# CITY OF MORAN, KANSAS

Independent Auditors' Report
and Financial Statement with
Supplementary Information

For the Year Ended December 31, 2020

**CITY OF MORAN, KANSAS**

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**JARRED, GILMORE & PHILLIPS, PA**
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Moran, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Moran, Kansas, as of and for the year ended December 31, 2020 and the related notes to the financial statement.

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

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

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

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

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***
As described in Note 1 of the financial statement, the financial statement is prepared by the City of Moran on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***
In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Moran as of December 31, 2020, or changes in financial position and cash flows thereof for the year then ended.

***Unmodified Opinion on Regulatory Basis of Accounting***
In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Moran as of December 31, 2020, 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.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Moran, Kansas as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated February 28, 2020, which contained an unmodified opinion on the basic financial statement. The 2019 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link http://admin.ks.gov/offices/oar/municipalservices. The 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2020 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2019 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 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 2019 basic financial statement or to the 2019 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 2019 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, 2019, on the basis of accounting described in Note 1.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

February 13, 2021
Chanute, Kansas

**CITY OF MORAN, KANSAS**
Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2020

| Funds | Beginning Unencumbered Cash Balances | Receipts | Expenditures | Ending Unencumbered Cash Balances | Plus Encumbrances and Accounts Payable | Cash Balance December 31, 2020 |
|---|---|---|---|---|---|---|
| General | $ 28,194.09 | $ 223,301.66 | $ 231,382.72 | $ 20,113.03 | $ 8,912.71 | $ 29,025.74 |
| Special Purpose Funds: | | | | | | |
| Library | - | 4,050.37 | 4,029.00 | 21.37 | - | 21.37 |
| Special Highway | 66,031.64 | 13,322.63 | 30,881.67 | 48,472.60 | - | 48,472.60 |
| Employee Benefits | 33,291.36 | 8,926.51 | 9,982.18 | 32,235.69 | - | 32,235.69 |
| Fire Equipment Replacement | 19,455.32 | 10,000.00 | - | 29,455.32 | - | 29,455.32 |
| Equipment Reserve | 104,746.54 | 25,700.00 | 44,445.00 | 86,001.54 | - | 86,001.54 |
| Capital Improvements | 88,394.19 | 10,000.00 | 2,798.08 | 95,596.11 | - | 95,596.11 |
| Business Funds: | | | | | | |
| Electric Utility | 106,911.72 | 545,815.70 | 453,680.93 | 199,046.49 | 24,209.96 | 223,256.45 |
| Water Utility | 100,287.18 | 159,129.97 | 158,307.12 | 101,110.03 | 12,319.76 | 113,429.79 |
| Water Utility Reserve | 22,039.20 | 5,000.00 | - | 27,039.20 | - | 27,039.20 |
| Sewer Utility | 49,182.63 | 84,755.85 | 86,556.41 | 47,382.07 | 783.98 | 48,166.05 |
| Sewer Replacement | 94,846.94 | 4,000.00 | 44,632.32 | 54,214.62 | - | 54,214.62 |
| Utility Replacement | 150,945.14 | 12,000.00 | - | 162,945.14 | - | 162,945.14 |
| Total Reporting Entity ( Excluding Agency Funds) | $ 864,325.95 | $ 1,106,002.69 | $ 1,066,695.43 | $ 903,633.21 | $ 46,226.41 | $ 949,859.62 |

| | |
|---|---|
| Composition of Cash: | |
| Cash on hand | $ 500.00 |
| Petty cash checking account | 2,000.00 |
| Checking account | 458,914.52 |
| Certificates of Deposit | 489,692.60 |
| Total Cash | 951,107.12 |
| Agency Funds per Schedule 3 | (1,247.50) |
| Total Reporting Entity (Excluding Agency Funds) | $ 949,859.62 |

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the City of Moran, Kansas, have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from generally accepted accounting policies.

Financial Reporting Entity
The City of Moran, Kansas, is a municipal corporation governed by an elected five-member council. This financial statement presents the City of Moran.

*Related Municipal Entities*: A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

The City of Moran - Public Library - The City of Moran, Kansas, Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Bond issuances must also be approved by the City. The City levies taxes for the Library Board and significantly influences the Library's operations. Separate internal financial statements are available at the Library.

Regulatory Basis Fund Types
A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Moran, Kansas, for the year of 2020:

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

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

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation – Regulatory Basis of Accounting

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

The municipality 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 municipality to use the regulatory basis of accounting.

Reimbursed Expenses

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

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The county treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half of the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the county treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property.

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, which is a multi-employer state-wide pension plan. The City's policy is to fund all pension costs accrued. Such costs to be funded are actuarially determined annually by the State of Kansas.

Budgetary Information

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

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such 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 the individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds:

- Fire Equipment Replacement Fund
- Equipment Reserve Fund
- Capital Improvements Fund

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.

## 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1 and Schedule 1, the City was in compliance with the cash basis and budget laws of Kansas.

## 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 branch or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

**3. DEPOSITS AND INVESTMENTS** (Continued)

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, 2020.

At year-end, the City's carrying amount of deposits was $950,607.12 and the bank balance was $951,064.25. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $500,000.00 was covered by FDIC insurance, and $451,064.25 was collateralized with securities held by the pledging financial institution's agents in the City's name.

**4. DEFINED BENEFIT PENSION PLAN**

General Information about the Pension Plan

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

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

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate (for the Death and Disability Program) and the statutory contribution rate was 8.61% for the fiscal year ended December 31, 2020. Contributions to the pension plan from City of Moran were $21,585.07 for the year ended December 31, 2020.

**4. DEFINED BENEFIT PENSION PLAN** (Continued)

Net Pension Liability

At December 31, 2020, the City's proportionate share of the collective net pension liability reported by KPERS was $201,555.00. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. 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 nonemployer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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.

**5. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS**

*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, 2020.

*Compensated Absences*

Regular employees earn and accumulate vacation leave as follows:

During the First Full Year of Employment – 5 days
After One Full Year of Employment – 10 days
After Five Full Years of Employment – 15 days
After Twenty Full Years of Employment – 20 days

Vacation days must be used during the year earned.

Regular employees earn and accumulate sick leave from the beginning of employment at the rate of twelve days per year. Sick leave may be accumulated to a maximum of 70 days. Any unused sick leave at date of termination is lost.

Full time employees also receive two days personal leave each year. Personal days must be used in the year earned.

The City accrues a liability for compensated absences which meet the following criteria:

1. The City's obligation relating to employees rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and, is material.

In accordance with the above criteria, the City has accrued a liability for annual leave which has been earned, but not taken, by City employees. The estimated liability for accrued annual leave at December 31, 2020, was $10,086.70. The City has not accrued a liability for sick leave earned, but not taken, by City employees, as the amounts cannot be reasonably estimated.

## 6. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2020, 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 |
|---|---|---|---|---|---|---|---|---|---|
| KDHE Loans Revolving Loans | | | | | | | | | |
| Kansas Water Pollution Control | 3.12% | 9/1/2000 | $ 450,000.00 | 9/1/2020 | $ 11,521.78 | $ - | $ 11,521.78 | $ - | $ 179.74 |
| Kansas Water Pollution Control | 2.35% | 3/1/2013 | 346,807.72 | 9/1/2032 | 241,183.00 | - | 16,064.48 | 225,118.52 | 5,573.98 |
| Kansas Public Water Supply | 3.34% | 2/1/2009 | 234,663.93 | 8/1/2028 | 120,950.15 | - | 11,558.80 | 109,391.35 | 4,357.40 |
| Total Contractual Indebtedness | | | | | $ 373,654.93 | $ - | $ 39,145.06 | $ 334,509.87 | $ 10,111.12 |

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

| Issue | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 - 2030 | 2031-3032 | Totals |
|---|---|---|---|---|---|---|---|---|
| Principal | | | | | | | | |
| Revolving Loans | | | | | | | | |
| Kansas Water Pollution Control | $ 16,444.22 | $ 16,832.94 | $ 17,230.83 | $ 17,638.14 | $ 18,055.06 | $ 96,882.50 | $ 42,034.83 | $ 225,118.52 |
| Kansas Public Water Supply | 11,989.25 | 12,435.73 | 12,898.85 | 13,379.20 | 13,877.46 | 44,810.86 | - | 109,391.35 |
| Total Principal | 28,433.47 | 29,268.67 | 30,129.68 | 31,017.34 | 31,932.52 | 141,693.36 | 42,034.83 | 334,509.87 |
| Interest | | | | | | | | |
| Revolving Loans | | | | | | | | |
| Kansas Water Pollution Control | 5,194.24 | 4,805.52 | 4,407.63 | 4,000.32 | 3,583.40 | 9,963.64 | 2,588.25 | 34,543.00 |
| Kansas Public Water Supply | 3,926.95 | 3,480.47 | 3,017.35 | 2,537.00 | 2,038.74 | 2,937.74 | - | 17,938.25 |
| Total Interest | 9,121.19 | 8,285.99 | 7,424.98 | 6,537.32 | 5,622.14 | 12,901.38 | 2,588.25 | 52,481.25 |
| Total Principal and Interest | $ 37,554.66 | $ 37,554.66 | $ 37,554.66 | $ 37,554.66 | $ 37,554.66 | $ 154,594.74 | $ 44,623.08 | $ 386,991.12 |

## 7. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

## 8. INTERFUND TRANSFERS

Operating transfers were as follows:

| From Fund: | To Fund: | Statutory Authority | Amount |
|---|---|---|---|
| General | Fire Equipment Replacement | K.S.A. 12-1,117 | $ 5,000.00 |
| General | Equipment Reserve | K.S.A. 12-1,117 | 4,200.00 |
| General | Capital Improvements | K.S.A. 12-1,118 | 10,000.00 |
| Electric Utility | General | K.S.A. 12-825d | 25,000.00 |
| Electric Utility | Fire Equipment Replacement | K.S.A. 12-1,117 | 5,000.00 |
| Electric Utility | Equipment Reserve | K.S.A. 12-1,117 | 19,000.00 |
| Electric Utility | Utility Replacement | K.S.A. 12-825d | 10,000.00 |
| Water Utility | Water Utility Reserve | K.S.A. 12-825d | 5,000.00 |
| Sewer Utility | Equipment Reserve | K.S.A. 12-1,117 | 2,500.00 |
| Sewer Utility | Sewer Replacement | K.S.A. 12-825d | 4,000.00 |
| Sewer Utility | Utility Replacement | K.S.A. 12-825d | 2,000.00 |

## 9. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent to year end, and there were no subsequent events requiring recognition in the financial statements. On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2020. Future potential impacts include a decline in sales tax collections and utility collections. Our results of operations for full year 2021 may be materially adversely affected.

# SUPPLEMENTARY INFORMATION

**Schedule 1**

**CITY OF MORAN, KANSAS**
Summary of Expenditures - Actual and Budget
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2020

| Funds | Certified Budget | Adjustment for Qualifying Budget Credits | Total Budget for Comparison | Expenditures Charged to Current Year Budget | Variance - Over (Under) |
|---|---|---|---|---|---|
| General | $ 296,232.00 | $ 5,066.21 | 301,298.21 | $ 231,382.72 | $ (69,915.49) |
| Special Purpose Funds: | | | | | |
| Library | 4,029.00 | - | 4,029.00 | 4,029.00 | - |
| Special Highway | 82,575.00 | - | 82,575.00 | 30,881.67 | (51,693.33) |
| Employee Benefits | 32,000.00 | - | 32,000.00 | 9,982.18 | (22,017.82) |
| Business Funds: | | | | | |
| Electric Utility | 660,546.00 | 3,842.70 | 664,388.70 | 453,680.93 | (210,707.77) |
| Water Utility | 271,224.00 | 2,550.46 | 273,774.46 | 158,307.12 | (115,467.34) |
| Sewer Utility | 131,316.00 | 607.47 | 131,923.47 | 86,556.41 | (45,367.06) |

**CITY OF MORAN, KANSAS**
**GENERAL FUND**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| Receipts | | | | |
| Taxes and Shared Receipt | | | | |
| Ad Valorem Property Tax | $ 51,491.19 | $ 47,434.37 | $ 49,099.00 | $ (1,664.63) |
| Delinquent Tax | 769.77 | 1,969.04 | 1,430.00 | 539.04 |
| Motor Vehicle Tax | 12,039.10 | 14,681.03 | 14,747.00 | (65.97) |
| KCoVRS (DCMR) Fees | 74.70 | 115.94 | - | 115.94 |
| Recreational Vehicle Tax | 149.23 | 211.11 | 194.00 | 17.11 |
| 16/20M Vehicle Tax | 36.80 | 34.42 | 60.00 | (25.58) |
| Commercial Vehicle Tax | - | - | 178.00 | (178.00) |
| Watercraft Tax | - | - | 11.00 | (11.00) |
| Special Assessments | 600.00 | 2,450.00 | 300.00 | 2,150.00 |
| Intergovernmental | | | | |
| STEP Grant | - | - | - | - |
| Sales Tax | 75,063.41 | 55,960.62 | 63,800.00 | (7,839.38) |
| Franchise Taxes | 911.01 | 658.99 | 411.00 | 247.99 |
| Licenses and Permits | 1,628.00 | 1,560.00 | 1,189.00 | 371.00 |
| Fines, Forfeitures, and Penalties | 19,902.39 | 13,807.50 | 20,879.00 | (7,071.50) |
| Use of Money and Property | | | | |
| Interest | 1,732.56 | 972.36 | 1,731.00 | (758.64) |
| Charges for Services | | | | |
| Refuse Collections | 21,406.00 | 22,622.10 | 21,624.00 | 998.10 |
| Fitness Center | 12,370.00 | 7,260.00 | 11,002.00 | (3,742.00) |
| Fire Contracts | 10,000.00 | 10,000.00 | 10,000.00 | - |
| Copies/Faxes | 190.91 | - | 227.00 | (227.00) |
| Other Receipts | | | | |
| Donations | - | 20.00 | - | 20.00 |
| Reimbursed Expenses | 4,407.95 | 5,066.21 | - | 5,066.21 |
| Miscellaneous | 2,601.36 | 13,477.97 | - | 13,477.97 |
| Operating Transfers from | | | | |
| Electric Utility Fund | - | 25,000.00 | 25,000.00 | - |
| Total Receipts | 215,374.38 | 223,301.66 | $ 221,882.00 | $ 1,419.66 |

**CITY OF MORAN, KANSAS**
**GENERAL FUND**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| Expenditures | | | | |
| General Government | | | | |
| Personal Services | $ 42,058.26 | $ 41,898.35 | $ 47,825.00 | $ (5,926.65) |
| Contractual Services | 20,426.06 | 20,813.63 | 18,000.00 | 2,813.63 |
| Commodities | 2,721.34 | 3,535.40 | 4,000.00 | (464.60) |
| Capital Outlay | 539.98 | 1,186.00 | 33,339.00 | (32,153.00) |
| Refuse Removal | | | | |
| Contractual Services | 18,745.68 | 19,311.83 | 19,000.00 | 311.83 |
| Streets | | | | |
| Personal Services | 9,808.13 | 8,215.56 | 14,719.00 | (6,503.44) |
| Contractual Services | 1,869.86 | 1,565.66 | 2,055.00 | (489.34) |
| Commodities | 1,115.64 | 1,647.38 | 4,400.00 | (2,752.62) |
| Fire | | | | |
| Personal Services | 215.33 | 640.07 | 341.00 | 299.07 |
| Contractual Services | 8,580.67 | 18,598.69 | 7,154.00 | 11,444.69 |
| Commodities | 5,901.32 | 6,220.57 | 5,905.00 | 315.57 |
| Capital Outlay | - | 658.08 | - | 658.08 |
| Police | | | | |
| Personal Services | 56,451.61 | 58,104.81 | 62,004.00 | (3,899.19) |
| Contractual Services | 13,266.22 | 12,676.57 | 15,000.00 | (2,323.43) |
| Commodities | 5,503.69 | 3,935.07 | 8,000.00 | (4,064.93) |
| Capital Outlay | 1,938.99 | 1,047.41 | - | 1,047.41 |
| Parks | | | | |
| Personal Services | 6,952.00 | 5,701.09 | 6,540.00 | (838.91) |
| Contractual Services | 1,035.40 | 809.78 | 2,000.00 | (1,190.22) |
| Commodities | 745.55 | 1,153.99 | 3,000.00 | (1,846.01) |
| Capital Outlay | - | - | 3,000.00 | (3,000.00) |
| Recreation | | | | |
| Contractual Services | 4,083.15 | 2,956.45 | 6,000.00 | (3,043.55) |
| Commodities | 844.44 | 1,506.33 | 1,000.00 | 506.33 |
| Capital Outlay | 3,772.00 | - | - | - |
| Culture and Recreation | | | | |
| Appropriation to Library Board | - | - | 4,800.00 | (4,800.00) |
| Fire Mutual Aid | | | | |
| Contractual Services | - | - | 4,850.00 | (4,850.00) |
| Commodities | - | - | 4,100.00 | (4,100.00) |

**CITY OF MORAN, KANSAS**
**GENERAL FUND**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| Expenditures (Continued) | | | | |
| Operating Transfers to: | | | | |
| Fire Equipment Replacement Fund | $ 11,198.34 | $ 5,000.00 | $ 5,000.00 | $ - |
| Capital Improvements | 10,000.00 | 10,000.00 | 10,000.00 | - |
| Equipment Reserve Fund | 4,200.00 | 4,200.00 | 4,200.00 | - |
| Total Certified Budget | | | 296,232.00 | (64,849.28) |
| Adjustments for Qualifying Budget Credits | | | 5,066.21 | (5,066.21) |
| Total Expenditures | 231,973.66 | 231,382.72 | $ 301,298.21 | $ (69,915.49) |
| Receipts Over (Under) Expenditures | (16,599.28) | (8,081.06) | | |
| Unencumbered Cash, Beginning | 44,793.37 | 28,194.09 | | |
| Unencumbered Cash, Ending | $ 28,194.09 | $ 20,113.03 | | |

**CITY OF MORAN, KANSAS**
**LIBRARY FUND**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| Receipts | | | | |
| Taxes and Shared Receipt | | | | |
| Ad Valorem Property Tax | $ 2,987.50 | $ 3,040.92 | $ 3,148.00 | $ (107.08) |
| Delinquent Tax | 54.16 | 136.10 | 92.00 | 44.10 |
| Motor Vehicle Tax | 876.88 | 851.85 | 855.00 | (3.15) |
| KCoVRS (DCMR) Fees | 5.44 | 6.73 | - | 6.73 |
| Recreational Vehicle Tax | 10.87 | 12.26 | 11.00 | 1.26 |
| 16/20M Vehicle Tax | 3.04 | 2.51 | 4.00 | (1.49) |
| Commercial Vehicle Tax | - | - | 10.00 | (10.00) |
| Watercraft Tax | - | - | 1.00 | (1.00) |
| Total Receipts | 3,937.89 | 4,050.37 | $ 4,121.00 | $ (70.63) |
| Expenditures | | | | |
| Culture and Recreation | | | | |
| Appropriation to Library Board | 3,937.89 | 4,029.00 | $ 4,029.00 | $ - |
| Total Expenditures | 3,937.89 | 4,029.00 | $ 4,029.00 | $ - |
| Receipts Over (Under) Expenditures | - | 21.37 | | |
| Unencumbered Cash, Beginning | - | - | | |
| Unencumbered Cash, Ending | $ - | $ 21.37 | | |

**CITY OF MORAN, KANSAS**
**SPECIAL HIGHWAY FUND**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| Receipts | | | | |
| Intergovernmental | | | | |
| State Gasoline Tax | $ 14,118.70 | $ 13,322.63 | $ 14,100.00 | $ (777.37) |
| Total Receipts | 14,118.70 | 13,322.63 | $ 14,100.00 | $ (777.37) |
| Expenditures | | | | |
| Streets | | | | |
| Personal Services | 1,069.49 | 2,661.86 | $ - | $ 2,661.86 |
| Contractual Services | 72.45 | 108.50 | - | 108.50 |
| Commodities | 1,769.00 | 823.42 | 82,575.00 | (81,751.58) |
| Capital Outlay | - | 27,287.89 | - | 27,287.89 |
| Total Expenditures | 2,910.94 | 30,881.67 | $ 82,575.00 | $ (51,693.33) |
| Receipts Over (Under) Expenditures | 11,207.76 | (17,559.04) | | |
| Unencumbered Cash, Beginning | 54,823.88 | 66,031.64 | | |
| Unencumbered Cash, Ending | $ 66,031.64 | $ 48,472.60 | | |

**CITY OF MORAN, KANSAS**
**EMPLOYEE BENEFITS FUND**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| Receipts | | | | |
| Taxes and Shared Receipt | | | | |
| Ad Valorem Property Tax | $ 2,301.87 | $ 7,837.86 | $ 8,112.00 | $ (274.14) |
| Delinquent Tax | 179.12 | 407.32 | 236.00 | 171.32 |
| Motor Vehicle Tax | 3,654.60 | 656.28 | 659.00 | (2.72) |
| KCoVRS (DCMR) Fees | 22.67 | 5.18 | - | 5.18 |
| Recreational Vehicle Tax | 45.29 | 9.42 | 9.00 | 0.42 |
| 16/20M Vehicle Tax | 16.13 | 10.45 | 3.00 | 7.45 |
| Commercial Vehicle Tax | - | - | 8.00 | (8.00) |
| Watercraft Tax | - | - | 1.00 | (1.00) |
| Total Receipts | 6,219.68 | 8,926.51 | $ 9,028.00 | $ (101.49) |
| Expenditures | | | | |
| Employee Benefits | | | | |
| Personal Services | 10,268.37 | 9,982.18 | $ 32,000.00 | $ (22,017.82) |
| Total Expenditures | 10,268.37 | 9,982.18 | $ 32,000.00 | $ (22,017.82) |
| Receipts Over (Under) Expenditures | (4,048.69) | (1,055.67) | | |
| Unencumbered Cash, Beginning | 37,340.05 | 33,291.36 | | |
| Unencumbered Cash, Ending | $ 33,291.36 | $ 32,235.69 | | |

**CITY OF MORAN, KANSAS**
**FIRE EQUIPMENT REPLACEMENT FUND**
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | Prior Year Actual | Current Year Actual |
|---|---|---|
| Receipts | | |
| Operating Transfers from: | | |
| General Fund | $ 11,198.34 | $ 5,000.00 |
| Electric Utility Fund | 5,000.00 | 5,000.00 |
| Total Receipts | 16,198.34 | 10,000.00 |
| Expenditures | | |
| Public Safety | | |
| Capital Outlay | - | - |
| Total Expenditures | - | - |
| Receipts Over (Under) Expenditures | 16,198.34 | 10,000.00 |
| Unencumbered Cash, Beginning | 3,256.98 | 19,455.32 |
| Unencumbered Cash, Ending | $ 19,455.32 | $ 29,455.32 |

**CITY OF MORAN, KANSAS**
**EQUIPMENT RESERVE FUND**
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | Prior Year Actual | Current Year Actual |
|---|---|---|
| Receipts | | |
| Operating Transfers from: | | |
| Electric Utility Fund | $ 19,000.00 | $ 19,000.00 |
| General Fund | 4,200.00 | 4,200.00 |
| Sewer Utility Fund | 2,500.00 | 2,500.00 |
| Total Receipts | 25,700.00 | 25,700.00 |
| Expenditures | | |
| General Government | | |
| Capital Outlay | - | 44,445.00 |
| Total Expenditures | - | 44,445.00 |
| Receipts Over (Under) Expenditures | 25,700.00 | (18,745.00) |
| Unencumbered Cash, Beginning | 79,046.54 | 104,746.54 |
| Unencumbered Cash, Ending | $ 104,746.54 | $ 86,001.54 |

**CITY OF MORAN, KANSAS**
**CAPITAL IMPROVEMENTS FUND**
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | Prior Year Actual | Current Year Actual |
|---|---|---|
| Receipts | | |
| Operating Transfers from: | | |
| General Fund | $ 10,000.00 | $ 10,000.00 |
| Total Receipts | 10,000.00 | 10,000.00 |
| Expenditures | | |
| General Government | | |
| Capital Outlay | 1,425.00 | 2,798.08 |
| Total Expenditures | 1,425.00 | 2,798.08 |
| Receipts Over (Under) Expenditures | 8,575.00 | 7,201.92 |
| Unencumbered Cash, Beginning | 79,819.19 | 88,394.19 |
| Unencumbered Cash, Ending | $ 88,394.19 | $ 95,596.11 |

**CITY OF MORAN, KANSAS**
**ELECTRIC UTILITY FUND**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| Receipts | | | | |
| Charges for Services | | | | |
| Electric Sales | $ 587,378.58 | $ 540,375.95 | $ 607,000.00 | $ (66,624.05) |
| Connection Fees | 1,813.69 | 1,597.05 | 1,000.00 | 597.05 |
| Other Receipts | | | | |
| Reimbursed Expenses | 2,122.38 | 3,842.70 | - | 3,842.70 |
| Total Receipts | 591,314.65 | 545,815.70 | $ 608,000.00 | $ (62,184.30) |
| Expenditures | | | | |
| Transmission and Distribution | | | | |
| Personal Services | 53,185.04 | 56,346.98 | $ 63,722.00 | $ (7,375.02) |
| Contractual Services | 448,958.77 | 326,088.07 | 343,296.00 | (17,207.93) |
| Commodities | 11,337.10 | 10,179.22 | 25,000.00 | (14,820.78) |
| Capital Outlay | 10,300.00 | 2,066.66 | 169,528.00 | (167,461.34) |
| Operating Transfers to: | | | | |
| Fire Equipment Replacement Fund | 5,000.00 | 5,000.00 | 5,000.00 | - |
| Equipment Reserve Fund | 19,000.00 | 19,000.00 | 19,000.00 | - |
| Utility Replacement Fund | 10,000.00 | 10,000.00 | 10,000.00 | - |
| General Fund | - | 25,000.00 | 25,000.00 | - |
| Total Certified Budget | | | 660,546.00 | (206,865.07) |
| Adjustments for Qualifying Budget Credits | | | 3,842.70 | (3,842.70) |
| Total Expenditures | 557,780.91 | 453,680.93 | $ 664,388.70 | $ (210,707.77) |
| Receipts Over (Under) Expenditures | 33,533.74 | 92,134.77 | | |
| Unencumbered Cash, Beginning | 73,377.98 | 106,911.72 | | |
| Unencumbered Cash, Ending | $ 106,911.72 | $ 199,046.49 | | |

**CITY OF MORAN, KANSAS**
**WATER UTILITY FUND**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| Receipts | | | | |
| Charges for Services | | | | |
| Water Sales | $ 140,810.12 | $ 149,082.11 | $ 148,000.00 | $ 1,082.11 |
| Connection Fees | 2,906.93 | 1,600.00 | 2,665.00 | (1,065.00) |
| Late Charges | 7,171.28 | 5,897.40 | 7,850.00 | (1,952.60) |
| Other Receipts | | | | |
| Reimbursed Expenses | 3,112.69 | 2,550.46 | - | 2,550.46 |
| Total Receipts | 154,001.02 | 159,129.97 | $ 158,515.00 | $ 614.97 |
| Expenditures | | | | |
| Transmission and Distribution | | | | |
| Personal Services | 56,339.33 | 54,269.14 | $ 55,955.00 | $ (1,685.86) |
| Contractual Services | 70,068.05 | 75,562.17 | 76,000.00 | (437.83) |
| Commodities | 11,019.82 | 5,492.94 | 12,000.00 | (6,507.06) |
| Capital Outlay | 6,600.00 | 2,066.67 | 106,353.00 | (104,286.33) |
| Debt Service | | | | |
| Revolving Loan Principal and Interest | 15,916.20 | 15,916.20 | 15,916.00 | 0.20 |
| Operating Transfers to | | | | |
| Water Utility Reserve Fund | 5,000.00 | 5,000.00 | 5,000.00 | - |
| Total Certified Budget | | | 271,224.00 | (112,916.88) |
| Adjustments for Qualifying | | | | |
| Budget Credits | | | 2,550.46 | (2,550.46) |
| Total Expenditures | 164,943.40 | 158,307.12 | $ 273,774.46 | $ (115,467.34) |
| Receipts Over (Under) Expenditures | (10,942.38) | 822.85 | | |
| Unencumbered Cash, Beginning | 111,229.56 | 100,287.18 | | |
| Unencumbered Cash, Ending | $ 100,287.18 | $ 101,110.03 | | |

**CITY OF MORAN, KANSAS**
**WATER UTILITY RESERVE FUND**
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | Prior Year Actual | Current Year Actual |
|---|---|---|
| Receipts | | |
| Operating Transfer from Water Utility Fund | $ 5,000.00 | $ 5,000.00 |
| Total Receipts | 5,000.00 | 5,000.00 |
| Expenditures | | |
| Capital Outlay | 40,905.00 | - |
| Total Expenditures | 40,905.00 | - |
| Receipts Over (Under) Expenditures | (35,905.00) | 5,000.00 |
| Unencumbered Cash, Beginning | 57,944.20 | 22,039.20 |
| Unencumbered Cash, Ending | $ 22,039.20 | $ 27,039.20 |

**CITY OF MORAN, KANSAS**
**SEWER UTILITY FUND**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | Actual | Budget | Variance - Over (Under) |
| Receipts | | | | |
| Charges for Services | $ 85,198.11 | $ 84,148.38 | $ 85,000.00 | $ (851.62) |
| Other Receipts | | | | |
| Reimbursed Expenses | 976.97 | 607.47 | - | 607.47 |
| Miscellaneous | 58.78 | - | - | - |
| Total Receipts | 86,233.86 | 84,755.85 | $ 85,000.00 | $ (244.15) |
| Expenditures | | | | |
| Commercial and General | | | | |
| Personal Services | 26,094.85 | 30,363.04 | $ 30,398.00 | $ (34.96) |
| Contractual Services | 6,021.92 | 6,450.44 | 6,000.00 | 450.44 |
| Commodities | 4,826.65 | 5,836.28 | 6,000.00 | (163.72) |
| Capital Outlay | - | 2,066.67 | 47,078.00 | (45,011.33) |
| Debt Service | | | | |
| Revolving Loan Principal & Interest | 45,041.50 | 33,339.98 | 33,340.00 | (0.02) |
| Operating Transfers to: | | | | |
| Equipment Reserve Fund | 2,500.00 | 2,500.00 | 2,500.00 | - |
| Utility Replacement Fund | 2,000.00 | 2,000.00 | 2,000.00 | - |
| Sewer Replacement Fund | 4,000.00 | 4,000.00 | 4,000.00 | - |
| Total Certified Budget | | | 131,316.00 | (44,759.59) |
| Adjustments for Qualifying Budget Credits | | | 607.47 | (607.47) |
| Total Expenditures | 90,484.92 | 86,556.41 | $ 131,923.47 | $ (45,367.06) |
| Receipts Over (Under) Expenditures | (4,251.06) | (1,800.56) | | |
| Unencumbered Cash, Beginning | 53,433.69 | 49,182.63 | | |
| Unencumbered Cash, Ending | $ 49,182.63 | $ 47,382.07 | | |

**CITY OF MORAN, KANSAS**
**SEWER REPLACEMENT FUND**
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | Prior Year Actual | Current Year Actual |
|---|---|---|
| Receipts | | |
| Operating Transfers from Sewer Utility Fund | $ 4,000.00 | $ 4,000.00 |
| Total Receipts | 4,000.00 | 4,000.00 |
| Expenditures | | |
| Capital Outlay | - | 44,632.32 |
| Total Expenditures | - | 44,632.32 |
| Receipts Over (Under) Expenditures | 4,000.00 | (40,632.32) |
| Unencumbered Cash, Beginning | 90,846.94 | 94,846.94 |
| Unencumbered Cash, Ending | $ 94,846.94 | $ 54,214.62 |

**CITY OF MORAN, KANSAS**
**UTILITY REPLACEMENT FUND**
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Amounts for the Year Ended December 31, 2019)

| | Prior Year Actual | Current Year Actual |
|---|---|---|
| Receipts | | |
| Operating Transfers from: | | |
| Electric Utility Fund | $ 10,000.00 | $ 10,000.00 |
| Sewer Utility Fund | 2,000.00 | 2,000.00 |
| Total Receipts | 12,000.00 | 12,000.00 |
| Expenditures | | |
| Capital Outlay | - | - |
| Total Expenditures | - | - |
| Receipts Over (Under) Expenditures | 12,000.00 | 12,000.00 |
| Unencumbered Cash, Beginning | 138,945.14 | 150,945.14 |
| Unencumbered Cash, Ending | $ 150,945.14 | $ 162,945.14 |

**CITY OF MORAN, KANSAS**
**AGENCY FUNDS**
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2020

| Fund | Beginning Cash Balance | Receipts | Disbursements | Ending Cash Balance |
|---|---|---|---|---|
| Sales Tax Fund | $ 1,752.80 | $ 14,672.12 | $ 15,177.42 | $ 1,247.50 |
| | $ 1,752.80 | $ 14,672.12 | $ 15,177.42 | $ 1,247.50 |

Jarred Gilmore Phillips

The Honorable Mayor and City Council
City of Moran, Kansas

In planning and performing our audit of the financial statement of the City of Moran, Kansas as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Moran, Kansas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Moran, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Moran, Kansas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Preparation of Financial Statement

Accounting standards states the client must be able to accept responsibility and be able to identify a material misstatement when reviewing the financial statement, including footnotes and supplemental information. This would also include knowing if a required footnote disclosure was missing or not correctly stated. Presently, the City staff does not have the ability to process and prepare the required financial statement, including footnotes. The potential effects of this material weakness could be unrecognized errors on the financial statement. While we recognize that this condition is not unusual for a City your size, it is important that you be aware of this condition for financial reporting purposes. Management and the City Council should continually be aware of the financial reporting of the City and changes in reporting requirements.

Segregation of Duties

An internal control structure is, quite simply, the procedures and policies in effect which ensure that the City's financial activity is properly recorded, processed, summarized, and reported in the financial statements. A weakness in the control structure occurs when one person is responsible for all of the accounting activities such as performing billings, receipting cash, making deposits, reconciling the bank accounts, and having access to all books and records of the City. Due to small staff size, it is not possible for reviews of daily work to take place, potentially resulting in errors in financial records and reports.

This communication is intended solely for the information and use of management, City Council, and others within the City of Moran, Kansas, and is not intended to be, and should not be, used by anyone other than these specified parties.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
February 13, 2021