CITY OF ELLSWORTH, KANSAS

Primary Government Financial Statement
With Independent Auditors' Report

For the Year Ended December 31, 2022

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TABLE OF CONTENTS

Independent Auditors' Report 1

Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis 4

Notes to Financial Statement 5

Regulatory–Required Supplementary Information

Schedule 1 – Summary of Expenditures – Actual and Budget – Regulatory Basis 14

Schedule 2 – Schedule of Receipts and Expenditures – Regulatory Basis
Individually presented by fund

Regulatory Basis Fund Types

General Fund

2-1 General Fund 15

Special Purpose Funds

2-2 Library Fund 17
2-3 Special Highway Fund 18
2-4 Parks and Recreation Fund 19
2-5 Capital Improvement Fund 20
2-6 Municipal Equipment Fund 21
2-7 Tourism and Convention Fund 22
2-8 Fire and Police Equipment Fund 23
2-9 SO TIF 2011 Project Fund 24
2-10 SO TIF 2011 Revenue Fund 25
2-11 SO TIF 2011 Debt Service Fund 26
2-12 2019 Temp Note Debt Service Fund 27
2-13 2021 GO Bond Cost of Issuance Fund 28

Bond and Interest Fund

2-14 Bond and Interest Fund 29

Capital Project Funds

2-15 2017 Temporary Note Improvement Fund 30
2-16 2019 Temporary Note Improvement Fund 31

Business Funds

2-17 Water and Sewer Utility Fund 32
2-18 Water and Sewer Emergency Depreciation Fund 33
2-19 Water and Sewer Improvement Fund 34
2-20 Solid Waste Fund 35
2-21 Stormwater Utility Fund 36

TABLE OF CONTENTS (continued)

Related Municipal Entity
2-22 J.H. Robbins Memorial Library 37

Schedule 3 – Summary of Receipts and Disbursements – Regulatory Basis
Agency Funds 38

Single Audit Information

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* 39

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance 41

Schedule of Expenditures of Federal Awards 44

Notes to Schedule of Expenditures of Federal Awards 45

Schedule of Findings and Questioned Costs 46

Summary Schedule of Prior Audit Findings 49

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Ellsworth, Kansas
Ellsworth, Kansas

Report on the Audit of the Financial Statement

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **City of Ellsworth, Kansas**, as of and for the year ended December 31, 2022 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matters discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2022, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2022, 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

We conducted our 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 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.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 and *Government Auditing Standards*, we:

- 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 our 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a

whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, and summary of regulatory basis receipts and disbursements – agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

City of Ellsworth, Kansas' basic financial statement for the year ended December 31, 2021 (not presented herein), was audited by other auditors whose report dated September 30, 2022 expressed an unmodified opinion on the basic financial statement. The 2021 basic financial statement and the other auditor's 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 https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The report of the other auditors dated February 3, 2023, stated that the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2021 was 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 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, 2021, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

September 25, 2023

CITY OF ELLSWORTH, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2022

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustment	Receipts	Expenditures	**Ending Unencumbered Cash Balance**	Add Encumbrances and Accounts Payable	**Ending Cash Balance**
Regulatory Basis Fund Types							
General Fund	$ 562,971	(62,591)	2,965,871	2,990,070	**476,181**	51,243	**527,424**
Special Purpose Funds							
Library Fund	48,599	-	171,315	143,136	**76,778**	-	**76,778**
Special Highway Fund	30,153	-	80,604	87,661	**23,096**	-	**23,096**
Parks and Recreation Fund	1,629	-	4,807	3,534	**2,902**	-	**2,902**
Capital Improvement Fund	449,533	(1,435)	698,046	989,142	**157,002**	678,561	**835,563**
Municipal Equipment Fund	164,063	-	122,679	144,305	**142,437**	-	**142,437**
Tourism and Convention Fund	22,975	-	18,361	-	**41,336**	-	**41,336**
Fire and Police Equipment Fund	13,677	-	563	-	**14,240**	-	**14,240**
SO TIF 2011 Revenue Fund	1,068,454	-	200,264	121,016	**1,147,702**	-	**1,147,702**
SO TIF 2011 Debt Service Fund	-	-	121,016	121,016	**-**	-	**-**
Bond and Interest Fund							
Bond and Interest Fund	769,260	-	551,480	665,328	**655,412**	-	**655,412**
Capital Project Funds							
2017 Temporary Note Improvement Fund	258,587	-	2,043	260,630	**-**	-	**-**
2019 Temporary Note Improvement Fund	16,323	(1,511,949)	5,375,748	3,385,670	**494,452**	214,189	**708,641**
Business Funds							
Water and Sewer Utility Fund	526,217	(12,018)	1,597,325	1,392,878	**718,646**	10,655	**729,301**
Water and Sewer Emergency Depreciation Fund	233,298	-	53,618	-	**286,916**	-	**286,916**
Water and Sewer Improvement Fund	238,875	-	152,223	253,028	**138,070**	-	**138,070**
Solid Waste Fund	7,189	-	162,198	162,175	**7,212**	-	**7,212**
Stormwater Utility Fund	15,372	-	45,348	34,354	**26,366**	-	**26,366**
Total Primary Government	4,427,175	(1,587,993)	12,323,509	10,753,943	**4,408,748**	954,648	**5,363,396**
Related Municipal Entity							
J.H. Robbins Memorial Library	334,154	-	197,875	167,875	**364,154**	-	**364,154**
Total Reporting Entity	$ 4,761,329	(1,587,993)	12,521,384	10,921,818	**4,772,902**	954,648	**5,727,550**

Composition of Cash		
Certificates of Deposit	$	**5,171,371**
Saving Accounts		**19,518**
Checking Accounts		**172,550**
Total Primary Government		**5,363,439**
Total Related Municipal Entities		**364,154**
Agency Funds per Schedule 3		**(43)**
Total Reporting Entity (Excluding Agency Funds)	$	**5,727,550**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

J.H. Robbins Memorial Library

The Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Bond issues must also be approved by the City and the City annually levies a tax for the library.

Ellsworth Housing Authority

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

Basis of Presentation – Fund Accounting

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

The following types of funds comprise the financial activities of the City for the year ended December 31, 2022.

Regulatory Basis Fund Types

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

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

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

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

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

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

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

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

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

NOTE 2 – BUDGETARY INFORMATION

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

a. Preparation of the budget for the succeeding calendar year on or before August 1st.

b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.

d. Adoption of the final budget on or before August 25th.

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 hold a revenue neutral rate hearing this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds and trust funds.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

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

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

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City 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 K.S.A. 9-1405.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not use "peak periods". All deposits were legally secured at December 31, 2022.

At December 31, 2022, the City's carrying amount of deposits was $5,363,439 and the bank balance was $5,598,676. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and $5,348,676 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2022, the J.H. Robbins Memorial Library's carrying amount of deposits was $364,154

and the bank balance was $375,195. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, the entire balance was covered by federal depository insurance.

Custodial Credit Risk – Investments
For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2022.

NOTE 4 – CAPITAL PROJECTS

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

	Project Authorization	Expenditures to Date
2017 Temporary Note Improvement Fund		
Public Building Improvements	$ 221,000	$ 221,000
Water Supply System Improvements	1,445,000	1,445,000
Sanitary Sewer Improvements	896,600	896,600
2019 Temporary Note Improvement Fund		
Water and Sewer Infrastructure Projects	500,000	124,419
Stormwater Drainage Improvements	235,000	129,679
Street Improvements	570,000	836,716
Airport	9,759,420	7,860,422
Park and Recreation	148,697	127,243
City Hall - Boiler	100,000	94,019
Recreation Center Renovation	500,000	384,425
Multi-Use Pathway	200,000	85,753
Improvements to Electric Building	60,000	-

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Ellsworth, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2022 were as follows:

From	To	Regulatory Authority	Amount
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	$ 105,500
General Fund	Municipal Equipment Fund	K.S.A. 12-1,117	86,000
Special Highway Fund	Municipal Equipment Fund	K.S.A. 12-1,117	10,000
Water and Sewer Utility Fund	Bond and Interest Fund	K.S.A. 12-825d	220,000
Water and Sewer Utility Fund	Water and Sewer Emergency Depreciation Fund	K.S.A. 12-825d	50,000
Water and Sewer Utility Fund	Water and Sewer Improvement Fund	K.S.A. 12-825d	150,000
Capital Improvement Fund	2019 Temporary Note Improvement Fund	K.S.A. 12-1,118	68,000
SO TIF 2011 Revenue Fund	SO TIF 2011 Debt Service Fund	Res. 24-1011A	121,016

NOTE 6 – LITIGATION

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

NOTE 7 – RISK MANAGEMENT

City of Ellsworth, Kansas is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other counties in the State to participate in Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for 173 participating members.

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

Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

NOTE 8 – GRANTS AND SHARED REVENUES

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

NOTE 9 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The City does not have evidence of a custodial agreement, which is a violation of K.S.A. 9-1405.

NOTE 10 – DEFERRED COMPENSATION PLAN

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

NOTE 11 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.90% for the fiscal year ended December 31, 2022. Contributions to the pension plan from the City were $76,528 for the year ended December 31, 2022.

Net Pension Liability

At December 31, 2022, the City's proportionate share of the collective net pension liability reported by KPERS was $798,247. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. 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.

NOTE 12 – OTHER POST EMPLOYMENT BENEFITS

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

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

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

rate is set at 1% for the year ended December 31, 2022.

NOTE 13 – COMPENSATED ABSENCES

The City provides compensation for absences. Full-time employees are entitled to paid vacation leave time according to the following schedule:

Years of Continued Employment	Vacation Days Earned Per Year	Maximum Hours Accumulation	Equivalent Work Days	Maximum Hours for One Time Leave
0 to 5	10 days	240 hours	10 days	80 hours
5 to 10	12 days	240 hours	12 days	96 hours
10 to 15	15 days	240 hours	15 days	120 hours
Over 15	18 days	240 hours	18 days	144 hours

Upon termination, an employee shall be compensated for all earned but unused vacation leave at their final rate of pay if they give at least a two-week notice, up to the maximum 240 hours accumulation.

Full-time employees are entitled to sick leave and are earned based on the amount of hours they work. An employee should accrue 96 hours of sick leave for every year they work. An employee shall not be paid for any unused sick leave upon termination of their employment with the City.

NOTE 14 – CONDUIT DEBT

City of Ellsworth, Kansas has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are generally payable from and secured by the project financed and if needed, additional assets or revenues of the private-sector entities serviced by the bond issuance. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of December 31, 2022, there was industrial revenue bonds outstanding for a manufacturing company. The principal amounts payable at December 31, 2022 totaled $1,614,329.

NOTE 15 – PRIOR PERIOD RESTATEMENT

The City has determined that accounts payable of $1,513,384 were not recorded for the airport project and accrued payroll of $74,609 was not recorded in the previous year. The result of the restatement is a decrease to beginning unencumbered cash of $1,587,993.

Certain accounts in Schedule 2 for the prior-year have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 16 – LONG-TERM DEBT

City of Ellsworth, Kansas has the following types of long-term debt:

General Obligation Bonds

In 2011, the City issued $1,755,000 in Series 2011 Bonds for the purpose of providing funds for the Downtown Streetscape project and refunding of an existing KDHE loan.

In 2015, the City issued $1,410,000 in Series 2015A Bonds for the purpose of renovating the east water tower, East North Main Street from Lincoln Ave to Blake Street, and tennis court improvements at Krizek Park.

In 2015, the City issued $810,000 in Series 2015B Bonds for the purpose of providing funds for Dees Ave. and Kunkle Dr. street, curb and guttering improvements. A Community Improvement District (CID Sales Tax 1%) was established in conjunction with this bond.

In 2020, the City issued $1,820,000 in Series 2020A Bonds for the purpose of providing funds for public building improvements, water supply system improvements and sanitary sewer improvements.

In 2021, the City issued $2,610,000 in Series 2021A Bonds for the purpose of providing funds for public building improvements for the recreation center, city hall and electric building, street improvements, multi-use path improvements, pool improvements and water supply system improvements.

Special Obligation Tax Increment Revenue Bond
In 2011, the City issued $1,200,000 in Series 2011 Bonds for the purpose of providing funds for a redevelopment district to provide public water supply, sanitary sewer line improvements, lift stations, streets, curb and guttering improvements, landscaping, drives and approaches, sidewalks, street lighting and storm sewer improvements.

KDHE Loans
In 2007, the City entered into a revolving loan agreement with the Kansas Department of Health and Environment acting on behalf of the State of Kansas for $1,500,000 for the purpose of wastewater treatment improvements including lagoons and equipment.

Finance Leases
The City has entered into lease agreements for equipment. The leases contain a fiscal funding clause.

Changes in long-term liabilities for the City for the year ended December 31, 2022, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	**Balance End of Year**	Interest Paid
General Obligation Bonds									
Series 2011	3.0-4.0%	02/07/2011	$ 1,755,000	12/01/2022	$ 145,000	-	145,000	**-**	5,437
Series 2015-A	2.0-2.75%	09/01/2015	1,410,000	09/01/2025	600,000	-	145,000	**455,000**	14,663
Series 2015-B	2.0-2.75%	09/01/2015	810,000	09/01/2025	355,000	-	75,000	**280,000**	9,375
Series 2020-A	2.00%	07/13/2020	1,820,000	09/01/2040	1,750,000	-	75,000	**1,675,000**	35,000
Series 2021-A	2.00%	07/14/2021	2,610,000	09/01/2041	2,610,000	-	100,000	**2,510,000**	57,708
Special Obligation Tax Increment Revenue Bond									
Series 2019	3.0-5.2%	11/01/2011	1,200,000	10/01/2031	945,000	-	75,000	**870,000**	46,015
KDHE Loan									
Project C20 1674	2.27%	07/25/2007	1,500,000	03/01/2029	637,924	-	78,295	**559,629**	14,039
Finance Leases									
Golf Cart Shed	1.85%	09/03/2014	38,000	04/01/2024	12,056	-	3,944	**8,112**	226
Fire Truck	1.40%	11/02/2015	140,000	11/02/2025	58,381	-	14,288	**44,093**	829
Bi-Directional Tractor	2.75%	12/16/2019	60,000	12/01/2023	30,793	-	15,185	**15,608**	859
Total Contractual Indebtedness					$ 7,144,154	-	726,712	**6,417,442**	184,151

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

	YEAR								
	2023	2024	2025	2026	2027	2028 - 2032	2033 - 2037	2038 - 2041	**Total**
Principal									
General Obligation Bonds	$ 420,000	440,000	450,000	205,000	205,000	1,090,000	1,190,000	920,000	**4,920,000**
Revenue Bond	80,000	85,000	90,000	90,000	95,000	430,000	-	-	**870,000**
KDHE Loan	80,280	82,316	84,404	86,544	88,739	137,346	-	-	**559,629**
Finance Leases	34,117	18,790	14,906	-	-	-	-	-	**67,813**
Total Principal	**614,397**	**626,106**	**639,310**	**381,544**	**388,739**	**1,657,346**	**1,190,000**	**920,000**	**6,417,442**
Interest									
General Obligation Bonds	101,831	91,181	79,781	67,717	62,417	254,051	160,897	43,200	**861,075**
Revenue Bond	42,715	39,115	35,205	30,975	26,655	56,625	-	-	**231,290**
KDHE Loan	12,251	10,417	8,537	6,609	4,632	3,131	-	-	**45,577**
Finance Leases	1,213	498	212	-	-	-	-	-	**1,923**
Total Interest	**158,010**	**141,211**	**123,735**	**105,301**	**93,704**	**313,807**	**160,897**	**43,200**	**1,139,865**
Total Principal and Interest	$ **772,407**	**767,317**	**763,045**	**486,845**	**482,443**	**1,971,153**	**1,350,897**	**963,200**	**7,557,307**

CITY OF ELLSWORTH, KANSAS

Regulatory-Required Supplementary Information

Schedule 1

CITY OF ELLSWORTH, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	**Expenditures Chargeable to Current Year**	Variance Over (Under)
Regulatory Basis Fund Types					
General Fund	$ 2,981,867	87,404	3,069,271	**2,990,070**	(79,201)
Special Purpose Funds					
Library Fund	200,236	-	200,236	**143,136**	(57,100)
Special Highway Fund	94,760	-	94,760	**87,661**	(7,099)
Parks and Recreation Fund	4,000	-	4,000	**3,534**	(466)
Capital Improvement Fund	866,366	407,066	1,273,432	**989,142**	(284,290)
Municipal Equipment Fund	363,572	-	363,572	**144,305**	(219,267)
Tourism and Convention Fund	25,200	-	25,200	**-**	(25,200)
Fire and Police Equipment Fund	-	-	-	**-**	-
SO TIF 2011 Project Fund	625,000	-	625,000	**-**	(625,000)
SO TIF 2011 Revenue Fund	1,185,103	-	1,185,103	**121,016**	(1,064,087)
SO TIF 2011 Debt Service Fund	125,000	-	125,000	**121,016**	(3,984)
2019 Temp Note Debt Service Fund	-	-	-	**-**	-
Bond and Interest Fund					
Bond and Interest Fund	1,100,364	-	1,100,364	**665,328**	(435,036)
Capital Project Funds					
2017 Temporary Note Improvement Fund	280,501	-	280,501	**260,630**	(19,871)
2019 Temporary Note Improvement Fund	11,000,000	-	11,000,000	**3,385,670**	(7,614,330)
Business Funds					
Water and Sewer Utility Fund	1,850,020	-	1,850,020	**1,392,878**	(457,142)
Water and Sewer Emergency Depreciation Fund	227,685	-	227,685	**-**	(227,685)
Water and Sewer Improvement Fund	277,000	-	277,000	**253,028**	(23,972)
Solid Waste Fund	163,800	-	163,800	**162,175**	(1,625)
Stormwater Utility Fund	37,500	-	37,500	**34,354**	(3,146)

CITY OF ELLSWORTH, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	$ 1,125,787	**1,172,710**	1,102,611	70,099
Delinquent	8,761	**9,291**	10,000	(709)
Motor Vehicle	149,801	**168,989**	140,000	28,989
RV,16/20M, Commercial Vehicle	9,903	**10,512**	8,500	2,012
Local Alcohol Liquor	4,436	**4,789**	3,500	1,289
Sales Tax	590,846	**647,398**	525,000	122,398
State Highway Connecting Link	10,393	**10,400**	10,000	400
Franchise Tax	331,003	**354,380**	305,500	48,880
Neighborhood Revitalization Rebate	(19,555)	**(18,646)**	-	(18,646)
Federal Aid	-	**1,337**	-	1,337
Fines and Forfeitures	51,179	**51,302**	40,900	10,402
Rural Fire Contracts	22,500	**22,500**	22,500	-
Burial Permits	11,200	**9,850**	4,000	5,850
Cemetery Lots Sold	5,625	**3,500**	3,000	500
Licenses	5,339	**23,575**	6,900	16,675
Building Permits	5,605	**11,616**	8,000	3,616
Hall Rent	2,710	**3,750**	1,500	2,250
Swimming Pool Fees	38,845	**36,754**	63,500	(26,746)
Airport	33,611	**35,517**	50,000	(14,483)
Golf Course	156,311	**184,709**	108,000	76,709
Administrative Charges	95,485	**95,452**	110,000	(14,548)
Interest	1,312	**7,885**	3,200	4,685
Reimbursed Expenses	40,891	**114,404**	27,000	87,404
Miscellaneous	25,093	**3,897**	14,500	(10,603)
Total Receipts	2,707,081	**2,965,871**	2,568,111	397,760
Expenditures				
General Administrative				
Personnel	347,279	**357,925**	412,304	(54,379)
Contractual	136,091	**282,130**	153,975	128,155
Commodities	9,655	**7,160**	5,000	2,160
Capital Outlay	**-**	**-**	2,500	(2,500)
Miscellaneous	15,724	**26,519**	-	26,519
TIF Refunds	75,239	**78,185**	-	78,185
Police Department				
Personnel	538,697	**581,803**	540,362	41,441
Contractual	46,560	**53,705**	51,130	2,575
Commodities	16,591	**23,898**	17,750	6,148
Capital Outlay	**-**	**-**	1,000	(1,000)
Municipal Services	3,709	**4,875**	-	4,875
Street Department				
Personnel	341,441	**343,956**	386,350	(42,394)
Contractual	93,126	**117,566**	128,850	(11,284)
Commodities	27,249	**31,308**	37,000	(5,692)
Capital Outlay	-	**6,107**	100,162	(94,055)

CITY OF ELLSWORTH, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Expenditures (Continued)				
Fire Department				
Personnel	$ 10,414	**10,989**	11,000	(11)
Contractual	68,759	**64,041**	66,500	(2,459)
Commodities	18,709	**26,966**	18,000	8,966
Capital Outlay	17,247	**13,713**	16,500	(2,787)
Recreation and Pool Department				
Personnel	145,719	**146,834**	151,805	(4,971)
Contractual	31,148	**45,976**	41,250	4,726
Commodities	31,261	**40,245**	27,100	13,145
Capital Outlay	6,041	**6,923**	-	6,923
Sales Tax	482	**520**	-	520
Cemetery Department				
Contractual	306	**-**	-	-
Airport				
Contractual	22,930	**22,402**	38,800	(16,398)
Commodities	34,244	**24,039**	26,700	(2,661)
Sales Tax	2,596	**2,253**	-	2,253
Industrial Development	30,100	**32,500**	32,500	-
Recreation and Community Development				
Contractual	33,511	**33,240**	13,000	20,240
Community Development	6,000	**6,000**	28,000	(22,000)
Golf Course				
Personnel	226,676	**253,182**	280,629	(27,447)
Contractual	39,159	**59,692**	51,950	7,742
Commodities	69,854	**86,465**	86,300	165
Capital Outlay	-	**-**	10,000	(10,000)
Sales Tax	5,762	**7,453**	-	7,453
Transfers Out	90,750	**191,500**	245,450	(53,950)
(a) Adjustment for Qualifying Budget Credits	-	**-**	87,404	(87,404)
Total Expenditures	2,543,029	**2,990,070**	3,069,271	(79,201)
Receipts Over (Under) Expenditures	164,052	**(24,199)**		
Unencumbered Cash - Beginning	398,919	**562,971**		
Prior Period Adjustment	-	**(62,591)**		
Unencumbered Cash - Ending	$ 562,971	**476,181**		

(a) Adjustment for Qualifying Budget Credits

Reimbursed Expenses Over Amount Budgeted	$ 87,404

CITY OF ELLSWORTH, KANSAS
Library Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	$ 119	**146,869**	138,180	8,689
Delinquent	1,281	**1,193**	-	1,193
Motor Vehicle	21,909	**21,191**	20,654	537
RV,16/20, Commercial Vehicle	1,449	**1,319**	2,976	(1,657)
Interest	165	**743**	1,292	(549)
Transfers In	7,000	**-**	-	-
Total Receipts	31,923	**171,315**	163,102	8,213
Expenditures				
Appropriations to Library Board	127,000	**131,000**	131,000	-
Neighborhood Revitalization Refund	-	**2,337**	23,028	(20,691)
TIF Refund	-	**9,799**	46,208	(36,409)
Total Expenditures	127,000	**143,136**	200,236	(57,100)
Receipts Over (Under) Expenditures	(95,077)	**28,179**		
Unencumbered Cash - Beginning	143,676	**48,599**		
Unencumbered Cash - Ending	$ 48,599	**76,778**		

CITY OF ELLSWORTH, KANSAS
Special Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Prior Year Actual	Current Year **Actual**	Current Year Budget	Current Year Variance Over (Under)
Receipts					
State of Kansas Gas Tax	$	85,572	**80,161**	82,000	(1,839)
Interest		88	**443**	-	443
Total Receipts		85,660	**80,604**	82,000	(1,396)
Expenditures					
Contractual Services		49,101	**55,017**	56,000	(983)
Commodities		17,582	**22,644**	20,000	2,644
Transfers Out		10,000	**10,000**	18,760	(8,760)
Total Expenditures		76,683	**87,661**	94,760	(7,099)
Receipts Over (Under) Expenditures		8,977	**(7,057)**		
Unencumbered Cash - Beginning		21,176	**30,153**		
Unencumbered Cash - Ending	$	30,153	**23,096**		

CITY OF ELLSWORTH, KANSAS
Parks and Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Prior Year Actual	Current Year **Actual**	Current Year Budget	Current Year Variance Over (Under)
Receipts					
Taxes and Shared Revenues					
Local Alcohol Liquor	$	4,436	**4,789**	4,000	789
Interest		2	**18**	-	18
Total Receipts		4,438	**4,807**	4,000	807
Expenditures					
Commodities		4,057	**3,534**	4,000	(466)
Receipts Over (Under) Expenditures		381	**1,273**		
Unencumbered Cash - Beginning		1,248	**1,629**		
Unencumbered Cash - Ending	$	1,629	**2,902**		

CITY OF ELLSWORTH, KANSAS
Capital Improvement Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Refunds and Reimbursements	$ 5,000	**63,053**	-	63,053
CDBG Reimbursements	32,862	**-**	-	-
Donations	-	**96,191**	-	96,191
Federal Aid	225,938	**407,066**	-	407,066
Leases	14,152	**15,500**	-	15,500
Interest	952	**10,736**	-	10,736
Miscellaneous	48,809	**-**	-	-
Transfers In	136,750	**105,500**	495,191	(389,691)
Total Receipts	464,463	**698,046**	495,191	202,855
Expenditures				
Contractual Services	69,535	**476,601**	17,000	459,601
Commodities	4,487	**658**	-	658
Capital Outlay	3,750	**-**	495,000	(495,000)
General Government	3,715	**2,259**	-	2,259
Fire Department	12,000	**-**	-	-
Street, ECF, Parks and Recreation	35,760	**97,070**	-	97,070
Golf Course	16,972	**10,417**	-	10,417
Airport Improvement	-	**162,206**	-	162,206
Water Administration	-	**64,362**	-	64,362
Sewer Disposal	-	**33,000**	-	33,000
Recreation and Pool	9,753	**74,569**	-	74,569
Special Improvements	3,159	**-**	-	-
Transfer Out	-	**68,000**	-	68,000
Miscellaneous	25,540	**-**	354,366	(354,366)
(a) Adjustment for Qualifying Budget Credits	-	**-**	407,066	(407,066)
Total Expenditures	184,671	**989,142**	1,273,432	(284,290)
Receipts Over (Under) Expenditures	279,792	**(291,096)**		
Unencumbered Cash - Beginning	169,741	**449,533**		
Prior Period Adjustment	-	**(1,435)**		
Unencumbered Cash - Ending	$ 449,533	**157,002**		

(a) Adjustment for Qualifying Budget Credits

Federal Aid Over Amount Budgeted	$ 407,066

CITY OF ELLSWORTH, KANSAS
Municipal Equipment Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Reimbursed Expenses	$ 3,000	**7,010**	-	7,010
Sale of Assets	7,400	**6,100**	-	6,100
Interest	385	**2,269**	-	2,269
Donations	-	**11,300**	-	11,300
Transfers In	132,000	**96,000**	197,400	(101,400)
Total Receipts	142,785	**122,679**	197,400	(74,721)
Expenditures				
Capital Outlay	-	**-**	363,572	(363,572)
General Government	3,786	**58,462**	-	58,462
Police Department	32,507	**9,682**	-	9,682
Fire Department	4,042	**31,133**	-	31,133
Street Department	26,810	**17,303**	-	17,303
Golf Course	13,115	**25,975**	-	25,975
Water Administration	102	**1,750**	-	1,750
Recreation and Pool	8,597	**-**	-	-
Total Expenditures	88,959	**144,305**	363,572	(219,267)
Receipts Over (Under) Expenditures	53,826	**(21,626)**		
Unencumbered Cash - Beginning	110,237	**164,063**		
Unencumbered Cash - Ending	$ 164,063	**142,437**		

CITY OF ELLSWORTH, KANSAS
Tourism and Convention Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Prior Year Actual	Current Year **Actual**	Current Year Budget	Current Year Variance Over (Under)
Receipts					
Transient Guest Tax	$	16,343	**17,881**	10,000	7,881
Interest		78	**480**	134	346
Total Receipts		16,421	**18,361**	10,134	8,227
Expenditures					
Special Events		18,000	**-**	25,200	(25,200)
Receipts Over (Under) Expenditures		(1,579)	**18,361**		
Unencumbered Cash - Beginning		24,554	**22,975**		
Unencumbered Cash - Ending	$	22,975	**41,336**		

CITY OF ELLSWORTH, KANSAS
Fire and Police Equipment Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	$ 33,590	**44**	-	44
Delinquent	301	**307**	-	307
Motor Vehicle	5,155	**21**	-	21
RV, 16/20M, Commercial Vehicle	341	**2**	-	2
Neighborhood Revitalization Refund	(583)	**-**	-	-
Interest	55	**189**	-	189
Total Receipts	38,859	**563**	-	563
Expenditures				
Commodities	2,245	**-**	-	-
Capital Outlay	60,778	**-**	-	-
Total Expenditures	63,023	**-**	-	-
Receipts Over (Under) Expenditures	(24,164)	**563**		
Unencumbered Cash - Beginning	37,841	**13,677**		
Unencumbered Cash - Ending	$ 13,677	**14,240**		

CITY OF ELLSWORTH, KANSAS
SO TIF 2011 Project Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Transfers In	$ 6,263	**-**	625,000	(625,000)
Expenditures				
Publications	263	**-**	-	-
Capital Outlay	6,000	**-**	625,000	(625,000)
Total Expenditures	6,263	**-**	625,000	(625,000)
Receipts Over (Under) Expenditures	-	**-**		
Unencumbered Cash - Beginning	-	**-**		
Unencumbered Cash - Ending	$ -	**-**		

CITY OF ELLSWORTH, KANSAS
SO TIF 2011 Revenue Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Prior Year Actual	Current Year **Actual**	Current Year Budget	Current Year Variance Over (Under)
Receipts					
TIF Property Tax	$	179,587	**184,769**	181,000	3,769
Interest		2,727	**15,495**	3,372	12,123
Total Receipts		182,314	**200,264**	184,372	15,892
Expenditures					
Transfers Out		125,219	**121,016**	1,185,103	(1,064,087)
Receipts Over (Under) Expenditures		57,095	**79,248**		
Unencumbered Cash - Beginning		1,011,359	**1,068,454**		
Unencumbered Cash - Ending	$	1,068,454	**1,147,702**		

CITY OF ELLSWORTH, KANSAS
SO TIF 2011 Debt Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Transfers In	$ 118,956	**121,016**	125,000	(3,984)
Expenditures				
Bond Principal	70,000	**75,000**	75,000	-
Bond Interest	48,955	**46,015**	50,000	(3,985)
Contractual Services	1	**1**	-	1
Total Expenditures	118,956	**121,016**	125,000	(3,984)
Receipts Over (Under) Expenditures	-	**-**		
Unencumbered Cash - Beginning	-	**-**		
Unencumbered Cash - Ending	$ -	**-**		

CITY OF ELLSWORTH, KANSAS
2019 Temp Note Debt Service Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Interest	$ 2,329	**-**	-	-
Expenditures				
Debt Service	15,946	**-**	-	-
Receipts Over (Under) Expenditures	(13,617)	**-**		
Unencumbered Cash - Beginning	13,617	**-**		
Unencumbered Cash - Ending	$ -	**-**		

Schedule 2-13

CITY OF ELLSWORTH, KANSAS
2021 GO Bond Cost of Issuance Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Prior Year Actual	**Current Year Actual**
Receipts			
Bond Proceeds	$	64,950	**-**
Expenditures			
Bond Costs		64,950	**-**
Receipts Over (Under) Expenditures		-	**-**
Unencumbered Cash - Beginning		-	**-**
Unencumbered Cash - Ending	$	-	**-**

CITY OF ELLSWORTH, KANSAS
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenue				
Ad Valorem	$ 150,232	**17,333**	16,139	1,194
Delinquent	1,103	**1,191**	-	1,191
Motor Vehicle	18,858	**2,541**	16,578	(14,037)
RV, 16/20M, Commercial Vehicle	1,248	**161**	1,193	(1,032)
Sales and Use tax	320,126	**290,721**	171,784	118,937
Streetscape Special Assessments	10,292	**10,460**	9,000	1,460
Neighborhood Revitalization Rebate	(2,610)	**(273)**	-	(273)
Interest	1,529	**9,346**	1,000	8,346
Transfers In	323,008	**220,000**	446,370	(226,370)
Total Receipts	823,786	**551,480**	662,064	(110,584)
Expenditures				
Contractual	-	**-**	55,000	(55,000)
Commodities	1,024	**2,000**	5,375	(3,375)
Bond Principal	430,000	**540,000**	550,000	(10,000)
Bond Interest	78,449	**122,184**	92,304	29,880
TIF Refunds	10,041	**1,144**	397,685	(396,541)
Total Expenditures	519,514	**665,328**	1,100,364	(435,036)
Receipts Over (Under) Expenditures	304,272	**(113,848)**		
Unencumbered Cash - Beginning	464,988	**769,260**		
Unencumbered Cash - Ending	$ 769,260	**655,412**		

CITY OF ELLSWORTH, KANSAS
2017 Temporary Note Improvement Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Interest	$ 747	**2,043**	-	2,043
Expenditures				
Contractual Services	39,416	**258,351**	-	258,351
Capital Outlay	14,829	**2,279**	280,501	(278,222)
Total Expenditures	54,245	**260,630**	280,501	(19,871)
Receipts Over (Under) Expenditures	(53,498)	**(258,587)**		
Unencumbered Cash - Beginning	312,085	**258,587**		
Unencumbered Cash - Ending	$ 258,587	**-**		

CITY OF ELLSWORTH, KANSAS
2019 Temporary Note Improvement Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Federal and State Aid	$ 1,928,713	**5,299,697**	9,423,700	(4,124,003)
Transfers In	-	**68,000**	-	68,000
Interest	887	**8,051**	3,212	4,839
Total Receipts	1,929,600	**5,375,748**	9,426,912	(4,051,164)
Expenditures				
Street Improvements	386,962	**63,021**	-	63,021
Stormwater Improvements	17,399	**10,100**	2,600,000	(2,589,900)
Airport Improvements	2,434,270	**3,173,659**	7,750,000	(4,576,341)
Capital Outlay	1,043,050	**138,890**	650,000	(511,110)
Debt Service - Interest	24,075	**-**	-	-
Total Expenditures	3,905,756	**3,385,670**	11,000,000	(7,614,330)
Receipts Over (Under) Expenditures	(1,976,156)	**1,990,078**		
Unencumbered Cash - Beginning	1,992,479	**16,323**		
Prior Period Adjustment	-	**(1,511,949)**		
Unencumbered Cash - Ending	$ 16,323	**494,452**		

CITY OF ELLSWORTH, KANSAS
Water and Sewer Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Sales to Consumers	$ 1,011,748	**974,645**	965,000	9,645
Sewer Service Charge	570,050	**558,406**	475,000	83,406
Penalties	21,887	**10,312**	8,500	1,812
Connection Fees	-	**11,078**	10,000	1,078
User Fees	12,242	**12,775**	10,500	2,275
State Water Fee	3,096	**3,046**	3,000	46
Sales Tax	12,490	**13,810**	10,000	3,810
Miscellaneous	4,115	**4,120**	3,560	560
Reimbursed Expenses	557	**1,845**	4,100	(2,255)
Interest	1,072	**7,288**	877	6,411
Total Receipts	1,637,257	**1,597,325**	1,490,537	106,788
Expenditures				
General Administration				
Personnel Services	314,008	**353,973**	228,600	125,373
Contractual services	142,962	**146,955**	186,450	(39,495)
Commodities	213,635	**257,629**	41,150	216,479
Capital Outlay	-	**-**	20,000	(20,000)
Miscellaneous	7,125	**5,136**	-	5,136
Sewage Disposal				
Personnel Services	58,718	**41,609**	228,600	(186,991)
Contractual services	118,631	**111,328**	186,450	(75,122)
Commodities	17,057	**30,056**	41,150	(11,094)
Miscellaneous	3,054	**-**	-	-
Non-Operating				
Sales Tax and Water Fees	19,272	**18,412**	-	18,412
Commodities	7,787	**7,780**	-	7,780
Transfers Out	675,000	**420,000**	917,620	(497,620)
Total Expenditures	1,577,249	**1,392,878**	1,850,020	(457,142)
Receipts Over (Under) Expenditures	60,008	**204,447**		
Unencumbered Cash - Beginning	466,209	**526,217**		
Prior Period Adjustment	-	**(12,018)**		
Unencumbered Cash - Ending	$ 526,217	**718,646**		

CITY OF ELLSWORTH, KANSAS
Water and Sewer Emergency Depreciation Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Interest	$ 542	**3,618**	1,500	2,118
Transfers In	50,000	**50,000**	50,000	-
Total Receipts	50,542	**53,618**	51,500	2,118
Expenditures				
Capital Outlay	15,315	**-**	227,685	(227,685)
Receipts Over (Under) Expenditures	35,227	**53,618**		
Unencumbered Cash - Beginning	198,071	**233,298**		
Unencumbered Cash - Ending	$ 233,298	**286,916**		

CITY OF ELLSWORTH, KANSAS
Water and Sewer Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Interest	$ 559	**2,223**	1,800	423
Transfers In	150,000	**150,000**	273,200	(123,200)
Total Receipts	150,559	**152,223**	275,000	(122,777)
Expenditures				
Contractual Services	51,648	**56,149**	55,000	1,149
Commodities	9,947	**-**	-	-
Capital Outlay	-	**102,999**	38,000	64,999
Loan Principal Payment	76,359	**78,295**	150,000	(71,705)
Loan Interest Payment	15,784	**14,039**	32,000	(17,961)
Loan Service Fee	-	**1,546**	2,000	(454)
Total Expenditures	153,738	**253,028**	277,000	(23,972)
Receipts Over (Under) Expenditures	(3,179)	**(100,805)**		
Unencumbered Cash - Beginning	242,054	**238,875**		
Unencumbered Cash - Ending	$ 238,875	**138,070**		

CITY OF ELLSWORTH, KANSAS
Solid Waste Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Disposal fees	$ 160,984	**162,198**	157,300	4,898
Expenditures				
Contractual Services	155,482	**156,723**	158,300	(1,577)
Administrative Fee	5,485	**5,452**	5,500	(48)
Total Expenditures	160,967	**162,175**	163,800	(1,625)
Receipts Over (Under) Expenditures	17	**23**		
Unencumbered Cash - Beginning	7,172	**7,189**		
Unencumbered Cash - Ending	$ 7,189	**7,212**		

CITY OF ELLSWORTH, KANSAS
Stormwater Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	**Actual**	Budget	Variance Over (Under)
Receipts				
Collection Fees	$ 15,367	**44,926**	30,000	14,926
Interest	5	**422**	-	422
Total Receipts	15,372	**45,348**	30,000	15,348
Expenditures				
Contractual Services	**-**	**8,060**	-	8,060
Capital Outlay	**-**	**26,294**	37,500	(11,206)
Total Expenditures	-	**34,354**	37,500	(3,146)
Receipts Over (Under) Expenditures	15,372	**10,994**		
Unencumbered Cash - Beginning	-	**15,372**		
Unencumbered Cash - Ending	$ 15,372	**26,366**		

CITY OF ELLSWORTH, KANSAS
Related Municipal Entity - J.H. Robbins Memorial Library
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Prior Year Actual	**Current Year Actual**
Receipts			
City Appropriation	$	127,000	**131,000**
Donations		3,423	**25,455**
State Aid		842	**841**
Central Kansas Library System		15,218	**15,825**
Interest on Investments		2,240	**2,610**
Grants		1,000	**12,500**
Rental Income		-	**1,250**
Miscellaneous		30,342	**8,394**
Total Receipts		180,065	**197,875**
Expenditures			
Salaries		76,469	**94,883**
Supplies		6,377	**20,313**
Repairs and Maintenance		15,240	**8,801**
Books, Cassettes and Magazines		12,603	**13,156**
Payroll Taxes		200	**1,755**
Utilities		7,557	**11,557**
Insurance		4,274	**4,918**
Technology		30,008	**1,268**
Travel and Education		329	**1,084**
Programs		843	**2,052**
Grant Expense		-	**2,475**
Miscellaneous		5,346	**5,613**
Total Expenditures		159,246	**167,875**
Receipts Over (Under) Expenditures		20,819	**30,000**
Unencumbered Cash - Beginning		313,335	**334,154**
Unencumbered Cash - Ending	$	334,154	**364,154**

Schedule 3

CITY OF ELLSWORTH, KANSAS
Agency Funds
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022

Fund	Beginning Cash Balance	Receipts	Disbursements	**Ending Cash Balance**
FSA Account	$ -	46,711	46,668	**43**

CITY OF ELLSWORTH, KANSAS

Single Audit Information

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

To the City Council
City of Ellsworth, Kansas
Ellsworth, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **City of Ellsworth, Kansas**, as of and for the year ended December 31, 2022, and the related notes to the financial statement, and have issued our report thereon dated September 25, 2023. The report on the audited financial statement was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **City of Ellsworth, Kansas'** 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **City of Ellsworth, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **City of Ellsworth, Kansas'** internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **City of Ellsworth, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Ellsworth, Kansas' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on **City of Ellsworth, Kansas'** response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. **City of Ellsworth, Kansas'** response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

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 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.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

September 25, 2023

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

To the City Council
City of Ellsworth, Kansas
Ellsworth, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **City of Ellsworth, Kansas'** 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 **City of Ellsworth, Kansas'** major federal programs for the year ended December 31, 2022. **City of Ellsworth, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **City of Ellsworth, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

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; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **City of Ellsworth, Kansas** 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 **City of Ellsworth, Kansas'** 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 **City of Ellsworth, Kansas'** federal programs.

Auditors' 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 **City of Ellsworth, Kansas'** 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 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 **City of Ellsworth, Kansas'** 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, 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 **City of Ellsworth, Kansas'** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of **City of Ellsworth, Kansas'** 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 **City of Ellsworth, Kansas'** 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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003, to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on **City of Ellsworth, Kansas'** response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. **City of Ellsworth, Kansas'** response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

September 25, 2023

CITY OF ELLSWORTH, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass-through Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Housing and Urban Development				
Passed Through Kansas Housing Resources Corp				
Home Investment Partnerships Program	14.239	M-20-SG-20-0120	$ -	16,941
Home Investment Partnerships Program	14.239	M-21-SG-20-0120	-	27,249
Total U.S. Department of Housing and Urban Development			-	44,190
U.S. Department of Justice				
Passed Through Kansas Governor's Office				
Bulletproof Vest Partnership Program	16.607	2021BUBX2106688	-	1,336
U.S. Department of Transportation				
Direct Funding				
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-20-0117-013-2020	-	3,173,599
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-20-0117-017-2022	-	66,903
COVID-19 Funding				
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs	20.106	3-20-0117-018-2022	-	21,927
Total U.S. Department of Transportation			-	3,262,429
Total Expenditures of Federal Awards			$ **-**	**3,307,955**

See accompanying notes to schedule of expenditures of federal awards.

CITY OF ELLSWORTH, KANSAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – INDIRECT COST RATE

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

NOTE 3 – OTHER EXPENDITURES

The City did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees, and incurred no expenditures in relation thereof for the year ended December 31, 2022.

CITY OF ELLSWORTH, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statement was prepared in accordance with a special purpose framework that is not in compliance with GAAP:			Unmodified	
Internal control over financial reporting:				
• Material weakness identified?	X	Yes		No
• Significant deficiency identified?		Yes	X	None reported
• Noncompliance material to financial statements noted?		Yes	X	No

FEDERAL AWARDS

Internal control over major programs:				
• Material weakness identified?		Yes	X	No
• Significant deficiency identified?	X	Yes		None reported
Type of auditors' report issued on compliance for major programs:			Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?		Yes	X	No

Identification of major programs:

Federal Assistance Listing Numbers	Name of Federal Program or Cluster
20.106	Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Act Programs

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

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

2022-001 – Segregation of Duties

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

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

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

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

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

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

Views of responsible officials
See Corrective Action Plan.

2022-002 – Accounts Payable and Encumbrances

Criteria or specific requirement
Amounts due to vendors or suppliers for goods and services received before year end, but not yet paid for, are considered accounts payable and should be booked for the year ended. Encumbrances are a commitment related to unperformed contracts for goods or services. Commitment should include purchase orders, Commissioner approved expenditures, and written contracts that are entered into before year end. These commitments should be recorded in the year that they were approved to allow for an accurate matching of expenditures for accounting and budgetary purposes.

Condition
Invoices were not recorded as accounts payable, and commitments were not recorded as encumbrances as of year-end.

Context
During audit procedures, material invoices and commitments were identified that should have been recorded as accounts payable and encumbrances.

Cause
Accounts payable and encumbrances were not being booked.

Effect
Liabilities were understated, and expenses were not materially accurate.

Recommendation
We recommend that the City review its controls in order to ensure that all accounts payable and encumbrances are properly recorded.

Views of responsible officials
See Corrective Action Plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY

2022-003

Federal program
Airport Improvement Program – 20.106

Compliance requirements
Reporting

Criteria or specific requirement
Internal controls should be in place to ensure that reporting is completed accurately and submitted within required timeframes.

Condition
During testing, we identified that annual reports for the program were properly prepared; however, they were not submitted.

Context
The SF-271 and SF-425 reports were prepared for the Runway Reconstruction and Beacon Replacement projects; however, they were not signed and submitted.

Cause
Turnover occurred within key positions at the City, and the new employees were not aware that the reports had not been submitted.

Effect
Reports were not submitted to the awarding agency.

Recommendation
We recommend that the City review its controls to ensure that reports are submitted in a timely manner and kept on file for documentation.

Views of responsible officials
See Corrective Action Plan.

City of Ellsworth
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Ellsworth, Kansas 67439

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters noted for the year ended December 31, 2021.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs for the year ended December 31, 2021 are required to be disclosed under the Uniform Guidance.