

CITY OF MOUNT HOPE, KANSAS

Financial Statement

For the Year Ended December 31, 2022

City of Mount Hope, Kansas
For the Year Ended December 31, 2022

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
 <u>Financial Section</u>	
Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	Statement 1 4
Notes to Financial Statement	5-10
 <u>Regulatory – Required Supplementary Information</u>	
Summary of Expenditures – Actual and Budget – Regulatory Basis	Schedule 1 11
Schedule of Receipts and Expenditures – Actual and Budget – Regulatory Basis	Schedule 2
General Fund	12-13
Special Purpose Funds	14-18
Bond and Interest Fund	19
Business Funds	20-24
Trust Fund	25
Schedule of Receipts and Expenditures – Actual – Regulatory Basis	Schedule 3
Related Municipal Entity	26
Summary of Receipts and Disbursements – Regulatory Basis	Schedule 4
Agency Funds	27

INDEPENDENT AUDITOR'S REPORT

City Council
City of Mount Hope
Mount Hope, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Mount Hope, Kansas (City), and its related municipal entity, as of and for the year ended December 31, 2022, and the related disclosures to the financial statement.

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 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) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's 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.

Auditor's 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 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, 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 2022 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 expenditures-actual-related municipal entity and the schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for additional analysis and are not a required part of the 2022 basic financial statement, but 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 2022 basic financial statement. The 2022 information has been subjected to the auditing procedures applied in the audit of the 2022 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 2022 basic financial statement or to the 2022 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 2022 basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City as of and for the year ended December 31, 2021 (not presented

herein), and have issued our report thereon dated April 7, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 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 <https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services>. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget and the schedule of regulatory basis receipts and expenditures-actual-related municipal entity for the year ended December 31, 2022 (Schedules 2 and 3 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2022 basic financial statement. Such 2021 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 2021 basic financial statement.

The 2021 comparative information 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. In our opinion, the 2021 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, 2021, on the basis of accounting described in Note 1.

Krudsen, Monroe & Company, LLC

Certified Public Accountants

Newton, Kansas

May 8, 2023

City of Mount Hope, Kansas
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2022

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 132,581	539,455	537,296	134,740	25,057	159,797
Special Purpose Funds						
Employee Benefit	44,630	147,920	135,583	56,967	2,735	59,702
Library	459	27,943	24,900	3,502	386	3,888
Special Street and Highway Equipment Replacement	160,199	31,014	-	191,213	-	191,213
Police	32,156	-	622	31,534	-	31,534
Fire	49,474	17,700	16,280	50,894	-	50,894
Utility	7,636	-	-	7,636	-	7,636
ARPA	61,124	61,188	-	122,312	-	122,312
Bond and Interest Fund	10,237	49,214	57,600	1,851	-	1,851
Business Funds						
Electric	177,235	846,082	826,596	196,721	966	197,687
Sewer	18,759	84,872	78,802	24,829	1,497	26,326
Solid Waste	9,444	78,665	77,500	10,609	71	10,680
Water	23,191	109,343	129,790	2,744	11,732	14,476
Electric Maintenance Reserve	63,551	-	-	63,551	-	63,551
Sewer Reserve	10,340	-	-	10,340	-	10,340
Water Reserve	44,730	-	-	44,730	-	44,730
Trust Fund						
Special Law Enforcement Trust Fund	1,289	-	-	1,289	-	1,289
Related Municipal Entity						
Library Board	45,361	43,337	40,353	48,345	1,571	49,916
Total Reporting Entity (Excluding Agency funds)	\$ 892,396	2,036,733	1,925,322	1,003,807	44,015	1,047,822
Composition of Cash						
Cash on hand						\$ 200
First National Bank of Hutchinson						
Checking						515,299
Money Market						67,139
Certificates of Deposit						4,455
Legacy Bank						
Checking						122,312
Savings						17,412
Certificate of Deposit						267,865
Money Market						23,424
First National Bank of Hutchinson, Library						49,916
Total Cash						1,068,022
Less Agency Funds per Schedule 4						20,200
Total Reporting Entity						<u>\$ 1,047,822</u>

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

City of Mount Hope, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The City of Mount Hope is a municipal corporation governed by an elected five-member council. This regulatory financial statement presents the City of Mount Hope (City) 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 Mount Hope Library Board operates the City's public library. The City provides funding for the library through special purpose and general fund appropriations. Acquisition or disposition of real property by the Board must be approved by the City. Bond issuances must also be approved by the City.

Regulatory Basis Fund Types

General 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.

Business Fund – used to account in whole or in part for fees charged to users of the goods or services (i.e., water fund, electric fund, etc.).

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

Agency Fund – used to report assets held by the City in a purely custodial capacity (i.e., sales tax collection account).

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

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

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

City of Mount Hope, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Fund 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.

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 for this year.

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 schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

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 the KMAAG regulatory basis of accounting.

City of Mount Hope, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2022

2. 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.

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, 2022.

At December 31, 2022, the City's carrying amount of deposits, including its related municipal entity, was \$1,067,822 and the bank balance was \$1,082,219. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$549,942 was covered by federal depository insurance, \$524,234 was collateralized with securities held by the pledging financial institutions' agents in the City's name, and \$8,043 was unsecured at December 31, 2022.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

Per K.S.A. 9-1402, the City's financial institutions are required to pledge securities for deposits in excess of FDIC coverage. One of the City's financial institutions did not adequately secure the City's deposits during the year ended December 31, 2022.

Per K.S.A. 12-1608, the City is required to publish its financial statements annually showing by fund, beginning and ending balances, receipts, and expenditures along with obligation/liability information by January 31 each year. The City did not file this annual report timely for the year ended December 31, 2022.

City of Mount Hope, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2022

4. LONG-TERM DEBT

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	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions /Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Series 2010	4.00%	06/29/10	\$ 685,000	12/01/30	\$ 315,000	-	45,000	270,000	12,600
Finance Leases									
First National Bank	3.75%	05/21/14	500,000	05/21/24	151,299	-	60,898	90,401	4,697
Freightliner Tanker Truck	3.00%	07/19/19	77,034	04/25/25	52,393	-	12,548	39,845	1,571
Polaris Ranger 2022	3.00%	08/11/22	14,429	08/15/27	-	14,429	-	14,429	-
					203,692	14,429	73,446	144,675	6,268
Total contractual indebtedness					\$ 518,692	14,429	118,446	414,675	18,868

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

	Year ending December 31						
	2023	2024	2025	2026	2027	2028-2030	Total
Principal							
General Obligation Bonds	\$ 45,000	45,000	55,000	25,000	25,000	75,000	270,000
Finance Leases	78,841	43,225	16,523	2,989	3,097	-	144,675
Total principal	123,841	88,225	71,523	27,989	28,097	75,000	414,675
Interest							
General Obligation Bonds	10,800	9,000	7,200	5,000	4,000	6,000	42,000
Finance Leases	4,083	1,447	801	222	113	-	6,666
Total interest	14,883	10,447	8,001	5,222	4,113	6,000	48,666
Total principal and interest	\$ 138,724	98,672	79,524	33,211	32,210	81,000	463,341

5. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
Electric	Employee Benefit	K.S.A. 12-825d	\$ 47,764
Sewer	Bond and Interest	K.S.A. 12-825d	13,000
Water	Employee Benefit	K.S.A. 12-825d	17,236
Water	Bond and Interest	K.S.A. 12-825d	12,000

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. Each retiree pays the full amount of the applicable premium.

City of Mount Hope, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2022

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (Continued)

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.

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, 2022, with a 0% moratorium for the period January 1 through June 30, 2022.

Compensated Absences

Full-time employees earn paid vacation according to the following schedule:

<u>Years of continuous service</u>	<u>0 to 5</u>	<u>5 to 10</u>	<u>10 to 20</u>	<u>20+</u>
Hours earned each month	6.66	8.50	10.00	13.20
Maximum hours of accumulation	80.00	104.00	120.00	160.00

Unused vacation time is paid to employees upon termination. Unused vacation time has not been recorded as a liability in the accompanying financial statement.

Full-time employees earn eight hours of sick leave for each month of service which can be accumulated to a maximum of 480 hours. Unused sick leave is not paid to employees upon termination. Unused sick leave has not been recorded as a liability in the accompanying financial statement.

7. 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 Annual Comprehensive 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.

City of Mount Hope, Kansas
NOTES TO FINANCIAL STATEMENT
December 31, 2022

7. DEFINED BENEFIT PENSION PLAN (Continued)

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, with a 0% moratorium for the period January 1 through June 30, 2022, 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 \$21,609 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 \$240,056. 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.

8. RELATED PARTIES

The Library Board treasurer is related to the City mayor.

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased commercial insurance for these potential risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal 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.

10. DATE OF MANAGEMENT REVIEW

Management has performed an analysis of the activities and transactions subsequent to December 31, 2022, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through May 8, 2023, which is the date at which the financial statement was available to be issued.

CITY OF MOUNT HOPE
REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

City of Mount Hope, 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)
GENERAL FUND	\$ 665,132	-	665,132	537,296	(127,836)
SPECIAL PURPOSE FUNDS					
Employee Benefit	135,700	-	135,700	135,583	(117)
Library	24,900	-	24,900	24,900	-
Special Street and Highway	55,000	-	55,000	-	(55,000)
Ambulance	3,500	-	3,500	-	(3,500)
BOND AND INTEREST FUND	59,080	-	59,080	57,600	(1,480)
BUSINESS FUNDS					
Electric	826,596	-	826,596	826,596	-
Sewer	90,500	-	90,500	78,802	(11,698)
Solid Waste	77,500	-	77,500	77,500	-
Water	165,000	-	165,000	129,790	(35,210)

City of Mount Hope, Kansas

General FundSCHEDULE 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		Variance Over (Under)
		Actual	Budget	
RECEIPTS				
Ad valorem property tax	\$ 169,734	191,362	206,482	(15,120)
Delinquent tax	3,963	9,271	500	8,771
Vehicle tax	34,441	32,387	37,055	(4,668)
State assessed utilities tax	6,031	6,566	-	6,566
Local sales tax	140,921	161,511	120,000	41,511
Township payments	9,559	-	20,000	(20,000)
Fines and fees	28,783	34,252	30,000	4,252
Fire protection fees	-	5,567	-	5,567
Licenses and permits	3,669	5,658	5,200	458
Franchise tax	15,737	19,963	15,500	4,463
Interest	969	2,942	4,500	(1,558)
Late charges	13,426	20,073	15,000	5,073
Swimming pool	9,642	9,657	10,000	(343)
Neighborhood revitalization	5,591	4,909	10,000	(5,091)
Other income and reimbursements	36,435	35,337	72,000	(36,663)
Transfer from Electric	80,000	-	80,000	(80,000)
Total Receipts	558,901	539,455	<u>626,237</u>	<u>(86,782)</u>
EXPENDITURES, page 13	<u>545,776</u>	<u>537,296</u>		
Receipts over (under) expenditures	13,125	2,159		
UNENCUMBERED CASH, beginning	<u>119,456</u>	<u>132,581</u>		
UNENCUMBERED CASH, ending	<u>\$ 132,581</u>	<u>134,740</u>		

City of Mount Hope, 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		Variance Over (Under)
		Actual	Budget	
EXPENDITURES				
Administrative	\$ 94,318	95,749	105,000	(9,251)
General business	11,317	14,444	18,500	(4,056)
Police	164,803	176,775	179,500	(2,725)
Fire	56,077	57,941	51,500	6,441
Ambulance subsidy	55,000	55,000	55,000	-
Swimming pool	29,024	53,934	60,000	(6,066)
Court	16,554	13,328	15,000	(1,672)
Park department	23,477	22,049	33,100	(11,051)
Ball park	739	739	3,800	(3,061)
Streets	5,484	25,092	29,582	(4,490)
Community projects	5,577	5,161	6,000	(839)
Economic development	5,250	2,000	5,000	(3,000)
Planning/zoning	-	-	500	(500)
Code enforcement	3,990	4,832	18,000	(13,168)
Library	9,504	2,150	6,500	(4,350)
Neighborhood revitalization	11,162	8,102	13,000	(4,898)
Tree board	-	-	1,650	(1,650)
Transfer to				
Special Street and Highway	25,000	-	25,000	(25,000)
Equipment Replacement-Police	10,000	-	20,000	(20,000)
Equipment Replacement-Fire	18,500	-	18,500	(18,500)
Total Expenditures	<u>\$ 545,776</u>	<u>537,296</u>	<u>665,132</u>	<u>(127,836)</u>

City of Mount Hope, Kansas

Special Purpose Funds

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		Variance Over (Under)
		Actual	Budget	
<u>EMPLOYEE BENEFIT</u>				
RECEIPTS				
Ad valorem property tax	\$ 32,676	50,285	54,257	(3,972)
Delinquent tax	1,134	2,424	500	1,924
State assessed utility tax	1,161	1,725	-	1,725
Vehicle tax	8,704	6,294	7,133	(839)
Interest and other	23,162	22,192	5,000	17,192
Transfer from				
Transfer from Electric	65,000	47,764	65,000	(17,236)
Transfer from Water	-	17,236	-	17,236
Total Receipts	<u>131,837</u>	<u>147,920</u>	<u>131,890</u>	<u>16,030</u>
EXPENDITURES				
Health insurance premiums	71,727	75,236	75,000	236
Unemployment tax	294	54	700	(646)
KPERS	21,286	22,794	28,700	(5,906)
Social security	22,570	22,891	31,300	(8,409)
Insurance claims paid	6,826	14,608	-	14,608
Miscellaneous	80	-	-	-
Total Expenditures	<u>122,783</u>	<u>135,583</u>	<u>135,700</u>	<u>(117)</u>
Receipts over (under) expenditures	9,054	12,337		
UNENCUMBERED CASH, beginning	<u>35,576</u>	<u>44,630</u>		
UNENCUMBERED CASH, ending	<u>\$ 44,630</u>	<u>56,967</u>		

City of Mount Hope, Kansas

Special Purpose Funds

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		Variance Over (Under)
		Actual	Budget	
<u>LIBRARY</u>				
RECEIPTS				
Ad valorem property tax	\$ 20,840	22,018	23,758	(1,740)
Delinquent tax	508	1,185	-	1,185
State assessed utility tax	740	757	-	757
Vehicle tax	4,454	3,983	4,550	(567)
Total Receipts	26,542	27,943	28,308	(365)
EXPENDITURES				
Appropriations to Library Board	26,980	24,900	24,900	-
Receipts over (under) expenditures	(438)	3,043		
UNENCUMBERED CASH, beginning	897	459		
UNENCUMBERED CASH, ending	\$ 459	3,502		

City of Mount Hope, Kansas

Special Purpose FundsSCHEDULE 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		Variance Over (Under)
		Actual	Budget	
<u>SPECIAL STREET AND HIGHWAY</u>				
RECEIPTS				
State payments	\$ 23,319	21,480	20,600	880
County payments	10,115	9,534	8,950	584
Transfer from General	25,000	-	25,000	(25,000)
Total Receipts	<u>58,434</u>	<u>31,014</u>	<u>54,550</u>	<u>(23,536)</u>
EXPENDITURES				
Contractual services	28,945	-	55,000	(55,000)
Receipts over (under) expenditures	29,489	31,014		
UNENCUMBERED CASH, beginning	130,710	160,199		
UNENCUMBERED CASH, ending	<u>\$ 160,199</u>	<u>191,213</u>		
<u>AMBULANCE</u>				
RECEIPTS				
County Health Tax	\$ -	-	-	-
EXPENDITURES				
Contractual services	-	-	3,500	(3,500)
Receipts over (under) expenditures	-	-		
UNENCUMBERED CASH, beginning	-	-		
UNENCUMBERED CASH, ending	<u>\$ -</u>	<u>-</u>		

City of Mount Hope, Kansas

Special Purpose FundsSCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
<u>EQUIPMENT REPLACEMENT-POLICE</u>		
RECEIPTS		
Reimbursements	\$ 1,814	-
Insurance proceeds	8,012	-
Transfer from General	<u>10,000</u>	<u>-</u>
Total receipts	<u>19,826</u>	<u>-</u>
EXPENDITURES		
Capital outlay	<u>8,012</u>	<u>622</u>
Receipts over (under) expenditures	11,814	(622)
UNENCUMBERED CASH, beginning	<u>20,342</u>	<u>32,156</u>
UNENCUMBERED CASH, ending	<u>\$ 32,156</u>	<u>31,534</u>
<u>EQUIPMENT REPLACEMENT-FIRE</u>		
RECEIPTS		
Other income	\$ 13,387	17,700
Transfer from General	<u>18,500</u>	<u>-</u>
Total receipts	<u>31,887</u>	<u>17,700</u>
EXPENDITURES		
Capital outlay	-	2,161
Capital outlay - principal	12,171	12,548
Capital outlay - interest	<u>1,948</u>	<u>1,571</u>
Total expenditures	<u>14,119</u>	<u>16,280</u>
Receipts over (under) expenditures	17,768	1,420
UNENCUMBERED CASH, beginning	<u>31,706</u>	<u>49,474</u>
UNENCUMBERED CASH, ending	<u>\$ 49,474</u>	<u>50,894</u>

City of Mount Hope, Kansas

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
<u>EQUIPMENT REPLACEMENT-UTILITY</u>		
RECEIPTS		
Transfer from Electric Fund	\$ 5,000	-
EXPENDITURES		
	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	5,000	-
UNENCUMBERED CASH, beginning	<u>2,636</u>	<u>7,636</u>
UNENCUMBERED CASH, ending	<u>\$ 7,636</u>	<u>7,636</u>
 <u>ARPA GRANT</u>		
RECEIPTS		
Grant income	\$ 61,120	61,120
Interest income	<u>4</u>	<u>68</u>
Total receipts	61,124	61,188
EXPENDITURES		
	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	61,124	61,188
UNENCUMBERED CASH, beginning	<u>-</u>	<u>61,124</u>
UNENCUMBERED CASH, ending	<u>\$ 61,124</u>	<u>122,312</u>

City of Mount Hope, Kansas

Bond and Interest FundSCHEDULE 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		Variance Over (Under)
		Actual	Budget	
RECEIPTS				
Special assessments	\$ 24,970	24,214	28,000	(3,786)
Transfer from				
Sewer	5,000	13,000	18,000	(5,000)
Water	30,000	12,000	25,000	(13,000)
Total Receipts	59,970	49,214	71,000	(21,786)
EXPENDITURES				
Principal	45,000	45,000	45,000	-
Interest	14,400	12,600	13,500	(900)
Cash basis reserve	-	-	580	(580)
Total Expenditures	59,400	57,600	59,080	(1,480)
Receipts over (under) expenditures	570	(8,386)		
UNENCUMBERED CASH, beginning	9,667	10,237		
UNENCUMBERED CASH, ending	\$ 10,237	1,851		

City of Mount Hope, Kansas

Business FundsSCHEDULE 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		Variance Over (Under)
		Actual	Budget	
<u>ELECTRIC</u>				
RECEIPTS				
Sales to consumers	\$ 770,958	842,179	800,000	42,179
Reimbursements	-	-	35,000	(35,000)
Collections and other	5,393	3,903	15,000	(11,097)
Total Receipts	<u>776,351</u>	<u>846,082</u>	<u>850,000</u>	<u>(3,918)</u>
EXPENDITURES				
Personnel services	23,790	26,119	56,000	(29,881)
Contractual services	17,569	31,131	20,000	11,131
Commodities	26,444	22,664	35,000	(12,336)
Wholesale electricity	472,672	633,323	500,000	133,323
Lease purchase principal	53,835	60,898	60,901	(3)
Lease purchase interest	6,294	4,697	4,695	2
Transfer to				
General	80,000	-	80,000	(80,000)
Employee Benefit	65,000	47,764	65,000	(17,236)
Equipment Replacement-Utility	5,000	-	5,000	(5,000)
Total Expenditures	<u>750,604</u>	<u>826,596</u>	<u>826,596</u>	<u>-</u>
Receipts over (under) expenditures	25,747	19,486		
UNENCUMBERED CASH, beginning	<u>151,488</u>	<u>177,235</u>		
UNENCUMBERED CASH, ending	<u>\$ 177,235</u>	<u>196,721</u>		

City of Mount Hope, Kansas

Business FundsSCHEDULE 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		Variance Over (Under)
		Actual	Budget	
<u>SEWER</u>				
RECEIPTS				
Sales to consumers	\$ 84,809	84,822	88,000	(3,178)
Other	417	50	-	50
Total Receipts	<u>85,226</u>	<u>84,872</u>	<u>88,000</u>	<u>(3,128)</u>
EXPENDITURES				
Personnel services	21,557	30,260	19,000	11,260
Contractual services	20,954	17,158	12,000	5,158
Commodities	27,448	18,384	28,000	(9,616)
Lease purchase principal	8,963	-	-	-
Lease purchase interest	355	-	-	-
Transfer to				
Equipment Replacement-Utility	-	-	8,500	(8,500)
Bond & Interest	5,000	13,000	18,000	(5,000)
Sewer Reserve	-	-	5,000	(5,000)
Total Expenditures	<u>84,277</u>	<u>78,802</u>	<u>90,500</u>	<u>(11,698)</u>
Receipts over (under) expenditures	949	6,070		
UNENCUMBERED CASH, beginning	<u>17,810</u>	<u>18,759</u>		
UNENCUMBERED CASH, ending	<u>\$ 18,759</u>	<u>24,829</u>		

City of Mount Hope, Kansas

Business FundsSCHEDULE 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		Variance Over (Under)
		Actual	Budget	
<u>SOLID WASTE</u>				
RECEIPTS				
Sales to consumers	\$ 71,472	75,487	75,000	487
Miscellaneous	2,903	3,178	-	3,178
Other	392	-	1,000	(1,000)
Total Receipts	<u>74,767</u>	<u>78,665</u>	<u>76,000</u>	<u>2,665</u>
EXPENDITURES				
Personnel services	6,732	1,895	7,500	(5,605)
Contractual services	<u>68,535</u>	<u>75,605</u>	<u>70,000</u>	<u>5,605</u>
Total Expenditures	<u>75,267</u>	<u>77,500</u>	<u>77,500</u>	<u>-</u>
Receipts over (under) expenditures	(500)	1,165		
UNENCUMBERED CASH, beginning	<u>9,944</u>	<u>9,444</u>		
UNENCUMBERED CASH, ending	<u>\$ 9,444</u>	<u>10,609</u>		

City of Mount Hope, Kansas

Business FundsSCHEDULE 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		Variance Over (Under)
		Actual	Budget	
<u>WATER</u>				
RECEIPTS				
Sales to consumers	\$ 102,809	109,343	130,000	(20,657)
Other	417	-	30,000	(30,000)
Total Receipts	<u>103,226</u>	<u>109,343</u>	<u>160,000</u>	<u>(50,657)</u>
EXPENDITURES				
Personnel services	25,028	26,212	35,000	(8,788)
Contractual services	28,213	33,410	40,000	(6,590)
Commodities	12,315	40,932	40,000	932
Transfer to				
Employee Benefit	-	17,236	-	17,236
Equipment Replacement-Utility	-	-	5,000	(5,000)
Bond and Interest	30,000	12,000	25,000	(13,000)
Water Reserve	-	-	20,000	(20,000)
Total Expenditures	<u>95,556</u>	<u>129,790</u>	<u>165,000</u>	<u>(35,210)</u>
Receipts over (under) expenditures	7,670	(20,447)		
UNENCUMBERED CASH, beginning	<u>15,521</u>	<u>23,191</u>		
UNENCUMBERED CASH, ending	<u>\$ 23,191</u>	<u>2,744</u>		

City of Mount Hope, Kansas

Business FundsSCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory BasisFor the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
<u>ELECTRIC MAINTENANCE RESERVE</u>		
RECEIPTS	\$ -	-
EXPENDITURES	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	<u>63,551</u>	<u>63,551</u>
UNENCUMBERED CASH, ending	<u>\$ 63,551</u>	<u>63,551</u>
 <u>SEWER RESERVE</u>		
RECEIPTS	\$ -	-
EXPENDITURES	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	<u>10,340</u>	<u>10,340</u>
UNENCUMBERED CASH, ending	<u>\$ 10,340</u>	<u>10,340</u>
 <u>WATER RESERVE</u>		
RECEIPTS	\$ -	-
EXPENDITURES	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	<u>44,730</u>	<u>44,730</u>
UNENCUMBERED CASH, ending	<u>\$ 44,730</u>	<u>44,730</u>

City of Mount Hope, Kansas

Trust Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
<u>SPECIAL LAW ENFORCEMENT TRUST FUND</u>		
RECEIPTS	\$ -	-
EXPENDITURES	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	-
UNENCUMBERED CASH, beginning	<u>1,289</u>	<u>1,289</u>
UNENCUMBERED CASH, ending	<u>\$ 1,289</u>	<u>1,289</u>

City of Mount Hope, Kansas

Related Municipal EntitySCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
<u>LIBRARY BOARD</u>		
RECEIPTS		
City of Mount Hope	\$ 26,980	24,900
SCKLS and other grants	24,395	11,259
State of Kansas	480	298
Township appropriation	8,252	6,778
Fundraising	424	40
Interest	7	11
Other	4,800	51
Total Receipts	<u>65,338</u>	<u>43,337</u>
EXPENDITURES		
Personnel services	19,305	20,901
Books, periodicals and materials	7,311	5,742
Grant expenditures	7,517	7,532
Operating supplies and commodities	7,412	4,425
Telephone and utilities	1,681	1,753
Total Expenditures	<u>43,226</u>	<u>40,353</u>
Receipts over (under) expenditures	22,112	2,984
UNENCUMBERED CASH, beginning	<u>23,249</u>	<u>45,361</u>
UNENCUMBERED CASH, ending	<u>\$ 45,361</u>	<u>48,345</u>

City of Mount Hope, Kansas

Agency Funds

SUMMARY OF RECEIPTS AND DISBURSEMENTS

Regulatory Basis

For the Year Ended December 31, 2022

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
AMBULANCE ESCROW				
DEPARTMENT OF LABOR	\$ 4,407	48	-	4,455
METER DEPOSITS	<u>16,793</u>	<u>2,500</u>	<u>3,548</u>	<u>15,745</u>
	<u>\$ 21,200</u>	<u>2,548</u>	<u>3,548</u>	<u>20,200</u>