CITY OF PEABODY, KANSAS

Financial Statement

For the Year Ended December 31, 2021

City of Peabody, Kansas

For the Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Peabody
Peabody, 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 Peabody, Kansas (City), as of and for the year ended December 31, 2021, 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, 2021, or changes in financial position and cash flows thereof for the year then ended.

*Unmodified Opinion on Regulatory Basis of Accounting*

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

***Basis for Adverse and Unmodified Opinions***

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

We 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, 2020 (not presented herein), and have issued our report thereon dated June 22, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2021 basic financial statement. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2020, on the basis of accounting described in Note 1.

Knudsen, Monroe & Company, LLC

Certified Public Accountants
Newton, Kansas
May 26, 2022

City of Peabody, Kansas

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH

Regulatory Basis

For the Year Ended December 31, 2021

| Funds | Beginning Unencumbered Cash Balance | Receipts | Expenditures | Ending Unencumbered Cash Balance | Add Accounts Payable and Encumbrances | Ending Cash Balance |
|---|---|---|---|---|---|---|
| **General Fund** | $ 12,868 | 640,292 | 585,125 | 68,035 | 25,564 | 93,599 |
| **Special Purpose Funds** | | | | | | |
| Special Equipment (Law & Fire) | 22,310 | 127 | 380 | 22,057 | - | 22,057 |
| Special Highway | 481,913 | 531,429 | 775,656 | 237,686 | 187,617 | 425,303 |
| Special Park and Recreation | 1,749 | 2,828 | 382 | 4,195 | - | 4,195 |
| Municipal Equipment | 101,294 | 109,011 | 42,303 | 168,002 | - | 168,002 |
| Capital Improvement | 32,645 | 7,500 | 6,244 | 33,901 | - | 33,901 |
| Police DARE | 925 | - | 111 | 814 | - | 814 |
| Police Diversion | 12,995 | 7,797 | 8,749 | 12,043 | 404 | 12,447 |
| Lighting | 1,695 | 2,095 | 2,157 | 1,633 | 744 | 2,377 |
| **Bond and Interest Fund** | 4,625 | 76,856 | 67,957 | 13,524 | - | 13,524 |
| **Business Funds** | | | | | | |
| Refuse Operating | 3,084 | 75,203 | 77,184 | 1,103 | 5,591 | 6,694 |
| Sewer Operating | 33,139 | 194,436 | 207,428 | 20,147 | 3,156 | 23,303 |
| Water Operating | 23,233 | 278,644 | 293,426 | 8,451 | 17,885 | 26,336 |
| Sewer Replacement Reserve | 186,262 | 27,976 | - | 214,238 | - | 214,238 |
| Water Replacement Reserve | 119,000 | - | - | 119,000 | - | 119,000 |
| **Trust Funds** | | | | | | |
| Drug Forfeiture | 2,954 | - | - | 2,954 | - | 2,954 |
| Hart Trust | 42,488 | 128,558 | 137,507 | 33,539 | - | 33,539 |
| **Total Reporting Entity** | $ 1,083,179 | 2,082,752 | 2,204,609 | 961,322 | 240,961 | 1,202,283 |

| | |
|---|---|
| **Composition of Cash** | |
| Petty cash | $ 150 |
| Vintage Bank Kansas | |
| Clerk account | 182 |
| Checking | 33,795 |
| Money Market | 1,143,561 |
| Police Drug Forfeiture | 1,697 |
| Certificates of Deposit | 22,898 |
| **Total Reporting Entity** | $ 1,202,283 |

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The City of Peabody is a municipal corporation governed by an elected five-member council. This regulatory financial statement presents the City of Peabody (City).

Related Organization

The local housing authority, Indian Guide Terrace, is a related organization that is not included in the financial reporting entity. The housing authority was created to administer public housing programs authorized by the United States Housing Act of 1937, as amended. Revenues consist of housing assistance payments from the U.S. Department of Housing and Urban Development and rent received from eligible low income tenants.

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 for fees charged to users of the goods or services (i.e. water fund, sewer 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.).

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.

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 for the legal annual operating budget:

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

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

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison 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, Trust Funds, Business Reserve Funds, and certain Special Purpose 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.

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Compliance with Kansas Statutes

K.S.A. 10-130 requires municipalities to remit payments for any bonds or interest to the state fiscal agent at least twenty days before the date of maturity. Two of the general obligation bond payments were not made timely in accordance with this statute.

The City was not in compliance with K.S.A. 9-1402 and 9-1405 which require that deposits with statutorily authorized financial institutions be adequately secured. The City's cash deposits were not adequately secured for a period of approximately 48 days during the year ended December 31, 2021.

K.S.A. 12-1608 requires third class cities to publish an annual treasurer's report showing, by fund, beginning and ending balances, receipts, and expenditures, along with obligation/liability information. The City failed to publish the annual treasurer's report for the year ended December 31, 2021.

## 3. DEPOSITS AND INVESTMENTS

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

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

### Concentration of Credit Risk

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

### Custodial Credit Risk – Deposits

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

At December 31, 2021, the carrying amount of the City's deposits was $1,202,133 and the bank balance was $1,220,246. The 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 the remaining $970,246 was collateralized with securities held by the pledging financial institution's agents in the City's name.

## 4. INTERFUND TRANSFERS

Operating transfers were as follows:

| From | To | Regulatory Authority | Amount |
|---|---|---|---|
| General | Municipal Equipment | K.S.A. 12-1,118 | $ 10,000 |
| Refuse Operating | Special Highway | K.S.A. 12-825d | 7,500 |
| Sewer Operating | Municipal Equipment | K.S.A. 12-825d | 15,000 |
| Sewer Operating | Capital Improvement | K.S.A. 12-825d | 7,500 |
| Sewer Operating | Sewer Replacement Reserve | K.S.A. 12-631o | 25,000 |

## 5. LONG-TERM DEBT

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

| Issue | Interest Rates | Date of Issue | Amount of Issue | Date of Final Maturity | Balance Beginning of Year | Additions | Reductions /Payments | Balance End of Year | Interest Paid |
|---|---|---|---|---|---|---|---|---|---|
| **General Obligation Bonds** | | | | | | | | | |
| Series 2015 | 0.50-4.125% | 12/01/15 | $1,215,000 | 08/01/45 | $ 1,075,000 | - | 30,000 | 1,045,000 | 37,957 |
| **Total contractual indebtedness** | | | | | $ 1,075,000 | - | 30,000 | 1,045,000 | 37,957 |

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

| | Year ending December 31 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 - 2031 | 2032 - 2036 | 2037 - 2041 | 2042 - 2045 | Total |
| **General Obligation Bonds** | | | | | | | | | | |
| Principal | $ 35,000 | 35,000 | 35,000 | 35,000 | 35,000 | 195,000 | 235,000 | 260,000 | 180,000 | 1,045,000 |
| Interest | 37,433 | 36,732 | 35,963 | 35,122 | 34,212 | 154,603 | 118,742 | 68,681 | 19,181 | 540,669 |
| Total principal and interest | $ 72,433 | 71,732 | 70,963 | 70,122 | 69,212 | 349,603 | 353,742 | 328,681 | 199,181 | 1,585,669 |

## 6. DEFINED BENEFIT PENSION PLAN

Plan Description

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

6. DEFINED BENEFIT PENSION PLAN (Continued)

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 with a 0% moratorium for the period July1, 2021 through June 30, 2022 for the Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were $28,688, for the year ended December 31, 2021.

Net Pension Liability

At December 31, 2021, the City's proportionate share of the collective net pension liability reported by KPERS was $201,605. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

7. 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. The City does not currently have any retirees that participate.

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. 74-1927, 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% through June 30, 2021, with a 0% moratorium for the period July 1, 2021 through June 30, 2022.

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

Compensated Absences

Full-time employees with less than ten years of service shall receive two weeks of paid vacation per year after six months of service is completed. After ten years of service, full-time employees shall receive three weeks of paid vacation per year. Vacation is awarded as of January 1 of each calendar year. Employees with less than ten years of service may carry over five days of vacation time. Employees with ten or more years of service may carry over seven days of vacation. Unused vacation pay is paid to employees upon termination. Unused vacation time has not been recorded as a liability in the accompanying financial statement.

Full-time employees receive 10 days of personal time off each year. This is in lieu of paid sick time. Any paid time off not used by the end of the year is paid to the employee at the rate of ½ day for each 1 day of paid time off remaining. Unused personal time off is not paid to employees upon termination.

8. 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. There were no significant reductions in coverage during the past fiscal year and there were no settlements that exceeded insurance coverage for each of the past three years.

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

9. RELATED PARTIES

The city clerk is related to a council member.

10. CORONAVIRUS PANDEMIC

In January 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity and future results of operations. Management continues to monitor the global and local situation on its financial condition, liquidity, operations, suppliers, and workforce. Given the evolution of the COVID-19 outbreak and the global response to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity on future years.

As a result of COVID-19, numerous Federal and State grants have been made available to the City to assist with the risks and help offset costs incurred by the City.

## 11. DATE OF MANAGEMENT'S REVIEW

Management has performed an analysis of the activities and transactions subsequent to December 31, 2021, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through May 26, 2022, which is the date at which the financial statement was available to be issued.

CITY OF PEABODY

REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2021

City of Peabody, Kansas

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021

| Funds | Certified Budget | Adjustment for Qualifying Budget Credits | Total Budget for Comparison | Expenditures Chargeable to Current Year | Variance - Over (Under) |
|---|---|---|---|---|---|
| **General Fund** | $ 598,470 | - | 598,470 | 585,125 | (13,345) |
| **Special Purpose Funds** | | | | | |
| Special Equipment (Law & Fire) | 21,000 | - | 21,000 | 380 | (20,620) |
| Special Highway | 956,437 | - | 956,437 | 775,656 | (180,781) |
| Special Park and Recreation | 2,741 | - | 2,741 | 382 | (2,359) |
| **Bond and Interest Fund** | 72,957 | - | 72,957 | 67,957 | (5,000) |
| **Business Funds** | | | | | |
| Refuse Operating | 80,700 | - | 80,700 | 77,184 | (3,516) |
| Sewer Operating | 236,790 | - | 236,790 | 207,428 | (29,362) |
| Water Operating | 349,485 | - | 349,485 | 293,426 | (56,059) |

City of Peabody, Kansas

**General Fund**

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| RECEIPTS | | | | |
| Ad valorem property tax | $ 320,052 | 316,389 | 342,879 | (26,490) |
| Delinquent tax | 10,658 | 22,129 | 7,500 | 14,629 |
| Motor vehicle tax | 41,155 | 45,235 | 42,278 | 2,957 |
| Liquor tax | 1,776 | 2,328 | 2,300 | 28 |
| Franchise tax | 66,003 | 68,368 | 65,000 | 3,368 |
| Licenses and permits | 6,832 | 8,849 | 6,000 | 2,849 |
| County sales tax | 83,921 | 101,332 | 80,000 | 21,332 |
| Highway connecting links | 557 | 278 | 550 | (272) |
| Fines | 29,983 | 62,456 | 32,500 | 29,956 |
| Interest on investments | 70 | 55 | 30 | 25 |
| Pool receipts | 5,948 | 8,404 | 6,000 | 2,404 |
| Reimbursements | 1,926 | 1,917 | 10,000 | (8,083) |
| Miscellaneous | 9,282 | 2,552 | 5,000 | (2,448) |
| | 578,163 | 640,292 | 600,037 | 40,255 |
| EXPENDITURES, page 15 | 589,732 | 585,125 | | |
| Receipts over (under) expenditures | (11,569) | 55,167 | | |
| UNENCUMBERED CASH, Beginning | 24,437 | 12,868 | | |
| UNENCUMBERED CASH, Ending | $ 12,868 | 68,035 | | |

City of Peabody, Kansas

**General Fund**

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| EXPENDITURES | | | | |
| General Government | | | | |
| Personnel services | $ 68,609 | 70,972 | 64,575 | 6,397 |
| Contractual services | 54,121 | 45,659 | 59,550 | (13,891) |
| Commodities | 2,406 | 3,204 | 3,770 | (566) |
| Capital outlay | - | - | 1,750 | (1,750) |
| | 125,136 | 119,835 | 129,645 | (9,810) |
| Police | | | | |
| Personnel services | 219,218 | 237,912 | 237,035 | 877 |
| Contractual services | 15,472 | 16,103 | 25,200 | (9,097) |
| Commodities | 27,545 | 26,752 | 31,100 | (4,348) |
| Capital outlay | 24,290 | 6,270 | 21,360 | (15,090) |
| | 286,525 | 287,037 | 314,695 | (27,658) |
| Municipal Court | | | | |
| Personnel services | 48,816 | 50,725 | 53,305 | (2,580) |
| Contractual services | 11,630 | 17,228 | 22,075 | (4,847) |
| Commodities | 2,040 | 697 | 1,400 | (703) |
| Capital outlay | 386 | - | 1,260 | (1,260) |
| | 62,872 | 68,650 | 78,040 | (9,390) |
| Fire | | | | |
| Personnel services | 1,772 | 1,333 | 1,500 | (167) |
| Contractual services | 200 | - | - | - |
| Commodities | - | 45 | - | 45 |
| | 1,972 | 1,378 | 1,500 | (122) |
| Park | | | | |
| Personnel services | 8,749 | 8,486 | 8,550 | (64) |
| Contractual services | 5,866 | 6,052 | 5,900 | 152 |
| Commodities | 1,230 | 4,888 | 7,010 | (2,122) |
| Capital outlay | 1,406 | 1,766 | 5,000 | (3,234) |
| | 17,251 | 21,192 | 26,460 | (5,268) |

City of Peabody, Kansas

**General Fund**

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| Swimming Pool | | | | |
| Personnel services | $ 18,777 | 16,100 | 17,075 | (975) |
| Contractual services | 2,640 | 3,190 | 4,555 | (1,365) |
| Commodities | 9,303 | 13,200 | 12,500 | 700 |
| Capital outlay | - | 3,000 | 1,500 | 1,500 |
| | 30,720 | 35,490 | 35,630 | (140) |
| Economic Development | | | | |
| Contractual services | 80 | 400 | - | 400 |
| Commodities | 88 | - | - | - |
| Capital outlay | 2,751 | - | 2,000 | (2,000) |
| | 2,919 | 400 | 2,000 | (1,600) |
| Utilities | 42,337 | 41,143 | 10,500 | 30,643 |
| Transfer to | | | | |
| Municipal Equipment | - | 10,000 | - | 10,000 |
| Capital Improvement | 20,000 | - | - | - |
| | 20,000 | 10,000 | - | 10,000 |
| TOTAL EXPENDITURES | $ 589,732 | 585,125 | 598,470 | (13,345) |

City of Peabody, Kansas

**Special Purpose Funds**

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| SPECIAL EQUIPMENT (LAW & FIRE) | | | | |
| RECEIPTS | | | | |
| Delinquent tax | $ 162 | 127 | 50 | 77 |
| EXPENDITURES | | | | |
| Contractual services | 500 | - | - | - |
| Capital outlay | - | 380 | 21,000 | (20,620) |
| | 500 | 380 | 21,000 | (20,620) |
| Receipts under expenditures | (338) | (253) | | |
| Unencumbered Cash, Beginning | 22,648 | 22,310 | | |
| Unencumbered Cash, Ending | $ 22,310 | 22,057 | | |
| SPECIAL HIGHWAY | | | | |
| RECEIPTS | | | | |
| State payments-gasoline tax | $ 28,753 | 31,644 | 25,380 | 6,264 |
| City sales tax | 79,847 | 98,591 | 83,000 | 15,591 |
| Reimbursements | 4,455 | 393,694 | 493,116 | (99,422) |
| Transfer from Refuse | - | 7,500 | 7,500 | - |
| | 113,055 | 531,429 | 608,996 | (77,567) |
| EXPENDITURES | | | | |
| Contractual services | 15,686 | 761,913 | 918,270 | (156,357) |
| Commodities | 12,838 | 13,743 | 38,167 | (24,424) |
| | 28,524 | 775,656 | 956,437 | (180,781) |
| Receipts over (under) expenditures | 84,531 | (244,227) | | |
| Unencumbered Cash, Beginning | 397,382 | 481,913 | | |
| Unencumbered Cash, Ending | $ 481,913 | 237,686 | | |

City of Peabody, Kansas

**Special Purpose Funds**

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| SPECIAL PARK AND RECREATION | | | | |
| RECEIPTS | | | | |
| Liquor tax | $ 1,776 | 2,328 | 2,300 | 28 |
| Other | - | 500 | - | 500 |
| | 1,776 | 2,828 | 2,300 | 528 |
| EXPENDITURES | | | | |
| Capital outlay | 1,168 | 382 | 2,741 | (2,359) |
| Receipts over expenditures | 608 | 2,446 | | |
| Unencumbered Cash, Beginning | 1,141 | 1,749 | | |
| Unencumbered Cash, Ending | $ 1,749 | 4,195 | | |

City of Peabody, Kansas

**Special Purpose Funds**

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | 2020 | 2021 |
|---|---|---|
| MUNICIPAL EQUIPMENT | | |
| RECEIPTS | | |
| CARES Act reimbursement | $ 8,785 | - |
| ARPA grant | - | 84,011 |
| Transfer from | | |
| General | - | 10,000 |
| Sewer Operating | - | 15,000 |
| Water Operating | 20,000 | - |
| | 28,785 | 109,011 |
| EXPENDITURES | | |
| Capital outlay | 25,991 | 42,303 |
| Receipts over expenditures | 2,794 | 66,708 |
| Unencumbered Cash, Beginning | 98,500 | 101,294 |
| Unencumbered Cash, Ending | $ 101,294 | 168,002 |
| CAPITAL IMPROVEMENT | | |
| RECEIPTS | | |
| Transfer from | | |
| General | $ 20,000 | - |
| Sewer Operating | 10,000 | 7,500 |
| | 30,000 | 7,500 |
| EXPENDITURES | | |
| Capital outlay | 6,797 | 6,244 |
| Receipts over expenditures | 23,203 | 1,256 |
| Unencumbered Cash, Beginning | 9,442 | 32,645 |
| Unencumbered Cash, Ending | $ 32,645 | 33,901 |

City of Peabody, Kansas

**Special Purpose Funds**

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | 2020 | 2021 |
|---|---|---|
| POLICE DARE | | |
| RECEIPTS | $ - | - |
| EXPENDITURES | - | 111 |
| Receipts over (under) expenditures | - | (111) |
| Unencumbered Cash, Beginning | 925 | 925 |
| Unencumbered Cash, Ending | $ 925 | 814 |
| POLICE DIVERSION | | |
| RECEIPTS | | |
| Diversion fees | $ 2,314 | 7,797 |
| EXPENDITURES | | |
| Capital Outlay | - | 8,749 |
| Receipts over (under) expenditures | 2,314 | (952) |
| Unencumbered Cash, Beginning | 10,681 | 12,995 |
| Unencumbered Cash, Ending | $ 12,995 | 12,043 |
| LIGHTING | | |
| RECEIPTS | $ 1,520 | 2,095 |
| EXPENDITURES | | |
| Commodities | 1,042 | 2,157 |
| Receipts over (under) expenditures | 478 | (62) |
| Unencumbered Cash, Beginning | 1,217 | 1,695 |
| Unencumbered Cash, Ending | $ 1,695 | 1,633 |

City of Peabody, Kansas

**Bond and Interest Fund**

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| RECEIPTS | | | | |
| Ad valorem property tax | $ 69,735 | 60,194 | 65,235 | (5,041) |
| Delinquent tax | 2,739 | 6,048 | 1,500 | 4,548 |
| Motor vehicle tax | 11,707 | 10,614 | 9,213 | 1,401 |
| Interest on investments | - | - | 40 | (40) |
| Transfer from | | | | |
| Sewer Operating | 10,000 | - | - | - |
| | 94,181 | 76,856 | 75,988 | 868 |
| EXPENDITURES | | | | |
| Principal | 55,000 | 30,000 | 30,000 | - |
| Interest | 39,908 | 37,957 | 37,957 | - |
| Cash basis reserve | - | - | 5,000 | (5,000) |
| | 94,908 | 67,957 | 72,957 | (5,000) |
| Receipts over (under) expenditures | (727) | 8,899 | | |
| Unencumbered Cash, Beginning | 5,352 | 4,625 | | |
| Unencumbered Cash, Ending | $ 4,625 | 13,524 | | |

City of Peabody, Kansas

**Business Funds**

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| REFUSE OPERATING | | | | |
| RECEIPTS | | | | |
| Refuse fees | $ 68,082 | 73,847 | 76,000 | (2,153) |
| Penalties | 1,288 | 1,356 | 2,500 | (1,144) |
| | 69,370 | 75,203 | 78,500 | (3,297) |
| EXPENDITURES | | | | |
| Contractual services | 67,833 | 67,284 | 72,000 | (4,716) |
| Commodities | 1,581 | 2,400 | 1,200 | 1,200 |
| Transfer to Special Highway | - | 7,500 | 7,500 | - |
| | 69,414 | 77,184 | 80,700 | (3,516) |
| Receipts under expenditures | (44) | (1,981) | | |
| Unencumbered Cash, Beginning | 3,128 | 3,084 | | |
| Unencumbered Cash, Ending | $ 3,084 | 1,103 | | |

City of Peabody, Kansas

**Business Funds**

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| SEWER OPERATING | | | | |
| RECEIPTS | | | | |
| Sewer fees | $ 184,950 | 190,977 | 210,000 | (19,023) |
| Penalties | 3,950 | 3,459 | 8,000 | (4,541) |
| | 188,900 | 194,436 | 218,000 | (23,564) |
| EXPENDITURES | | | | |
| Personnel services | 82,074 | 87,039 | 112,790 | (25,751) |
| Contractual services | 50,273 | 57,970 | 33,750 | 24,220 |
| Commodities | 10,885 | 14,919 | 20,250 | (5,331) |
| Transfer to | | | | |
| Municipal Equipment | - | 15,000 | 15,000 | - |
| Capital Improvement | 10,000 | 7,500 | 15,000 | (7,500) |
| Bond and Interest | 10,000 | - | - | - |
| Sewer Replacement Reserve | 20,000 | 25,000 | 40,000 | (15,000) |
| | 183,232 | 207,428 | 236,790 | (29,362) |
| Receipts over (under) expenditures | 5,668 | (12,992) | | |
| Unencumbered Cash, Beginning | 27,471 | 33,139 | | |
| Unencumbered Cash, Ending | $ 33,139 | 20,147 | | |

City of Peabody, Kansas

**Business Funds**

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| WATER OPERATING | | | | |
| RECEIPTS | | | | |
| Sale of water | $ 255,820 | 262,553 | 270,000 | (7,447) |
| Penalties | 5,572 | 4,653 | 8,000 | (3,347) |
| Connect and reconnect fees | 6,644 | 8,806 | 10,000 | (1,194) |
| Miscellaneous | 80 | 140 | 1,500 | (1,360) |
| Interest | 4,392 | 2,492 | 3,000 | (508) |
| | 272,508 | 278,644 | 292,500 | (13,856) |
| EXPENDITURES | | | | |
| Personnel services | 83,253 | 67,391 | 113,090 | (45,699) |
| Contractual services | 46,244 | 92,265 | 84,145 | 8,120 |
| Commodities | 22,083 | 25,050 | 21,250 | 3,800 |
| Purchase of water | 78,571 | 108,720 | 111,000 | (2,280) |
| Transfer to | | | | |
| Municipal Equipment | 20,000 | - | 10,000 | (10,000) |
| Water Replacement Reserve | 35,000 | - | 10,000 | (10,000) |
| | 285,151 | 293,426 | 349,485 | (56,059) |
| Receipts under expenditures | (12,643) | (14,782) | | |
| Unencumbered Cash, Beginning | 35,876 | 23,233 | | |
| Unencumbered Cash, Ending | $ 23,233 | 8,451 | | |

City of Peabody, Kansas

**Business Funds**

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | 2020 | 2021 |
|---|---|---|
| SEWER REPLACEMENT RESERVE | | |
| RECEIPTS | | |
| Interest | $ 52 | 36 |
| Land lease | 2,450 | 2,940 |
| Transfer from Sewer Operating | 20,000 | 25,000 |
| | 22,502 | 27,976 |
| EXPENDITURES | - | - |
| Receipts over expenditures | 22,502 | 27,976 |
| Unencumbered Cash, Beginning | 163,760 | 186,262 |
| Unencumbered Cash, Ending | $ 186,262 | 214,238 |
| WATER REPLACEMENT RESERVE | | |
| RECEIPTS | | |
| Transfer from Water Operating | $ 35,000 | - |
| EXPENDITURES | - | - |
| Receipts over (under) expenditures | 35,000 | - |
| Unencumbered Cash, Beginning | 84,000 | 119,000 |
| Unencumbered Cash, Ending | $ 119,000 | 119,000 |

City of Peabody, Kansas

**Trust Funds**

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

| | 2020 | 2021 |
|---|---|---|
| DRUG FORFEITURE | | |
| RECEIPTS | $ - | - |
| EXPENDITURES | - | - |
| Receipts over (under) expenditures | - | - |
| Unencumbered Cash, Beginning | 2,954 | 2,954 |
| Unencumbered Cash, Ending | $ 2,954 | 2,954 |
| HART TRUST | | |
| RECEIPTS | $ 12,551 | 128,558 |
| EXPENDITURES | - | 137,507 |
| Receipts over (under) expenditures | 12,551 | (8,949) |
| Unencumbered Cash, Beginning | 29,937 | 42,488 |
| Unencumbered Cash, Ending | $ 42,488 | 33,539 |