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Due January 1	Additions	Reductions/ Payments	Balance Due December 31	Interest Paid
General Obligation Bonds:									
Layton Lane	4.75-6.7%	9/1/2006	119,446	9/1/2026	\$ 55,446	\$ 0	\$ 7,000	\$ 48,446	\$ 2,634
Temporary Financing:									
KDHE loan	2.54%	12/18/2018	765,000	3/1/2024	\$ 0	\$ 527,008	\$ 0	\$ 527,008	\$ 922
Capital leases payable:									
Mini-Excavator	3.90%	8/28/2018	40,041	8/15/2022	40,041	0	9,485	30,556	1,506
Total contractual indebtedness					<u>\$ 95,487</u>	<u>\$ 527,008</u>	<u>\$ 16,485</u>	<u>\$ 606,010</u>	<u>\$ 5,062</u>

The City of Enterprise
Dickinson County, Kansas

Notes to the Financial Statement
December 31, 2019

Note I – Long-Term Debt (Cont)

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

	2020	2021	2022	2023	2024	2025-2026	Total
Principal							
Layton Lane	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000	\$ 13,446	\$ 48,446
Mini-Excavator	9,796	10,181	10,579	0	0	0	30,556
KDHE	765,000	0	0	0	0	0	765,000
Total Principal	781,796	17,181	17,579	7,000	7,000	13,446	844,002
Interest							
Layton Lane	2,301	1,968	1,636	1,304	971	945	9,125
Mini-Excavator	1,195	810	412	0	0	0	2,417
KDHE	5,389	0	0	0	0	0	5,389
Total Interest	8,885	2,778	2,048	1,304	971	945	16,931
Total Principal & Interest	<u>\$ 790,681</u>	<u>\$ 19,959</u>	<u>\$ 19,627</u>	<u>\$ 8,304</u>	<u>\$ 7,971</u>	<u>\$ 14,391</u>	<u>\$ 860,933</u>

Note J – Transfers

During 2019, the City transferred monies between funds as allowed by applicable Kansas statutes. The following schedule details transfers made.

Transferred From:	Transferred to:	Authority	Amount
Electric	Water	12-825d	\$ 6,500
Electric	Sewer	12-825d	88,500

Note K – Sewer Project

The City is finalizing a wastewater facility project. The project connected the City's system to the City of Detroit's system and included the construction of an additional lagoon. In 2018, the city obtained a \$600,000 Community Development Block Grant and a loan commitment of \$861,000 from USDA-RD for the project. The City obtained temporary financing with a Kansas Department of Health and Environment loan which will be repaid with the issuance of bonds upon project completion. The bonds will be purchased by USDA-RD at an estimated interest rate of 3.375%. The KDHE loan carries an interest rate of 2.54%. The currently estimated project cost is \$1,401,585. As of December 31, 2019, the City had expended \$1,353,535 in project costs.

Note L – Subsequent Events

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date that the financial statement was available to be issued.

Regulatory – Required Supplementary Information

City of Enterprise
Dickinson County, Kansas

Schedule 1

Summary of Expenditures-Actual and Budget
Regulatory Basis
Budgeted Funds Only
For the Year Ended December 31, 2019

FUNDS	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund	\$ 410,485	\$ 0	\$ 410,485	\$ 284,377	\$ (126,108)
Special Purpose Funds					
Recreation	1,100	0	1,100	546	(554)
Library	16,379	0	16,379	14,029	(2,350)
Special Highway	105,582	0	105,582	65,868	(39,714)
Connecting Links	39,802	0	39,802	355,513	315,711
Special Law	100	0	100	0	(100)
Employee Benefits	33,028	0	33,028	17,429	(15,599)
Tort Liability	0	0	0	0	0
Bond & Interest					
Bond & Interest	9,634	0	9,634	9,634	0
Business Funds					
Sewer	211,000	0	211,000	217,076	6,076
Water	140,000	0	140,000	132,892	(7,108)
Electric	721,000	0	721,000	683,192	(37,808)
Solid Waste	79,500	0	79,500	68,664	(10,836)

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 2A

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

GENERAL FUND

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Dickinson County	\$ 175,920	\$ 230,066	\$ 223,578	\$ 6,488
Sales & Use Tax	69,901	66,230	65,000	1,230
Franchise	11,568	11,424	10,000	1,424
Licenses & Permits	1,817	1,710	1,500	210
Fines & Court	8,949	10,467	7,500	2,967
Use of Money and Property	15,969	15,719	14,000	1,719
Swimming Pool	4,658	4,297	5,800	(1,503)
Other	8,226	35,399	0	35,399
Transfers In	0	0	0	0
Total Receipts	<u>297,008</u>	<u>375,312</u>	<u>327,378</u>	<u>47,934</u>
Expenditures				
General				
Personal	43,742	42,273	50,000	(7,727)
Commodities	71,856	6,385	11,500	(5,115)
Contractual	56,452	68,805	50,000	18,805
Capital Outlay	0	0	1,000	(1,000)
Law				
Commodities	0	24	2,000	(1,976)
Contractual	98,093	97,545	98,000	(455)
Fire				
Personal	1,416	1,593	3,800	(2,207)
Commodities	13,394	6,182	10,700	(4,518)
Contractual	7,463	8,958	10,500	(1,542)
Capital Outlay	0	0	0	0
Swimming Pool				
Personal	12,023	16,760	20,000	(3,240)
Commodities	1,911	1,991	4,500	(2,509)
Contractual	1,838	1,104	5,000	(3,896)
Capital Outlay	0	0	4,500	(4,500)
Parks & Recreation				
Personal	275	0	5,500	(5,500)
Commodities	9,780	7,478	4,000	3,478
Contractual	320	763	500	263
Streets				
Personal	7,955	8,806	7,000	1,806
Commodities	14,124	5,873	21,500	(15,627)
Street Lights	9,192	9,072	10,100	(1,028)
Contractual	0	765	3,000	(2,235)
Transfers out	0	0	87,385	(87,385)
Total Expenditures	<u>349,834</u>	<u>284,377</u>	<u>410,485</u>	<u>(126,108)</u>
Receipts Over (Under) Expenditures	(52,826)	90,935	<u>\$ (83,107)</u>	<u>\$ 174,042</u>
Unencumbered Cash, January 1	118,367	65,541		
Unencumbered Cash, December 31	<u>\$ 65,541</u>	<u>\$ 156,476</u>		

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 2B

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

RECREATION

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Dickinson County	\$ 1,117	\$ 546	\$ 465	\$ 81
Other	0	0	0	0
Total Receipts	<u>1,117</u>	<u>546</u>	<u>465</u>	<u>81</u>
Expenditures				
Appropriation to Recreation Comm	1,117	546	1,100	(554)
Other	0	0	0	0
Total Expenditures	<u>1,117</u>	<u>546</u>	<u>1,100</u>	<u>(554)</u>
Receipts Over (Under) Expenditures	0	0	<u>\$ (635)</u>	<u>\$ 635</u>
Unencumbered Cash, January 1	<u>635</u>	<u>635</u>		
Unencumbered Cash, December 31	<u>\$ 635</u>	<u>\$ 635</u>		

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 2C

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

LIBRARY				
	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Dickinson County	\$ 12,590	\$ 14,029	\$ 14,482	\$ (453)
Other Receipts	0	0	0	0
Total Receipts	<u>12,590</u>	<u>14,029</u>	<u>14,482</u>	<u>(453)</u>
Expenditures				
Appropriation to Library Board	12,590	14,029	16,379	(2,350)
Other	0	0	0	0
Total Expenditures	<u>12,590</u>	<u>14,029</u>	<u>16,379</u>	<u>(2,350)</u>
Receipts Over (Under) Expenditures	0	0	<u>\$ (1,897)</u>	<u>\$ 1,897</u>
Unencumbered Cash, January 1	<u>1,897</u>	<u>1,897</u>		
Unencumbered Cash, December 31	<u>\$ 1,897</u>	<u>\$ 1,897</u>		

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 2D

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

SPECIAL HIGHWAY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State of Kansas	\$ 21,942	\$ 21,881	\$ 21,930	\$ (49)
Other Receipts	0	0	0	0
Total Receipts	<u>21,942</u>	<u>21,881</u>	<u>21,930</u>	<u>(49)</u>
Expenditures				
Street maintenance and repair	9,193	65,868	105,582	(39,714)
Other	0	0	0	0
Total Expenditures	<u>9,193</u>	<u>65,868</u>	<u>105,582</u>	<u>(39,714)</u>
Receipts Over (Under) Expenditures	12,749	(43,987)	<u>\$ (83,652)</u>	<u>\$ 39,665</u>
Unencumbered Cash, January 1	<u>66,662</u>	<u>79,411</u>		
Unencumbered Cash, December 31	<u>\$ 79,411</u>	<u>\$ 35,424</u>		

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 2E

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

CONNECTING LINKS

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State of Kansas	\$ 6,354	\$ 8,478	\$ 6,350	\$ 2,128
Other Receipts	0	129	0	129
Total Receipts	<u>6,354</u>	<u>8,607</u>	<u>6,350</u>	<u>2,257</u>
Expenditures				
Highway repair & maintenance	5,072	41,387	39,802	1,585
KS Hwy 43 project	0	314,126	0	314,126
Total Expenditures	<u>5,072</u>	<u>355,513</u>	<u>39,802</u>	<u>315,711</u>
Receipts Over (Under) Expenditures	1,282	(346,906)	<u>\$ (33,452)</u>	<u>\$ (313,454)</u>
Unencumbered Cash, January 1	<u>31,498</u>	<u>32,780</u>		
Unencumbered Cash, December 31	<u>\$ 32,780</u>	<u>\$ (314,126)</u>		

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 2F

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

SPECIAL LAW

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Dickinson County	\$ 50	\$ 0	\$ 100	\$ (100)
Other Receipts	0	0	0	0
Total Receipts	<u>50</u>	<u>0</u>	<u>100</u>	<u>(100)</u>
Expenditures				
Law expenditures	0	0	100	(100)
Other	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>100</u>	<u>(100)</u>
Receipts Over (Under) Expenditures	50	0	<u>\$ 0</u>	<u>\$ 0</u>
Unencumbered Cash, January 1	<u>0</u>	<u>50</u>		
Unencumbered Cash, December 31	<u>\$ 50</u>	<u>\$ 50</u>		

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 2G

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

EMPLOYEE BENEFITS

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Dickinson County	\$ 41,475	\$ 8,792	\$ 6,757	\$ 2,035
Other Receipts	0	0	0	0
Total Receipts	<u>41,475</u>	<u>8,792</u>	<u>6,757</u>	<u>2,035</u>
Expenditures				
Employee Benefits	19,220	17,429	33,028	(15,599)
Other	0	0	0	0
Total Expenditures	<u>19,220</u>	<u>17,429</u>	<u>33,028</u>	<u>(15,599)</u>
Receipts Over (Under) Expenditures	22,255	(8,637)	<u>\$ (26,271)</u>	<u>\$ 17,634</u>
Unencumbered Cash, January 1	<u>22,630</u>	<u>44,885</u>		
Unencumbered Cash, December 31	<u>\$ 44,885</u>	<u>\$ 36,248</u>		

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 2H

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

TORT LIABILITY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Dickinson County	\$ 0	\$ 0	\$ 0	\$ 0
Other Receipts	0	0	0	0
Total Receipts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Contractual Services	0	0	0	0
Other	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0	<u>\$ 0</u>	<u>\$ 0</u>
Unencumbered Cash, January 1	<u>8</u>	<u>8</u>		
Unencumbered Cash, December 31	<u>\$ 8</u>	<u>\$ 8</u>		

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 2I

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

BOND & INTEREST

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Dickinson County	\$ 3	\$ 0	\$ 0	\$ 0
Special Assessments	5,912	6,914	6,000	914
Total Receipts	<u>5,915</u>	<u>6,914</u>	<u>6,000</u>	<u>914</u>
Expenditures				
Principal & Interest	9,966	9,634	9,634	0
Cash Basis Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>9,966</u>	<u>9,634</u>	<u>9,634</u>	<u>0</u>
Receipts Over (Under) Expenditures	(4,051)	(2,720)	<u>\$ (3,634)</u>	<u>\$ 914</u>
Unencumbered Cash, January 1	<u>11,520</u>	<u>7,469</u>		
Unencumbered Cash, December 31	<u>\$ 7,469</u>	<u>\$ 4,749</u>		

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 2J

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

CAPITAL PROJECTS

	Prior Year Actual	Current Year Actual
Receipts		
CDBG	\$ 0	\$ 351,250
KDHE temporary financing	0	527,008
Total Receipts	<u>0</u>	<u>878,258</u>
Expenditures		
Sewer project-federal funds	0	1,118,035
Sewer project-encumbered funds	0	138,545
Sewer project-other local costs	0	43,431
Total Expenditures	<u>0</u>	<u>1,300,011</u>
Receipts Over (Under) Expenditures	0	(421,753)
Unencumbered Cash, January 1	<u>1</u>	<u>1</u>
Unencumbered Cash, December 31	<u>\$ 1</u>	<u>\$ (421,752)</u>

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 2K

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

SEWER				
	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Charges for Services	\$ 96,790	\$ 106,932	\$ 113,000	\$ (6,068)
Transfers in	20,000	88,500	87,000	1,500
Other Receipts	1,271	13,761	0	13,761
Total Receipts	<u>118,061</u>	<u>209,193</u>	<u>200,000</u>	<u>9,193</u>
Expenditures				
Personal services	77,067	91,420	97,000	(5,580)
Commodities	10,487	10,558	13,000	(2,442)
Contractual	18,549	103,399	101,000	2,399
Sewer project-federal expenditures	9,610	11,699	0	11,699
Capital outlay	0	0	0	0
Transfers out	0	0	0	0
Total Expenditures	<u>115,713</u>	<u>217,076</u>	<u>211,000</u>	<u>6,076</u>
Receipts Over (Under) Expenditures	2,348	(7,883)	<u>\$ (11,000)</u>	<u>\$ 3,117</u>
Unencumbered Cash, January 1	<u>8,758</u>	<u>11,106</u>		
Unencumbered Cash, December 31	<u>\$ 11,106</u>	<u>\$ 3,223</u>		

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 2L

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

WATER				
	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Charges for Services	\$ 125,771	\$ 123,418	\$ 140,000	\$ (16,582)
Transfer in	10,000	6,500	0	6,500
Other Receipts	1,891	2,122	0	2,122
Total Receipts	<u>137,662</u>	<u>132,040</u>	<u>140,000</u>	<u>(7,960)</u>
Expenditures				
Personal Service	96,891	91,742	91,000	742
Commodities	28,393	18,396	31,000	(12,604)
Contractual	18,863	22,754	18,000	4,754
Capital Outlay	0	0	0	0
Other	0	0	0	0
Total Expenditures	<u>144,147</u>	<u>132,892</u>	<u>140,000</u>	<u>(7,108)</u>
Receipts Over (Under) Expenditures	(6,485)	(852)	<u>\$ 0</u>	<u>\$ (852)</u>
Unencumbered Cash, January 1	<u>9,242</u>	<u>2,757</u>		
Unencumbered Cash, December 31	<u>\$ 2,757</u>	<u>\$ 1,905</u>		

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 2M

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

ELECTRIC

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Charges for Services	\$ 600,726	\$ 581,211	\$ 650,000	\$ (68,789)
Late Fees	7,675	8,684	0	8,684
Customer Deposits	7,085	5,673	0	5,673
Other Receipts	1,648	1,811	0	1,811
Total Receipts	<u>617,134</u>	<u>597,379</u>	<u>650,000</u>	<u>(52,621)</u>
Expenditures				
Personal Service	97,064	94,637	118,000	(23,363)
Commodities	29,175	25,423	54,000	(28,577)
Electricity Purchased	440,909	431,276	410,000	21,276
Contractual	35,763	31,889	42,000	(10,111)
Capital Outlay	0	0	90,000	(90,000)
Customer Deposit Refunds	5,801	4,967	7,000	(2,033)
Transfers Out	30,000	95,000	0	95,000
Total Expenditures	<u>638,712</u>	<u>683,192</u>	<u>721,000</u>	<u>(37,808)</u>
Receipts Over (Under) Expenditures	(21,578)	(85,813)	<u>\$ (71,000)</u>	<u>\$ (14,813)</u>
Unencumbered Cash, January 1	<u>200,280</u>	<u>178,702</u>		
Unencumbered Cash, December 31	<u>\$ 178,702</u>	<u>\$ 92,889</u>		

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 2N

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

SOLID WASTE

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Charges for Services	\$ 70,610	\$ 80,031	\$ 67,000	\$ 13,031
Other receipts	850	1,066	0	1,066
Total Receipts	<u>71,460</u>	<u>81,097</u>	<u>67,000</u>	<u>14,097</u>
Expenditures				
Personal Service	30,895	26,357	24,500	1,857
Commodities	6,230	7,189	10,000	(2,811)
Contractual	34,575	35,118	45,000	(9,882)
Capital Outlay	0	0	0	0
Total Expenditures	<u>71,700</u>	<u>68,664</u>	<u>79,500</u>	<u>(10,836)</u>
Receipts Over (Under) Expenditures	(240)	12,433	<u>\$ (12,500)</u>	<u>\$ 24,933</u>
Unencumbered Cash, January 1	<u>46,074</u>	<u>45,834</u>		
Unencumbered Cash, December 31	<u>\$ 45,834</u>	<u>\$ 58,267</u>		

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 20

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2019

TRUST FUNDS

	Landfill	Swimming Pool Endowment
Receipts		
Fees and Donations	\$ 0	\$ 0
Other Receipts	0	0
Total Receipts	<u>0</u>	<u>0</u>
Expenditures		
Project	0	0
Other	0	0
Total Expenditures	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, January 1	<u>109</u>	<u>1,175</u>
Unencumbered Cash, December 31	<u>\$ 109</u>	<u>\$ 1,175</u>

See accompanying auditors' report.

City of Enterprise
Dickinson County, Kansas

Schedule 3

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2019
With Comparative Actual Totals for the Prior Year Ended December 31, 2018

RELATED MUNICIPAL ENTITY
ENTERPRISE LAND BANK

	Prior Year Actual	Current Year Actual
Receipts		
Sale of Property	\$ 0	\$ 0
Other Receipts	500	0
Total Receipts	<u>500</u>	<u>0</u>
Expenditures		
Property purchases	0	0
Other	0	0
Total Expenditures	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	500	0
Unencumbered Cash, January 1	<u>0</u>	<u>500</u>
Unencumbered Cash, December 31	<u>\$ 500</u>	<u>\$ 500</u>

See accompanying auditors' report.

Cindy Jensen

Certified Public Accountant

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Council Grove, KS 66846

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

Mayor and City Council
City of Enterprise
Enterprise, Kansas 67441

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting Guide, the financial statement of the City of Enterprise, Kansas, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Enterprise, Kansas' basic financial statements, and have issued my report thereon dated September 28, 2020. My report on the financial statement disclosed that, as described in Note A to the financial statement, the City of Enterprise, Kansas prepares its financial statement 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 generally accepted accounting principles.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, I identified certain deficiencies in internal control that I consider to be a material weakness.

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 statement will not be prevented or detected and corrected on a timely basis. I consider the following deficiency to be a material weakness.

2019-001 Inadequate segregation of duties

Condition: There is inadequate segregation of duties with respect to the financial recordkeeping functions. The clerk and assistant clerk are responsible for most recordkeeping and reconciliation activities with little rotation or cross-checking of duties.

Criteria: Internal controls should be in place to segregate duties, where possible, and to monitor the duties of the clerk and assistant.

Cause: The City is very small with few administrative personnel.

Effect: The clerk or assistant could cease performing some of their duties or make errors with the situation not being timely detected.

Recommendation: Procedures should be implemented to segregate and rotate duties, where possible. In addition, the mayor and city council should review detailed transactions and bank statements on a regular and consistent basis.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Enterprise, Kansas' financial statement is free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Enterprise, Kansas' Response to Findings

City of Enterprise, Kansas' response to the finding identified in my audit finding 2019-001 is as follows:

2019-001 City response: Administrative duties will be segregated as allowed by the availability of personnel and financial resources. The mayor and city council will continue to monitor duties performed by the administrative personnel and contract for professional assistance as necessary.

City of Enterprise, Kansas' response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, I express no opinion of it.

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 "Cindy Jensen CPA". The signature is written in a cursive, flowing style.

Cindy Jensen
Certified Public Accountant
Council Grove, Kansas
September 28, 2020

Cindy Jensen

Certified Public Accountant

218 W Main

Council Grove, KS 66846

620-767-5064

c.jensen@tctelco.net

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

Mayor and City Council
City of Enterprise
Enterprise, Kansas 67441

Report on Compliance for Each Major Federal Program

I have audited the City of Enterprise, 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 the City of Enterprise, Kansas' major federal programs for the year ended December 31, 2019. The City of Enterprise, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City of Enterprise, Kansas' major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that I 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 have occurred. An audit includes examining, on a test basis, evidence about the City of Enterprise, Kansas' compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination on the City of Enterprise, Kansas' compliance.

Opinion on Each Major Federal Program

In my opinion, the City of Enterprise, 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, 2019.

Report on Internal Control Over Compliance

Management of the City of Enterprise, 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 my audit, I considered the City of Enterprise, 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the City of Enterprise, Kansas' internal control over compliance.

Report on Internal Control Over Compliance (Cont)

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance, is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of the 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. I did not identify any deficiencies in internal control over compliance that I 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 on 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.

A handwritten signature in black ink that reads "Cindy Jensen CPA". The signature is written in a cursive, flowing style.

Cindy Jensen
Certified Public Accountant
Council Grove, Kansas
September 28, 2020

City of Enterprise
Dickinson County, Kansas

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Water And Waste Disposal Systems for Rural Communities	10.760	n/a	\$ 687,453
U.S. Department of Housing and Urban Development Kansas Department of Commerce-Small Cities Community Development Block Grants	14.228	18-PF-006	<u>\$ 442,281</u>
Total Federal Expenditures			<u><u>\$ 1,129,734</u></u> *

* Federal expenditures for the sewer project of \$11,699 and \$1,118,035 were expended from the sewer and project funds respectively.

The accompanying notes are an integral part of this schedule.

City of Enterprise
Dickinson County, Kansas

Notes to the Schedule of Expenditures of Federal Awards
December 31, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Enterprise, Kansas under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City. The Schedule is presented using a regulatory basis of accounting prescribed by the Kansas Municipal Audit and Accounting Guide (as described in Note A to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the State of Kansas regulatory basis of accounting modified to exclude encumbrances. Expenditures include disbursements and accounts payable, with disbursements being adjusted for prior year's accounts payable. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City of Enterprise has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – LOAN AND LOAN GUARANTEE PROGRAMS

The City received a loan commitment from USDA on April 10, 2018 in the amount of \$641,000, and on April 9, 2019 received another loan commitment from USDA in the amount of \$220,000. As part of this loan, the City obtained interim financing of \$765,000. Expenditures from this temporary financing are included as federal expenditures as incurred in accordance with federal program guidelines. The outstanding loan balance at December 31, 2019 was \$527,008.

NOTE E – SUB-RECIPIENTS

No federal awards were passed-through to sub-recipients

City of Enterprise, Kansas
Schedule of Findings and Questioned Costs
December 31, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:

In accordance with Generally Accepted Accounting Principles

Adverse

In accordance with the Kansas Regulatory basis of accounting as described
in Note A to the financial statement

Unmodified

Internal control over financial reporting:

Material weakness identified?

X

YES

NO

Significant deficiency identified?

YES

X

None reported

Noncompliance material to the financial statement noted?

YES

X

NO

FEDERAL AWARDS

Internal control over major programs:

Material weakness identified?

YES

X

NO

Significant deficiency identified?

YES

City of Enterprise, Kansas
Schedule of Findings and Questioned Costs
December 31, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

2019-001

Condition : There is inadequate segregation of duties with respect to the financial recordkeeping functions. The clerk and assistant clerk are responsible for most recordkeeping and reconciliation activities with little rotation or cross-checking of duties.

Criteria : Internal controls should be in place to segregate duties, where possible, and to monitor the duties of the clerk and assistant.

Effect : The clerk of assistant could cease performing some of their duties or make errors with the situation not being timely detected.

Cause : The City is very small with few administrative personnel.

Recommendation : Procedures should be implemented to segregate and rotate duties, where possible. In addition, the mayor and city council should review detailed transactions and bank statements on a regular and consistent basis.

Views of Responsible Officials and Planned Corrective Actions : We concur with the recommendation. However, the size of the city does not make it practical to have a sufficient number of employees to achieve optimum level of internal controls.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Water and Waste Disposal Systems for Rural Communities - CFDA #10.760 - No material findings or questioned costs are required to be disclosed under the Uniform Guidance.

SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None