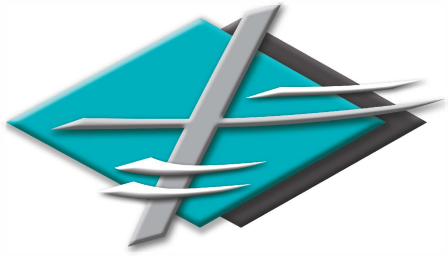
CITY OF CONWAY SPRINGS, KANSAS

FINANCIAL STATEMENT

FOR THE YEAR ENDED
DECEMBER 31, 2021



LOYD GROUP, LLC

Certified Public Accountants

CITY OF CONWAY SPRINGS, KANSAS

CITY OF THE THIRD CLASS

For the Year Ended December 31, 2021

Jessica Gerlach, Mayor

CITY COUNCIL

Daryle Smith

Janet Wiseley

Tim Sones

Theresa Lange

Lori Gerber

CITY OFFICERS

Aubrey Hill
City Clerk/Fire Chief

Brian Bina
Attorney

Shanna Hein
Treasurer

Landon Wiseley
Chief of Police

CITY OF CONWAY SPRINGS, KANSAS

For the Year Ended December 31, 2021

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CITY OF CONWAY SPRINGS, KANSAS

For the Year Ended December 31, 2021

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LOYD GROUP, LLC

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Conway Springs, Kansas 67031

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Conway Springs, Kansas, (a Municipal Financial Reporting Entity) as of and for the year ended December 31, 2021 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Conway Springs, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Conway Springs, Kansas as of December 31, 2021, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2021 fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, schedule of regulatory basis receipts and disbursements – agency funds, schedules of regulatory basis receipts and expenditures – actual-related municipal entities (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the 2021 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 2021 basic financial statement. The 2021 information has been subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2021 basic financial statement as a whole, on the basis of accounting described in Note 1.

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Conway Springs, Kansas as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon date July 30, 2024, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link http://admin.ks.gov/offices/chief-financial-officer/municipal-services. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget and Schedules of Receipts and Expenditures – Actual – Regulatory Basis related municipal entity for the year ended December 31, 2021 (Schedules 2 and 4 as listed in the table of contents) are also presented for purposes of additional analysis and are not a required part of the basic financial statement. Such 2019 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2020, on the basis of accounting described in Note 1.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
August 5, 2024

CITY OF CONWAY SPRINGS, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2021

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND:						
General Fund	$ 601,338	$ 828,983	$ 774,429	$ 655,892	$ 4,210	$ 660,102
SPECIAL PURPOSE FUNDS:						
Special Highway Fund	65,152	47,154	22,011	90,295	-	90,295
Public Safety Fund	8,624	242,784	219,569	31,839	-	31,839
Library Fund	27,031	16,562	24,760	18,833	-	18,833
Employee Benefits Fund	-	184,579	117,800	66,779	-	66,779
ARPA Fund	-	92,402	6,211	86,191	-	86,191
Fire Department Trust Fund	80,571	5,518	3,754	82,335	-	82,335
Cemetery Trust Fund	12,488	20	683	11,825	-	11,825
Park Trust Fund	4,652	-	-	4,652	-	4,652
Museum Trust Fund	10,390	1,265	5,016	6,639	-	6,639
Ambulance Trust Fund	15,896	7,194	30	23,060	-	23,060
Recreation Fund	10,176	-	275	9,901	-	9,901
Police Trust Fund	1,160	-	-	1,160	-	1,160
Total Special Purpose Funds	236,140	597,478	400,109	433,509	-	433,509
BOND AND INTEREST FUND:						
Bond and Interest Fund	-	-	-	-	-	-
CAPITAL PROJECTS FUNDS:						
Park and Pool Renovation Project Fund	37,314	-	36,874	440	-	440
Capital Equipment Reserve Fund	276,484	-	66,732	209,752	-	209,752
Capital Improvement Reserve Fund	1,415,354	3	460,514	954,843	-	954,843
Fire Truck Reserve Fund	193,417	772,792	772,792	193,417	-	193,417
Ambulance Acquisition Reserve Fund	141,288	-	-	141,288	-	141,288
Emergency Volunteer Building Fund	18,178	-	-	18,178	-	18,178
Pool Replacement Fund	-	3,246,849	3,246,849	-	-	-
Swimming Pool Project Fund	-	37,024	2,688	34,336	-	34,336
Water Projects Fund	314,344	191,351	505,695	-	-	-
Total Capital Projects Funds	2,396,379	4,248,019	5,092,144	1,552,254	-	1,552,254
BUSINESS FUNDS:						
Waterworks System Fund	241,716	370,663	410,819	201,560	20,332	221,892
Sewage System Fund	53,711	169,222	93,462	129,471	-	129,471
Refuse Fund	63,900	149,519	115,813	97,606	-	97,606
Ambulance Fund	-	220,031	220,031	-	-	-
Waterworks Principal and Interest Reserve Fund	31,932	-	-	31,932	-	31,932
Waterworks Surplus Reserve Fund	290,459	-	-	290,459	-	290,459
Sewer Replacement Reserve Fund	191,486	-	-	191,486	-	191,486
Refuse Capital Equipment Fund	180,343	-	-	180,343	-	180,343
Sewer Repair Fund	-	-	-	-	-	-
Sewer Project Fund	18,512	172,655	191,167	-	-	-
Total Business Funds	1,072,059	1,082,090	1,031,292	1,122,857	20,332	1,143,189
RELATED MUNICIPAL ENTITY:						
Conway Springs Public Library	7,150	33,016	24,634	15,532	1,798	17,330
Total Reporting Entity (Excluding Agency Funds)	$ 4,313,066	$ 6,789,586	$ 7,322,608	$ 3,780,044	$ 26,340	$ 3,806,384

COMPOSITION OF CASH:	
Checking Accounts - Vintage Bank Kansas	$ 3,242,806
Checking Accounts - Water Project - Vintage Bank Kansas	185,394
Checking Accounts - MMA - Vintage Bank Kansas	86,192
Checking Accounts - Pool Construction - Vintage Bank Kansas	19,476
Checking Accounts - Vintage Bank Kansas	6
Checking Accounts - Water Project - Conway Bank	89,495
Certificate of Deposit - Conway Bank	157,829
Cash on hand	518
Related Municipal Entity	17,330
Total Cash	3,799,046
Less Agency Funds per Schedule 3	7,338
Total Reporting Entity (Excluding Agency Funds)	$ 3,806,384

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

CITY OF CONWAY SPRINGS, KANSAS

NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Municipal Financial Reporting Entity

The City of Conway Springs is a municipal corporation governed by an elected mayor and an elected seven-member council. The regulatory financial statement presents the City of Conway Springs (the municipalityfinancial reporting entity) and its related municipal entity. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents.

Library Board. The City of Conway Springs Library Board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City. Complete financial records for the Library Board may be reviewed at the administrative offices of the entity at 208 W. Spring Ave., Conway Springs, Kansas 67031.

(b) Regulatory Basis Fund Types

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

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

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

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

Business Fund – 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.).

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

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (i.e. payroll clearing fund, county treasurer tax collection accounts, etc.).

(c) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(c) Basis of Accounting (Cont.)

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

(d) 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 on or before August 5th of the proposed budget and notice of public hearing on the budget.
3) Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4) Adoption of the final budget on or before August 25th.

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

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements 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.

A legal operating budget is not required for Capital Project Funds, Agency Funds, Trust Funds and certain Special Purpose Funds as noted in the presentation of the appropriate Schedule 2.

Spending in funds which 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.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

A cash-basis violation occurred in the Payroll Withholding Fund contrary to K.S.A. 10-1113.

3. DEPOSITS AND INVESTMENTS

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

3. DEPOSITS AND INVESTMENTS (CONT.)

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

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

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

At December 31, 2021, the City's carrying amount of deposits was $3,799,046 and the bank balance was $3,848,014. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $497,324 was covered by federal depository insurance and $3,350,690 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

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

4. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
Capital Improvement Reserve Fund	Sewer Project Fund	K.S.A. 12-825d	$ 172,655
Capital Improvement Reserve Fund	Pool Replacement Fund	K.S.A. 12-825d	76,515
Capital Improvement Reserve Fund	Water Projects Fund	K.S.A. 12-825d	191,351
Water Projects Fund	Pool Replacement Fund	K.S.A. 12-825d	388,102
Waterworks System Fund	Ambulance Fund	K.S.A. 12-825d	50,022
Sewage System Fund	Ambulance Fund	K.S.A. 12-825d	50,022
Total			$ 928,667

5. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds:									
Series 2018, A	3.125%	09-01-19	$ 2,022,000	09-01-58	$ 1,969,055	$ -	$ 27,720	$ 1,941,335	$ 61,533
Series 2018, B	3.125%	09-01-19	390,000	09-01-58	379,788	-	5,347	374,441	11,868
Revolving Loans Payable:									
KDHE Water Pollution	2.93%	01-09-03	313,204	09-01-23	59,324	-	19,202	40,122	1,462
KDHE Public Water Supply	2.79%	06-24-16	2,324,310	02-01-18	1,477,393	-	68,990	1,408,403	35,630
Total Long-Term Debt					$ 3,885,560	$ -	$ 121,259	$ 3,764,301	$ 110,493

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

	Year								
	2022	2023	2024	2025	2026	2027 to 2031	2032 to 2036	2037 to Thereafter	Total
PRINCIPAL:									
General Obligation Bonds:									
Series 2018, A	$ 28,586	$ 29,479	$ 30,401	$ 31,351	$ 32,330	$ 177,454	$ 206,968	$ 1,404,766	$ 1,941,335
Series 2018, B	5,514	5,686	5,864	6,047	6,236	34,227	39,919	270,948	374,441
Revolving Loans Payable:									
KDHE Water Pollution	19,770	20,352	-	-	-	-	-	-	40,122
KDHE Public Water Supply	70,929	72,921	74,970	77,076	79,242	430,881	494,906	107,478	1,408,403
TOTAL PRINCIPAL	124,799	128,438	111,235	114,474	117,808	642,562	741,793	1,783,192	3,764,301
INTEREST:									
General Obligation Bonds:									
Series 2018, A	60,667	59,773	58,852	57,902	56,922	268,811	239,296	558,797	1,361,020
Series 2018, B	11,701	11,529	11,351	11,168	10,979	51,848	46,155	107,780	262,511
Revolving Loans Payable:									
KDHE Water Pollution	1,032	448	-	-	-	-	-	-	1,480
KDHE Public Water Supply	38,803	36,810	34,762	32,655	30,490	117,779	53,754	2,254	347,308
TOTAL INTEREST	112,203	108,560	104,965	101,726	98,391	438,438	339,205	668,831	1,972,319
TOTAL PRINCIPAL AND INTEREST	$ 237,002	$ 236,998	$ 216,200	$ 216,200	$ 216,199	$ 1,081,000	$ 1,080,998	$ 2,452,023	$ 5,736,620

6. DEFINED BENEFIT PENSION PLAN

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and 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 and 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 $41,185 for the year ended December 31, 2021.

Net Pension Liability. At December 31, 2021, the City's proportionate share of the collective net pension liability reported by KPERS was $264,143. 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 these 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.

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

(a) Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

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

(b) 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, 2021.

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONT.)

(c) Other Employee Benefits

The City's policies regarding vacation leave are based on the anniversary of an employee's employment date. Those policies permit all full-time employees after one year of employment to earn 5 calendar days' vacation pay, after three years of employment 10 calendar days' vacation pay, after ten years of employment 15 calendar days' vacation pay, and after twenty years of employment 20 calendar days' vacation pay. Part-time employees receive vacation as outlined for full-time employees by prorated on the number of hours worked. Seasonal and temporary employees shall not be eligible for vacation pay. Policies require vacation time to be taken annually and cannot be carried over from year to year without governing body approval. Upon termination, an employee shall be compensated for all earned but unused vacation leave at their final rate of pay.

8. CLAIMS AND JUDGMENTS

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of the date of this report, the grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

The City is exposed to various risks of loss related to property loss; torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2020 to 2021 and there were no settlements that exceeded insurance coverage in the past three years.

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

9. COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2021. Future potential impacts may include a decrease in certain revenues, reduced customer traffic and the temporary closure of operating hours of our offices.

10. 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 at which the financial statement was available to be issued.

CITY OF CONWAY SPRINGS, KANSAS

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2021

CITY OF CONWAY SPRINGS, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2021

	Certified Budget	Adjustment for for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
GENERAL FUND:					
General Fund	$ 789,461	$ -	$ 789,461	$ 774,429	$ (15,032)
SPECIAL PURPOSE FUNDS:					
Special Highway Fund	46,110	-	46,110	22,011	(24,099)
Public Safety Fund	259,913	-	259,913	219,569	(40,344)
Library Fund	24,760	-	24,760	24,760	-
Employee Benefits Fund	117,800	-	117,800	117,800	-
BOND AND INTEREST FUND:					
Bond and Interest Fund	73,925	-	73,925	-	(73,925)
BUSINESS FUNDS:					
Waterworks System Fund	491,726	-	491,726	410,819	(80,907)
Sewage System Fund	184,423	-	184,423	93,462	(90,961)
Refuse Fund	174,225	-	174,225	115,813	(58,412)
Ambulance Fund	220,031	-	220,031	220,031	-

CITY OF CONWAY SPRINGS, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes -				
Ad valorem property tax	$ 247,196	$ 258,344	$ 275,688	$ (17,344)
Delinquent tax	5,227	5,868	5,000	868
Motor vehicle tax	36,415	35,816	34,664	1,152
Recreational vehicle tax	628	812	899	(87)
16/20M vehicle tax	695	569	843	(274)
Commercial vehicle tax	1,983	1,835	1,844	(9)
Alcohol tax	1,857	3,126	3,791	(665)
Local sales tax	168,506	180,960	182,000	(1,040)
Neighborhood revitalization rebate	(6,240)	(7,950)	(6,015)	(1,935)
Total Taxes	456,267	479,380	498,714	(19,334)
Licenses and Permits -				
Utility franchise fees	109,109	119,907	130,000	(10,093)
Licenses and permits	679	4,761	2,000	2,761
Other	63,530	28,970	-	28,970
Total Licenses and Permits	173,318	153,638	132,000	21,638
Fines, Forfeitures and Penalties -				
Fines	6,369	6,867	8,300	(1,433)
Use of Money and Property -				
Interest received	3,847	2,779	500	2,279
Other -				
Rural fire contracts	26,134	47,740	60,000	(12,260)
Federal aid	388,102	-	-	-
Rent	310	83,180	10,000	73,180
Cemetery income	3,445	4,525	3,000	1,525
Swimming pool income	12,365	15,693	20,000	(4,307)
Miscellaneous	15,031	3,798	1,000	2,798
Reimbursements	18,249	31,383	10,000	21,383
Total Other	463,636	186,319	104,000	82,319
Total Receipts	1,103,437	828,983	$ 743,514	$ 85,469

CITY OF CONWAY SPRINGS, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Expenditures				
Administrative -				
Personal services	$ 64,389	$ 103,249	$ -	$ 103,249
Contractual services	160,972	156,146	195,961	(39,815)
Commodities	15,051	42,301	-	42,301
Capital outlay	10,732	4,604	-	4,604
Appropriation to Payroll Withholding Fund	-	157,802	-	157,802
Total Administrative	251,144	464,102	195,961	268,141
Cemetery -				
Personal services	6,618	7,962	-	7,962
Contractual services	14,333	-	27,300	(27,300)
Commodities	1,958	1,302	-	1,302
Total Cemetery	22,909	9,264	27,300	(18,036)
Streets -				
Contractual services	18,345	21,453	278,125	(256,672)
Commodities	18,618	3,034	-	3,034
Total Streets	36,963	24,487	278,125	(253,638)
Park and Swimming Pool -				
Personal services	44,304	49,672	140,875	(91,203)
Contractual services	85,330	31,422	-	31,422
Commodities	8,604	9,804	-	9,804
Capital outlay	23,055	3,049	-	3,049
Total Park and Swimming Pool	161,293	93,947	140,875	(46,928)
Ambulance -				
Personal services	73,436	127,925	-	127,925

CITY OF CONWAY SPRINGS, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Expenditures (cont.)				
Fire -				
Personal services	$ 5,535	$ 5,666	$ 103,200	$ (97,534)
Contractual services	50,981	23,737	-	23,737
Commodities	22,746	23,991	-	23,991
Capital outlay	34,738	-	-	-
Total Fire	114,000	53,394	103,200	(49,806)
Other -				
Emergency preparedness	146	-	1,500	(1,500)
Museum expense	1,009	1,310	5,600	(4,290)
Municipal court expense	-	-	11,900	(11,900)
Transfer to Bond and Interest Fund	32,863	-	-	-
Transfer to Ambulance Fund	41,621	-	-	-
Transfer to Ambulance Acquistion Res. Fund	-	-	25,000	(25,000)
Total Other	75,639	1,310	44,000	(42,690)
Total Expenditures	735,384	774,429	$ 789,461	$ (15,032)
Receipts Over (Under) Expenditures	368,053	54,554		
Unencumbered Cash, Beginning	75,850	601,338		
Prior Year Adjustment	157,435	-		
Unencumbered Cash, Ending	$ 601,338	$ 655,892		

CITY OF CONWAY SPRINGS, KANSAS

SPECIAL PURPOSE FUND

SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
State of Kansas - fuel tax	$ 31,674	$ 35,294	$ 27,390	$ 7,904
City-County highway gas tax	36,322	11,860	-	11,860
Total Receipts	67,996	47,154	$ 27,390	$ 19,764
Expenditures				
Personal services	19,408	11,335	$ 30,000	$ (18,665)
Contractual services	6,839	-	10,000	(10,000)
Commodities	6,335	7,401	6,110	1,291
Street repair	13,098	3,275	-	3,275
Total Expenditures	45,680	22,011	$ 46,110	$ (24,099)
Receipts Over (Under) Expenditures	22,316	25,143		
Unencumbered Cash, Beginning	42,836	65,152		
Unencumbered Cash, Ending	$ 65,152	$ 90,295		

CITY OF CONWAY SPRINGS, KANSAS

SPECIAL PURPOSE FUND

PUBLIC SAFETY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 185,481	$ 216,358	$ 230,911	$ (14,553)
Delinquent tax	3,218	3,852	-	3,852
Motor vehicle tax	23,695	26,779	26,015	764
Recreational vehicle tax	417	606	673	(67)
16/20M vehicle tax	422	371	632	(261)
Commercial vehicle tax	1,293	1,377	1,384	(7)
Neighborhood revitalization rebate	(4,683)	(6,659)	(5,038)	(1,621)
Miscellaneous	344	100	-	100
Total Receipts	210,187	242,784	$ 254,577	$ (11,793)
Expenditures				
Personal services	134,925	125,643	$ 176,913	$ (51,270)
Contractual services	49,896	25,027	60,000	(34,973)
Commodities	31,376	68,899	18,000	50,899
Capital outlay	4,972	-	5,000	(5,000)
Total Expenditures	221,169	219,569	$ 259,913	$ (40,344)
Receipts Over (Under) Expenditures	(10,982)	23,215		
Unencumbered Cash, Beginning	19,606	8,624		
Unencumbered Cash, Ending	$ 8,624	$ 31,839		

CITY OF CONWAY SPRINGS, KANSAS

SPECIAL PURPOSE FUND

LIBRARY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 14,281	$ 14,442	$ 14,880	$ (438)
Delinquent tax	264	302	-	302
Motor vehicle tax	1,920	2,064	2,003	61
Recreational vehicle tax	32	47	52	(5)
16/20M vehicle tax	32	30	49	(19)
Commercial vehicle tax	105	106	107	(1)
Miscellaneous	2,804	-	-	-
Neighborhood revitalization rebate	(361)	(429)	(325)	(104)
Total Receipts	19,077	16,562	$ 16,766	$ (204)
Expenditures				
Appropriation to Library Board	-	24,760	$ 20,560	$ 4,200
Cash forward	-	-	4,200	(4,200)
Total Expenditures	-	24,760	$ 24,760	$ -
Receipts Over (Under) Expenditures	19,077	(8,198)		
Unencumbered Cash, Beginning	7,954	27,031		
Unencumbered Cash, Ending	$ 27,031	$ 18,833		

CITY OF CONWAY SPRINGS, KANSAS

SPECIAL PURPOSE FUND

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)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 42,045	$ 178,893	$ 47,651	$ 131,242
Delinquent tax	342	605	300	305
Motor vehicle tax	1,899	5,978	5,955	23
Recreational vehicle tax	31	135	99	36
16/20M vehicle tax	35	30	143	(113)
Commercial vehicle tax	104	312	314	(2)
Employee contributions	-	-	52,400	(52,400)
Transfer from Waterworks System Fund	73,196	-	-	-
Neighborhood revitalization rebate	(1,062)	(1,374)	(1,040)	(334)
Total Receipts	116,590	184,579	$ 105,822	$ 78,757
Expenditures				
Social security and Medicare	39,422	49,828	$ -	$ 49,828
KPERS	32,428	44,167	-	44,167
Health insurance	40,518	17,867	117,800	(99,933)
Unemployment insurance	7,132	5,938	-	5,938
Total Expenditures	119,500	117,800	$ 117,800	$ -
Receipts Over (Under) Expenditures	(2,910)	66,779		
Unencumbered Cash, Beginning	2,910	-		
Unencumbered Cash, Ending	$ -	$ 66,779		

CITY OF CONWAY SPRINGS, KANSAS

SPECIAL PURPOSE FUND

ARPA 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)

	2020 Actual	2021 Actual
Receipts		
Grant funds	$ -	$ 92,402
Expenditures		
Contractual services	-	6,211
Receipts Over (Under) Expenditures	-	86,191
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ 86,191

CITY OF CONWAY SPRINGS, KANSAS

SPECIAL PURPOSE FUND

FIRE DEPARTMENT TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2020 Actual	2021 Actual
Receipts		
Rural fire contracts	$ 12,942	$ 1,043
Donations	2,500	4,475
Total Receipts	15,442	5,518
Expenditures		
Personal services	585	242
Contractual services	2,310	2,712
Commodities	949	800
Total Expenditures	3,844	3,754
Receipts Over (Under) Expenditures	11,598	1,764
Unencumbered Cash, Beginning	68,973	80,571
Unencumbered Cash, Ending	$ 80,571	$ 82,335

CITY OF CONWAY SPRINGS, KANSAS

SPECIAL PURPOSE FUND

CEMETERY TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2020 Actual	2021 Actual
Receipts		
Donations	$ -	$ 20
Expenditures		
Commodities	-	683
Receipts Over (Under) Expenditures	-	(663)
Unencumbered Cash, Beginning	12,488	12,488
Unencumbered Cash, Ending	$ 12,488	$ 11,825

CITY OF CONWAY SPRINGS, KANSAS

SPECIAL PURPOSE FUND

PARK TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2020 Actual	2021 Actual
Receipts		
Donations	$ 100	$ -
Expenditures		
Contractual services	-	-
Receipts Over (Under) Expenditures	100	-
Unencumbered Cash, Beginning	4,552	4,652
Unencumbered Cash, Ending	$ 4,652	$ 4,652

CITY OF CONWAY SPRINGS, KANSAS

SPECIAL PURPOSE FUND

MUSEUM TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2020 Actual	2021 Actual
Receipts		
Donations	$ -	$ 1,265
Expenditures		
Contractual services	539	4,583
Commodities	17	433
Total Expenditures	556	5,016
Receipts Over (Under) Expenditures	(556)	(3,751)
Unencumbered Cash, Beginning	10,946	10,390
Unencumbered Cash, Ending	$ 10,390	$ 6,639

CITY OF CONWAY SPRINGS, KANSAS

SPECIAL PURPOSE FUND

AMBULANCE TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2020 Actual	2021 Actual
Receipts		
Donations	$ 310	$ 7,194
Miscellaneous	668	-
Total Receipts	978	7,194
Expenditures		
Personal services	1,616	-
Contractual services	(1,385)	30
Total Expenditures	231	30
Receipts Over (Under) Expenditures	747	7,164
Unencumbered Cash, Beginning	15,149	15,896
Unencumbered Cash, Ending	$ 15,896	$ 23,060

CITY OF CONWAY SPRINGS, KANSAS

SPECIAL PURPOSE FUND

RECREATION 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)

	2020 Actual	2021 Actual
Receipts		
Miscellaneous	$ 7,795	$ -
Expenditures		
Capital outlay	-	275
Receipts Over (Under) Expenditures	7,795	(275)
Unencumbered Cash, Beginning	2,381	10,176
Unencumbered Cash, Ending	$ 10,176	$ 9,901

CITY OF CONWAY SPRINGS, KANSAS

SPECIAL PURPOSE FUND

POLICE TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2020 Actual	2021 Actual
Receipts		
Miscellaneous	$ -	$ -
Expenditures		
Contractual services	20	-
Receipts Over (Under) Expenditures	(20)	-
Unencumbered Cash, Beginning	1,180	1,160
Unencumbered Cash, Ending	$ 1,160	$ 1,160

CITY OF CONWAY SPRINGS,KANSAS

BOND AND INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 60	$ -	$ -	$ -
Transfer from General Fund	32,863	-	-	-
Total Receipts	32,923	-	$ -	$ -
Expenditures				
Principal	32,064	-	$ -	$ -
Interest	74,403	-	-	-
Miscellaneous	381	-	-	-
Cash forward	-	-	73,925	(73,925)
Total Expenditures	106,848	-	$ 73,925	$ (73,925)
Receipts Over (Under) Expenditures	(73,925)	-		
Unencumbered Cash, Beginning	73,925	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF CONWAY SPRINGS, KANSAS

CAPITAL PROJECT FUND

PARK AND POOL RENOVATION PROJECT 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)

	2020 Actual	2021 Actual
Receipts		
Miscellaneous	$ -	$ -
Expenditures		
Contractual services	-	36,874
Receipts Over (Under) Expenditures	-	(36,874)
Unencumbered Cash, Beginning	37,314	37,314
Unencumbered Cash, Ending	$ 37,314	$ 440

CITY OF CONWAY SPRINGS, KANSAS

CAPITAL PROJECT FUND

CAPITAL 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)

	2020 Actual	2021 Actual
Receipts		
Transfer from General Fund	$ -	$ -
Expenditures		
Capital outlay	-	66,732
Receipts Over (Under) Expenditures	-	(66,732)
Unencumbered Cash, Beginning	276,484	276,484
Unencumbered Cash, Ending	$ 276,484	$ 209,752

CITY OF CONWAY SPRINGS, KANSAS

CAPITAL PROJECT FUND

CAPITAL IMPROVEMENT 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)

	2020 Actual	2021 Actual
Receipts		
Appropriations	$ -	$ 3
Expenditures		
Capital outlay	14,340	19,993
Transfer to Pool Replacement Fund	283,102	76,515
Transfer to Pool Project Fund	33,594	-
Transfer to Sewer Project Fund	-	172,655
Transfer to Water Project Fund	-	191,351
Total Expenditures	331,036	460,514
Receipts Over (Under) Expenditures	(331,036)	(460,511)
Unencumbered Cash, Beginning	1,746,390	1,415,354
Unencumbered Cash, Ending	$ 1,415,354	$ 954,843

CITY OF CONWAY SPRINGS, KANSAS

CAPITAL PROJECT FUND

FIRE TRUCK 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)

	2020 Actual	2021 Actual
Receipts		
Loan proceeds	$ 15	$ 772,792
Expenditures		
Contractual	-	772,792
Receipts Over (Under) Expenditures	15	-
Unencumbered Cash, Beginning	193,402	193,417
Unencumbered Cash, Ending	$ 193,417	$ 193,417

CITY OF CONWAY SPRINGS, KANSAS

CAPITAL PROJECT FUND

AMBULANCE ACQUISITION 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)

	2020 Actual	2021 Actual
Receipts		
Donations	$ 150	$ -
Expenditures		
Contractual services	-	-
Receipts Over (Under) Expenditures	150	-
Unencumbered Cash, Beginning	141,138	141,288
Unencumbered Cash, Ending	$ 141,288	$ 141,288

CITY OF CONWAY SPRINGS, KANSAS

CAPITAL PROJECT FUND

EMERGENCY VOLUNTEER BUILDING 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)

	2020 Actual	2021 Actual
Receipts		
Miscellaneous	$ -	$ -
Expenditures		
Contractual services	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	18,178	18,178
Unencumbered Cash, Ending	$ 18,178	$ 18,178

CITY OF CONWAY SPRINGS, KANSAS

CAPITAL PROJECT FUND

POOL REPLACEMENT 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)

	2020 Actual	2021 Actual
Receipts		
Miscellaneous	$ 184	$ 70,000
Interest income	-	133
Federal grant	-	921,020
Loan proceeds	-	1,791,079
Transfer from Capital Improvement	283,102	76,515
Transfer from Water Project	-	388,102
Total Receipts	283,286	3,246,849
Expenditures		
Capital outlay	283,286	3,246,849
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

CITY OF CONWAY SPRINGS, KANSAS

CAPITAL PROJECT FUND

SWIMMING POOL PROJECT 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)

	2020 Actual	2021 Actual
Receipts		
Donations	$ 10,000	$ 37,024
Transfer from Capital Improvement	33,594	-
Total Receipts	43,594	37,024
Expenditures		
Capital outlay	43,594	2,688
Receipts Over (Under) Expenditures	-	34,336
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ 34,336

CITY OF CONWAY SPRINGS, KANSAS

CAPITAL PROJECT FUND

WATER 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)

	2020 Actual	2021 Actual
Receipts		
Transfer from Capital Improvement Fund	$ -	$ 191,351
Expenditures		
Construction costs	139,240	50,750
Temporary note expenses	15,512	-
KDHE expenses	-	66,843
Transfer to Pool Replacement Fund	-	388,102
Total Expenditures	154,752	505,695
Receipts Over (Under) Expenditures	(154,752)	(314,344)
Unencumbered Cash, Beginning	469,096	314,344
Unencumbered Cash, Ending	$ 314,344	$ -

CITY OF CONWAY SPRINGS, KANSAS

BUSINESS FUND

WATERWORKS SYSTEM FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2021

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

		2021		
	2020	Actual	Budget	Variance - Over (Under)
Receipts				
Service fees	$ 391,144	$ 336,703	$ 310,000	$ 26,703
Debt service fees	38,497	33,960	27,500	6,460
Total Receipts	429,641	370,663	$ 337,500	$ 33,163
Expenditures				
Personal services	58,755	73,303	$ 85,000	$ (11,697)
Contractual services	114,519	42,694	46,200	(3,506)
Commodities	48,936	73,226	35,000	38,226
Capital outlay	-	(435)	15,000	(15,435)
Administrative	-	275	-	275
Debt service KDHE	120,132	171,734	106,700	65,034
Debt service GO Bond	-	-	106,467	(106,467)
Sales tax remittances	780	-	3,300	(3,300)
Transfer to Employee Benefit Fund	73,196	-	-	-
Transfer to Ambulance Fund	-	50,022	-	50,022
Cash forward	-	-	94,059	(94,059)
Total Expenditures	416,318	410,819	$ 491,726	$ (80,907)
Receipts Over (Under) Expenditures	13,323	(40,156)		
Unencumbered Cash, Beginning	228,393	241,716		
Unencumbered Cash, Ending	$ 241,716	$ 201,560		

CITY OF CONWAY SPRINGS, KANSAS

BUSINESS FUND

SEWAGE SYSTEM FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Service fees	$ 189,288	$ 169,222	$ 160,000	$ 9,222
Expenditures				
Personal services	26,387	12,286	$ 27,000	$ (14,714)
Contractual services	114,216	28,416	26,000	2,416
Commodities	10,506	2,738	8,000	(5,262)
Capital outlay	-	-	5,000	(5,000)
KDHE loan payments	10,401	-	20,850	(20,850)
Transfer to Employee Benefit Fund	-	-	4,660	(4,660)
Transfer to Sewer Project Fund	-	-	70,000	(70,000)
Transfer to Ambulance Fund	-	50,022	-	50,022
Cash forward	-	-	22,913	(22,913)
Total Expenditures	161,510	93,462	$ 184,423	$ (90,961)
Receipts Over (Under) Expenditures	27,778	75,760		
Unencumbered Cash, Beginning	25,933	53,711		
Unencumbered Cash, Ending	$ 53,711	$ 129,471		

CITY OF CONWAY SPRINGS, KANSAS

BUSINESS FUND

REFUSE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Service fees	$ 170,902	$ 149,519	$ 160,000	$ (10,481)
Miscellaneous	208	-	-	-
Total Receipts	171,110	149,519	$ 160,000	$ (10,481)
Expenditures				
Personal services	14,300	7,046	$ 25,000	$ (17,954)
Contractual services	112,074	98,854	115,000	(16,146)
Commodities	1,061	9,913	5,000	4,913
Capital outlay	-	-	3,000	(3,000)
Transfer to Employee Benefit Fund	-	-	5,000	(5,000)
Transfer to Capital Improvement Reserve Fund	-	-	5,000	(5,000)
Cash forward	-	-	16,225	(16,225)
Total Expenditures	127,435	115,813	$ 174,225	$ (58,412)
Receipts Over (Under) Expenditures	43,675	33,706		
Unencumbered Cash, Beginning	20,225	63,900		
Unencumbered Cash, Ending	$ 63,900	$ 97,606		

CITY OF CONWAY SPRINGS, KANSAS

BUSINESS FUND

AMBULANCE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2021

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

		2021		
	2020	Actual	Budget	Variance - Over (Under)
Receipts				
Service fees	$ 71,586	$ 101,589	$ 161,000	$ (59,411)
County subsidy	29,611	18,398	-	18,398
Miscellaneous	4,151	-	-	-
Transfer from General Fund	41,621	-	25,000	(25,000)
Transfer from Water Fund	-	50,022	-	50,022
Transfer from Sewer Fund	-	50,022	-	50,022
Total Receipts	146,969	220,031	$ 186,000	$ 34,031
Expenditures				
Personal services	110,409	143,249	$ 105,000	$ 38,249
Contractual services	51,639	59,867	50,000	9,867
Commodities	17,811	16,804	20,000	(3,196)
Capital outlay	1,141	111	2,000	(1,889)
Transfer to Ambulance Acquisition Res. Fund	-	-	5,000	(5,000)
Transfer to Ambulance Equipment Res. Fund	-	-	4,000	(4,000)
Cash forward	-	-	34,031	(34,031)
Total Expenditures	181,000	220,031	$ 220,031	$ -
Receipts Over (Under) Expenditures	(34,031)	-		
Unencumbered Cash, Beginning	34,031	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF CONWAY SPRINGS, KANSAS

BUSINESS FUND

WATERWORKS PRINCIPAL AND INTEREST 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)

	2020 Actual	2021 Actual
Receipts		
Miscellaneous	$ -	$ -
Expenditures		
Contractual services	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	31,932	31,932
Unencumbered Cash, Ending	$ 31,932	$ 31,932

CITY OF CONWAY SPRINGS, KANSAS

BUSINESS FUND

WATERWORKS SURPLUS 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)

	2020 Actual	2021 Actual
Receipts		
Transfer from Water Utility Fund	$ -	$ -
Expenditures		
KDHE refinancing payment	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	290,459	290,459
Unencumbered Cash, Ending	$ 290,459	$ 290,459

CITY OF CONWAY SPRINGS, KANSAS

BUSINESS FUND

SEWER REPLACEMENT 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)

	2020 Actual	2021 Actual
Receipts		
Transfer from Sewer Utility Fund	$ -	$ -
Expenditures		
Contractual services	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	191,486	191,486
Unencumbered Cash, Ending	$ 191,486	$ 191,486

CITY OF CONWAY SPRINGS, KANSAS

BUSINESS FUND

REFUSE CAPITAL EQUIPMENT 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)

	2020 Actual	2021 Actual
Receipts		
Transfers in	$ -	$ -
Expenditures		
Contractual services	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	180,343	180,343
Unencumbered Cash, Ending	$ 180,343	$ 180,343

CITY OF CONWAY SPRINGS, KANSAS

BUSINESS FUND

SEWER REPAIR 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)

	2020 Actual	2021 Actual
Receipts		
Miscellaneous	$ 185	$ -
Expenditures		
Capital outlay	185	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ -

CITY OF CONWAY SPRINGS, KANSAS

BUSINESS FUND

SEWER PROJECT 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)

	2020 Actual	2021 Actual
Receipts		
Transfers from Capital Improvement Fund	$ -	$ 172,655
Expenditures		
Contractual services	-	191,167
Commodities	400	-
Capital outlay	135,876	-
Total Expenditures	136,276	191,167
Receipts Over (Under) Expenditures	(136,276)	(18,512)
Unencumbered Cash, Beginning	154,788	18,512
Unencumbered Cash, Ending	$ 18,512	$ -

CITY OF CONWAY SPRINGS, KANSAS

AGENCY FUNDS

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis
For the Year Ended December 31, 2021

Funds	Beginning Cash Balance	Receipts	Disbursements	Add Encumbrances and Accounts Payable	Ending Cash Balance
Payroll Withholding Fund	$ (80,150)	$ 157,802	$ 84,990	$ -	$ (7,338)
Water Deposit Fund	18,893	-	18,893	-	-
Total	$ (61,257)	$ 157,802	$ 103,883	$ -	$ (7,338)

CITY OF HAVEN, KANSAS

RELATED MUNICIPAL ENTITY

LIBRARY BOARD

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)

	2020 Actual	2021 Actual
Receipts		
State of Kansas	$ 350	$ -
SCKLS	3,333	-
City of Conway Springs	-	24,760
Donations	2,264	8,256
Miscellaneous	20	-
Total Receipts	5,967	33,016
Expenditures		
Personal services	7,442	8,532
Contractual services	4,496	1,773
Commodities	10,907	14,329
Total Expenditures	22,845	24,634
Receipts Over (Under) Expenditures	(16,878)	8,382
Unencumbered Cash, Beginning	24,028	7,150
Unencumbered Cash, Ending	$ 7,150	$ 15,532

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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*

Honorable Mayor and City Commission
City of Conway Springs, Kansas 67031

We 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 City of Conway Springs, Kansas, (City) as of and for the year ended December 31, 2021, and the related notes to the financial statement which collectively comprise the City's basic financial statement, and have issued our report thereon dated August 5, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as described in the accompanying schedule of findings and questioned costs we did identify certain deficiencies in internal control that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 to 2021-004 that we consider to be a significant deficiencies

Report on Compliance and Other Matters

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

City of Conway Spring's Response to Findings

The City of Conway Spring's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Conway Spring's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on 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.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
August 5, 2024

LOYD GROUP, LLC

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

Honorable Mayor and City Commission
City of Conway Springs, Kansas 67031

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Conway Springs's (the City) compliance with the types of compliance requirements identified as subject to audit 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 our 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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the *Kansas Municipal Audit and Accounting Guide;* the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our 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.

Auditor's Responsibilities for the Audit of Compliance

Our 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 our 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 GAAS, *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 GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- 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 we 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.

We are 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 we identified during the audit.

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.

Our 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 our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-001 to 2021-004, that we consider to be significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
August 5, 2024

CITY OF CONWAY SPRINGS, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

Pass-Through Grantor/ Federal Grantor Program Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Agriculture			
Passed through Rural Utilities Service -			
Water and Waste Disposal Systems for Rural Communities	10.760		$ 921,020
TOTAL U.S. DEPARTMENT OF AGRICULTURE			921,020
U.S. Department of Treasury			
Passed through State of Kansas			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		6,211
TOTAL U.S. DEPARTMENT OF TREASURY			6,211
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$ 927,231

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Conway Springs, Kansas (the City), under programs of the federal government for the year ended December 31, 2021. 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 position, 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 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the regulatory basis of accounting. 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.

(2) The City has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Funds Expended

Funds where Federal expenditures were receipted and expended:

Pool Replacement Fund	$ 921,020
ARPA Fund	6,211
	$ 927,231

CITY OF CONWAY SPRINGS, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

Section 1 – Summary of Auditor's Results

Financial Statements

1. Type of auditor's opinion issued on whether the financial statements audited were prepared in accordance with GAAP:	Adverse
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	Yes
3. Noncompliance material to the financial statements noted?	No

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	None Reported
2. Type of auditor's report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

4. Identification of major programs:

Name of Federal Program or Cluster	Federal Assistance Listing Number
Disaster Grants - FEMA	10.760

5. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
6. Auditee qualified as a low-risk auditee?	No

Section 2 – Findings – Financial Statement Audit

2021-001 SIGNIFICANT DEFICIENCY - SEGREGATION OF DUTIES

Condition: Appropriate segregation of duties is achieved when one or more employees or functions acts as a check and balance on the activities of another so that no employee should be in a position to both commit an irregularity and conceal it. No single individual should be able to:

a) *authorize* a transaction;
b) *record* the transaction in the books of account; and
c) ensure custody of the asset resulting from the transaction, including the receipt/custody of cash.

Criteria: Appropriate segregation of duties is a basic internal control all entities should have, where possible.

Cause: The City is very small and does not have the personal available to separate responsibilities.

2021-001 SIGNIFICANT DEFICIENCY - SEGREGATION OF DUTIES (CONT.)

Effect: There is an increase in risk of misappropriation of funds.

Perspective: The City is very small and does not have the personal available to separate responsibilities.

Recommendation: We recommend that management and the governing body continually review their daily transactions for potential conflicting phases of a transaction as noted above. Below we have detailed actions that management and the governing body should take to compensate for these conflicting phases that have been identified in your daily transaction process:

- ***Review reports of detail transactions*** – Management and the governing body should review ***detailed*** transactions on a regular and timely basis through appropriate computer reports of the detailed transactions.

- ***Review selected transactions*** – Management and the governing body should select random transactions for review of supporting documents. These selected transactions should be followed through the entire transaction process from start to finish to ensure that all documented internal controls are working appropriately and are not being overridden by any individual within the entity.

- ***Check reconciliations*** – Management and the governing body should review reconciliations of account balances such as cash, utility billing receivables or other liquid assets on a regular basis. The governing body should perform surprise procedures on these reconciliations independently of management at certain times throughout the fiscal year. These surprise procedures should be documented appropriately by the governing body member, including signature and date conducted.

Views of Responsible Officials and Planned Corrective Actions: Management agrees and will begin the process of putting these compensating controls in place.

2021-002 SIGNIFICANT DEFICIENCY – FINANCIAL STATEMENT REPORTING

Condition: The City prepares its financial statement in accordance with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, in accordance with the reporting and formatting requirements displayed in the *Kansas Municipal Audit and Accounting Guide* (KMAAG).

Our firm has been asked to prepare the financial statement for the City; however, our firm cannot be considered part of the internal control structure of the City in regard to the preparation of the financial statement. City personnel does have the skill and knowledge to process all the basic financial transactions and the ability to issue the internal financial statement needed to provide appropriate budget and operating information to the City governing body on an as needed basis. However, the City either has no documented policy or procedures related to the preparation of the external financial statement and/or the policies and procedures are not implemented and adequately followed to ensure the accuracy and completeness of the external financial statement. We consider this condition related to external financial statement preparation to be a significant deficiency under the standards established by the American Institute of Certified Public Accountants

Criteria: The City should have policies in writing to document responsibility over financial statement reporting.

Cause: High turnover in Management.

Effect: There is potential for questioning if management is properly taking responsibility for financial statement reporting.

2021-002 SIGNIFICANT DEFICIENCY – FINANCIAL STATEMENT REPORTING (CONT.)

Perspective: No additional perspective to add.

Recommendation: To strengthen internal control over financial statement and other supplemental information preparation, we recommend:

- Adopt a policy that the annual financial statement and other supplemental information will be reviewed prior to being subjected to audit.
- Participate in a training session on financial statement preparation and review.

Views of Responsible Officials and Planned Corrective Actions: Management agrees and will begin the process of putting these policies in place.

2021-003 SIGNIFICANT DEFICIENCY – UNIFORM GUIDANCE WRITTEN POLICIES REQUIREMENTS

Condition: The City does not have the required Uniform Guidance policies in writing.

Criteria: The City should have policies in writing in accordance with the Uniform Guidance.

Cause: High turnover in Management.

Effect: Noncompliance with Uniform Guidance.

Perspective: No additional perspective to add.

Recommendation: We recommend all required policies are in writing.

Views of Responsible Officials and Planned Corrective Actions: Management agrees and will begin the process of putting these policies in place.

2021-004 SIGNIFICANT DEFICIENCY – SUBMISSION OF AUDIT TO FEDERAL AUDIT CLEARINGHOUSE

Condition: The City is submitting the 2021 audit past the required due date.

Criteria: The Uniform Guidance requires audits to be filed no later than 9 months after year end, with exceptions for allowable extensions granted by recent COVID-19 legislation.

Cause: The high turnover at the City has prevented the timely location of documentation to complete the audit.

Effect: The City will not be considered a low-risk entity in the future year. There is also the possibility of loss of funding.

Perspective: The City has gone through 3 changes in City Clerk during 2021 to 2023.

Recommendation: The audit should be filed in accordance with federal regulation due dates.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with this finding. They have gone through extensive work to get their records to be accurate and caught up. The goal will be to complete the 2022 within the next 3 months. The City is not expected to fall under Uniform Guidance Single Audit thresholds for 2022 and forward.

Section 3 – Findings and Questioned Costs – Major Federal Award Programs

U.S. DEPARTMENT OF AGRICULTURE

Water and Waste Disposal Systems for Rural Communities – Federal Asst Listing Number 10.760

There were no reportable findings.