

City of Washington, Kansas

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

With Report by Independent Auditor



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INDEPENDENT AUDITOR'S REPORT

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

Adverse and Unmodified Opinions

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Washington, Kansas (the City), as of and for the year ended December 31, 2021 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Basis for Adverse and Unmodified Opinions

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

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

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

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, I:

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

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

Supplementary Information

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

The City's basic financial statement for the year ended December 30, 2020 (not presented herein), was audited by other auditors whose report dated March 23, 2021, expressed an unmodified opinion on the basic financial statement. The 2020 basic financial statement and the other auditor's report are available in electronic form from the web site of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/oar/municipal-services>. The report of the other auditors dated March 23, 2021, stated that the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2020 was subjected to the auditing procedures applied in the audit of the 2020 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in their opinion, was fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2020, on the basis of accounting described in Note 1.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated March 25, 2022 on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Shiplay CPA, LLC

Shiplay CPA, LLC
Topeka, Kansas
March 25, 2022

Statement 1

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

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

Composition of Cash:

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

Total

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

Total Reporting Entity (Excluding Agency Funds)	<u>\$ 6,776,105</u>
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CITY OF WASHINGTON, KANSAS

NOTES TO THE FINANCIAL STATEMENT DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

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

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

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

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

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The following types of funds were utilized in recording the financial activities of the City for the year 2021:

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

Special Purpose funds – Used to account for the proceeds of specific tax levies and other specific regulatory receipt sources that are intended for specified purposes.

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

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

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

CITY OF WASHINGTON, KANSAS

NOTES TO THE FINANCIAL STATEMENT DECEMBER 31, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

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

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

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

Reimbursed Expenses

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

Note 2 – Budgetary Information

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

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

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

CITY OF WASHINGTON, KANSAS

NOTES TO THE FINANCIAL STATEMENT DECEMBER 31, 2021

Note 2 – Budgetary Information (continued)

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

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

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

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

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

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

Note 3 – Deposits and Investments

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

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

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

CITY OF WASHINGTON, KANSAS

NOTES TO THE FINANCIAL STATEMENT DECEMBER 31, 2021

Note 3 – Deposits and Investments (continued)

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

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

Related Municipal Entity

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

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

Note 4 – Property Taxes

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

Note 5 – Long-Term Debt

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

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

CITY OF WASHINGTON, KANSAS

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

Note 5 – Long-Term Debt (continued)

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

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

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

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

CITY OF WASHINGTON, KANSAS

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

Note 6 – Capital Projects

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

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

Note 7 – Interfund Transactions

Operating transfers were as follows:

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

Note 8 – Compensated Absences

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

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

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

Note 9 – Risk Management

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

CITY OF WASHINGTON, KANSAS

NOTES TO THE FINANCIAL STATEMENT DECEMBER 31, 2021

Note 10 – Defined Benefit Pension Plan

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

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were \$45,069 for the year ended December 31, 2021.

Net Pension Liability

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

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

CITY OF WASHINGTON, KANSAS

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

Note 11 – Covid-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity, and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022. Future potential impacts may include disruptions or restrictions on the City's ability to operate under its current mission and operating model.

Note 12 – Evaluation of Subsequent Events

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

Regulatory-Required Supplementary Information

SCHEDULE 1

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF WASHINGTON, KANSAS

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

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

CITY OF WASHINGTON, KANSAS

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

Note 1. General

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

Note 2. Basis of Presentation

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

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

CITY OF WASHINGTON, KANSAS

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

Section I – Summary of Independent Auditor’s Results

Financial Statement

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

Federal Awards

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

Identification of Major Federal Programs:

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

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

Section II – Financial Statement Audit

None Reported

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

None Noted



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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statement of the City of Washington, Kansas (the City), which comprise the Summary Statement of Receipts, Expenditures and Unencumbered Cash as of and for the year ended December 31, 2021, and the related notes to the financial statement, and have issued my report thereon dated March 25, 2022.

Report on Internal Control over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses.



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Report on Compliance and Other Matters

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

Purpose of this Report

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

Shiple CPA, LLC

Shiple CPA, LLC
Topeka, Kansas
March 25, 2022



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

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

Report on Compliance for Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

I conducted 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 Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

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

Responsibilities of Management for Compliance

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



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Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

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

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.



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Report on Internal Control over Compliance

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

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Shipley CPA, LLC

Shipley CPA, LLC
Topeka, Kansas
March 25, 2022