CITY OF ELLSWORTH, KANSAS

FINANCIAL STATEMENT

WITH

INDEPENDENT AUDITOR'S REPORT

December 31, 2021

VARNEY & ASSOCIATES, CPAs, LLC
Manhattan, Kansas

CITY OF ELLSWORTH, KANSAS
TABLE OF CONTENTS
December 31, 2021

	Page Number
Independent Auditor's Report	1 - 3
Statement 1	
Summary Statement of Cash Receipts, Expenditures and Unencumbered Cash - Regulatory Basis	4
Notes to Financial Statement	5 - 11
Regulatory-Required Supplemental Information	
Schedule 1	
Summary of Expenditures - Actual and Budget - Regulatory Basis	13
Schedule 2	
Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis	
General Fund	14 - 16
Library Fund	17
Special Highway Fund	18
Storm Water Utility	19
Parks and Recreation Fund	20
Tourism and Convention Fund	21
Fire and Police Equipment Fund	22
Capital Improvement Fund	23
Municipal Equipment Fund	24
SO TIF 2011 Project Fund	25
SO TIF 2011 Revenue Fund	26
SO TIF 2011 Debt Service Fund	27
2019 Temp Note Debt Service	28
Bond and Interest Fund	29
2017 Temporary Note Improvement Fund	30
2019 Temporary Note Improvement Fund	31
Water and Sewer Utility Fund	32
Water and Sewer Emergency Depreciation Fund	33
Water and Sewer Improvement Fund	34
Solid Waste Fund	35
2021 GO Bond Issuance Costs	36
Schedule 3	
Schedule of Receipts and Expenditures - Related Municipal Entity - Regulatory Basis	37
Schedule of Expenditures of Federal Awards	38
Notes to Schedule of Expenditures of Federal Awards	39
Schedule of Findings and Questioned Costs	40
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance with *Government Auditing Standards*	41 - 42
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance	43 - 44

VARNEY
& ASSOCIATES, CPAs, LLC

September 30, 2022

Mayor and Council Members
City of Ellsworth, Kansas

Independent Auditor's Report

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 Ellsworth, Kansas (the City), as of and for the year ended December 31, 2021 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the 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 accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2021, and the aggregate receipts and expenditures for they year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* (KMAAG) 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), KMAAG and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 audits. 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 the 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 KMAAG, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement
Management is responsible for the preparation and fair presentation of the financial statement in accordance with KMAAG as described in Note 1; this includes determining 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 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 statements as a whole are 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 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 purposes of additional analysis and are not required part of the basic financial statement; however, are required to be presented under the provisions of the KMAAG. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises the City's basic financial statement. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statement. 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

CITY OF ELLSWORTH, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis

For the Year Ended December 31, 2021

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Cash Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Funds							
General Fund	$ 398,919	$ -	$ 2,726,636	$ 2,562,584	$ 562,971	$ -	$ 562,971
Special Purpose Funds							
Library	143,676	-	31,923	127,000	48,599	-	48,599
Special Highway	21,176	-	85,660	76,683	30,153	-	30,153
Parks and Recreation	1,248	-	4,438	4,057	1,629	-	1,629
Capital Improvement	169,741	-	506,529	226,737	449,533	-	449,533
Municipal Equipment	110,237	-	142,785	88,959	164,063	-	164,063
Tourism and Convention	24,554	-	16,421	18,000	22,975	-	22,975
Fire and Police Equipment	37,841	-	39,442	63,606	13,677	-	13,677
SO TIF 2011 Project Fund	-	-	6,263	6,263	-	-	-
SO TIF 2011 Revenue	1,011,359	-	182,314	125,219	1,068,454	-	1,068,454
SO TIF 2011 Debt Service	-	-	118,956	118,956	-	-	-
2019 Temp Note Debt Service	13,617	-	2,329	15,946	-	-	-
2021 GO Bonds Cost of Issuance	-	-	64,950	64,950	-	-	-
Bond and Interest Fund							
Bond and Interest	464,988	-	826,397	522,125	769,260	-	769,260
Capital Project Fund							
2017 Temp Note Improvement	312,085	-	747	54,245	258,587	-	258,587
2019 Temp Note Improvement	1,992,479	-	1,929,600	3,905,756	16,323	-	16,323
Business Funds							
Water and Sewer Utility	466,209	-	1,637,257	1,577,249	526,217	-	526,217
Water and Sewer Emergency Depreciation	198,071	-	50,542	15,315	233,298	-	233,298
Water and Sewer Improvement	242,054	-	150,559	153,738	238,875	-	238,875
Solid Waste	7,172	-	160,984	160,967	7,189	-	7,189
Stormwater Utility	-	-	15,372	-	15,372	-	15,372
Related Municipal Entity							
J.H. Robbins Memorial Library	313,335	-	180,065	159,246	334,154	-	334,154
Total Reporting Entity	$ 5,928,761	$ -	$ 8,880,169	$ 10,047,601	$ 4,761,329	$ -	$ 4,761,329

Composition of Cash:	Checking Accounts	$ 387,991
	Certificates of Deposit	4,039,184
	Total Primary Government	$ 4,427,175
	Related Municipal Entity Accounts	334,154
	Total Reporting Entity	$ 4,761,329

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

See Independent Auditor's Report.

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The City of Ellsworth (the City) is a municipal corporation governed by a citizen - elected mayor and five elected council members. The financial statement presents the City and its related municipal entity. The related municipal entity is included in the City's reporting entity because it was established to benefit the city and/or its constituents.

J.H. Robbins Memorial Library

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

Regulatory Basis Fund Types

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.

Fund Descriptions. The following types of funds comprise the financial activities of the City:

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 Projects and tax levies for long-term debt) that are intended for specified purposes.

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

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

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.).

Note 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 funds and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

If the municipality is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th.

The 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 individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end. A legal operating budget is not required for capital project funds, or trust funds.

K.S.A. 79-2935 establishes that expenditures, including encumbrances in any lawfully budgeted fund should not exceed the adopted budget. There were no budget violations for 2021.

Note 2: Deposits and Investments

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

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

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

Note 2: Deposits and Investments (Continued)

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has not designated a "peak period." All deposits were legally secured at December 31, 2020.

At December 31, 2021, the City's carrying amount of deposits was $4,427,175 and the bank balance was $4,428,788. Of the bank balance, $250,000 was covered by federal depository insurance and the remaining balance was collateralized with securities held by the pledging financial institutions' agents in the City's name.

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

Note 3: Capital Projects

Capital Project authorizations with approved change orders compared with expenditures form inception are as follows:

	Expenditures to Date	Project Authorization
Water and Sewer Infrastructure Projects	$ 1,178,143	$ 2,500,000
Stormwater Drainage Improvements	274,613	665,000
Street Improvements	1,350,438	1,850,000
Airport	2,878,317	3,000,000
Park & Recreation	103,168	148,697
City Hall - Boiler	94,019	100,000
Recreation Center Renovation	322,224	500,000
Multi Use Pathway	75,883	125,000

Note 4: Operating Transfers

Operating transfers were as follows:

From	To	Statutory Authority	Transfer Out
General Fund	Capital Improvement Fund	KSA 12-1, 118	$ 46,750
General Fund	Municipal Equipment Fund	KSA 12-1, 117	37,000
General Fund	Library Fund	KSA 12-1, 117	7,000
Special Highway Fund	Capital Improvement Fund	KSA 12-1, 118	5,000
Special Highway Fund	Municipal Equipment Fund	KSA 12-1, 117	5,000
Water and Sewer Utility Fund	Capital Improvement	KSA 12-1, 118	85,000
Water and Sewer Utility Fund	Municipal Equipment Fund	KSA 12-1, 117	90,000
Water and Sewer Utility Fund	Improvement Fund	KSA 12-825d	150,000
Water and Sewer Utility Fund	Depreciation Fund	KSA 12-825d	50,000
Water and Sewer Utility Fund	Bond and Interest Fund	KSA 12-825d	300,000
SO TIF 2011 Revenue Fund	SO TIF 2011 Project	KSA 12-6a16	6,263
SO TIF 2011 Revenue Fund	SO TIF 2011 Debt Service	KSA 12-6a16	118,956
			$ 900,969

Note 5: Defined Benefit Pension Plan

General Information about the 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 KSA 74-4901, etc. 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: KSA 74-4919 and KSA 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 of 6% of covered salary for KPERS I, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(b) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were $118,774 for the year ended December 31, 2021.

Net Pension Liability

At December 31, 2021, the City's estimated proportionate share of the collective net pension liability was $798,247. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

Note 6: Other Long-Term Obligations from Operations

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

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

Note 7: Compensated Absences

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

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

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

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

Note 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 to protect themselves from these risks.

Note 9: Conduit Debt

The City has entered into conduit debt arrangements wherein the City issues industrial revenue bonds to finance a portion of the construction or improvement of facilities by a private enterprise. In return, the private enterprise has executed mortgage notes or a lease with the City. The City is under no obligation for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements.

Generally, the conduit debt is arranged so that payments required by the private enterprise are equal to the mortgage payments schedule related to the original debt. In the agreement, a trustee has been designated pursuant to the terms of a Trust Indenture between the Issuer (the City) and the Trustee.

Under the Indenture, the Trustee is authorized, empowered, and directed to perform the duties of the Issuer (the City) as lessor under the lease, including the collection of rentals for disbursement to the owner(s) of the Bond as provided in the Bond Indenture, and to perform, insofar as it legally can, all acts otherwise required of the Issuer (the City) under the lease. The aggregate amount of all outstanding conduit debt obligations as of December 31, 2021 was $1,811,738 including accrued interest.

Note 10: Related Parties

One council member works at a bank that is the City's official depository and the bank also has several lease purchase agreements with the City. Another council member works at a local vendor with which the City does business. Total expenditures with this vendor for the year ended December 31, 2021 were $114,682.

Note 11: Subsequent Events

Management is not aware of any other subsequent events from the financial statement date through September 30, 2022, the date at which this financial statement was available to be issued, and determined there are no other items to disclose.

Note 12: Changes in Long-Term Debt

ISSUE	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 2011	3-4%	2/7/2011	$ 1,755,000	12/1/2022	$ 285,000	$ -	$ 140,000	$ (140,000)	$ 145,000	$ 10,478
Series 2015-A	2-2.75%	9/1/2015	1,410,000	9/1/2025	740,000	-	140,000	(140,000)	600,000	17,463
Series 2015-B	2-2.75%	9/1/2015	810,000	9/1/2025	435,000	-	80,000	(80,000)	355,000	10,975
Series 2020-A	2.00%	7/13/2020	1,820,000	9/1/2040	1,820,000	-	70,000	(70,000)	1,750,000	39,534
Series 2021-A	2.00%	7/14/2021	2,610,000	9/1/1941	-	2,610,000	-	2,610,000	2,610,000	-
General Obligation Temporary Notes										
Series 2019	1.50%	12/20/2019	3,210,000	9/1/2021	3,210,000	-	3,210,000	(3,210,000)	-	43,068
Special Obligation Tax Increment Revenue Bond										
Series 2011	3-5.2%	11/1/2011	1,200,000	10/1/2031	1,015,000	-	70,000	(70,000)	945,000	48,955
KDHE Loan										
Project C20 1674	2.27%	7/25/2007	1,500,000	3/1/2029	714,283	-	76,359	(76,359)	637,924	15,784
Capital Leases										
Golf Cart Shed	1.85%	9/3/2014	38,000	4/1/2024	15,928	-	3,872	(3,872)	12,056	299
Fire Truck	1.40%	11/2/15	140,000	11/2/2025	72,469	-	14,088	(14,088)	58,381	1,029
Bi-Directional Tactor	2.75%	12/16/19	60,000	12/1/2023	22,286	-	14,773	(14,773)	7,513	1,270
TOTAL LONG-TERM DEBT					$ 8,329,966	$ 2,610,000	$ 3,819,092	$ (1,209,092)	$ 7,120,874	$ 188,855

Note 13: Maturity of Long-Term Debt

PRINCIPAL	2022	2023	2024	2025	2026	2027-2031	2032-2036	2037-2041	Total
General Obligation Bond									
Series 2011	$ 145,000	$ -	$ -	$ -	-	$ -	$ -	$ -	$ 145,000
Series 2015-A	145,000	150,000	150,000	155,000	-	-	-	-	600,000
Series 2015-B	75,000	80,000	100,000	100,000	-	-	-	-	355,000
Series 2020-A	75,000	80,000	80,000	80,000	85,000	440,000	485,000	425,000	1,750,000
Series 2021-A	100,000	110,000	110,000	115,000	120,000	630,000	680,000	745,000	2,610,000
Special Obligation Tax Increment Revenue Bond									
Series 2011	75,000	80,000	85,000	90,000	90,000	525,000	-	-	945,000
KDHE Loan									
Project C20 1674-01	78,295	80,280	82,316	84,404	86,544	226,083	-	-	637,922
Capital Leases									
Golf Cart Shed	3,944	4,018	4,094	-		-	-	-	12,056
Fire Trust	14,288	14,491	14,696	14,906		-	-	-	58,381
Bi-Directional Tractor	7,513	-	-	-		-	-	-	7,513
Total Principal	$ 719,040	$ 598,789	$ 626,106	$ 639,310	381,544	$ 1,821,083	$ 1,165,000	$ 1,170,000	$ 7,120,872
INTEREST AND SERVICE FEE									
General Obligation Bond									
Series 2011	$ 5,438	$ -	$ -	$ -	-	$ -	$ -	$ -	$ 5,438
Series 2015-A	14,663	11,763	8,013	4,263	-	-	-	-	38,702
Series 2015-B	9,375	7,500	5,500	2,750	-	-	-	-	25,125
Series 2020-A	35,000	33,500	31,900	30,300	28,700	117,700	71,900	21,400	370,400
Series 2021-A	57,708	49,068	45,768	42,468	39,017	154,626	109,739	45,200	543,594
Special Obligation Tax Increment Revenue Bond									
Series 2011	46,015	42,715	39,115	35,205	30,975	83,280	-	-	277,305
KDHE Loan									
Project C20 1674-01	14,039	12,251	10,417	8,537	14,371	-	-	-	59,615
Capital Leases									
Golf Cart Shed	223	152	77	-	-	-	-	-	452
Fire Trust	829	626	421	212	-	-	-	-	2,088
Bi-Directional Tractor	859	435	-	-	-	-	-	-	1,294
Total Interest	$ 184,149	$ 158,010	$ 141,211	$ 123,735	113,063	$ 355,606	$ 181,639	$ 66,600	$ 1,324,013
TOTAL PRINCIPAL, INTEREST AND SERVICE FEE	$ 903,189	$ 756,799	$ 767,317	$ 763,045	$ 494,607	$ 2,176,689	$ 1,346,639	$ 1,236,600	$ 8,444,885

REGULATORY-REQUIRED SUPPLEMENTAL INFORMATION

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

Fund	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Funds					
General Fund	$ 2,665,451	$ -	$ 2,665,451	$ 2,562,584	$ (102,867)
Special Purpose Funds					
Library	150,000	-	150,000	127,000	(23,000)
Special Highway	88,260	-	88,260	76,683	(11,577)
Storm Water Utility	31,000	-	31,000	-	(31,000)
Parks and Recreation	4,653	-	4,653	4,057	(596)
Tourism and Convention	25,200	-	25,200	18,000	(7,200)
Fire and Police Equipment	75,200	-	75,200	63,606	(11,594)
Capital Improvement	387,000	-	387,000	226,737	(160,263)
Municipal Equipment	308,000	-	308,000	88,959	(219,041)
SO TIF 2011 Revenue	1,170,000	-	1,170,000	125,219	(1,044,781)
SO TIF 2011 Debt Service	125,000	-	125,000	118,956	(6,044)
2019 Temp Note Debt Service	16,000	-	16,000	15,946	(54)
2019 Temp Note Improvement	11,500,000	-	11,500,000	3,905,756	(7,594,244)
Bond and Interest Fund					
Bond and Interest	852,996	-	852,996	522,125	(330,871)
Capital Project Fund					
2017 Temp Note Improvement	375,000	-	375,000	54,245	(320,755)
SO TIF Project Fund	75,000	-	75,000	6,263	(68,737)
Business Funds					
Water and Sewer Utility	1,702,800	-	1,702,800	1,577,249	(125,551)
Water and Sewer Emergency Depreciation	175,000	-	175,000	15,315	(159,685)
Water and Sewer Improvement	300,000	-	300,000	153,738	(146,262)
Solid Waste	163,800	-	163,800	160,967	(2,833)
	$ 20,190,360	$ -	$ 20,190,360	$ 9,823,405	$ (10,366,955)

See Independent Auditor's Report.

CITY OF ELLSWORTH, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Taxes and Shared Revenue			
Ad Valorem	$ 1,125,787	$ 1,063,215	$ 62,572
Delinquent	8,761	11,000	(2,239)
Motor vehicle	149,801	126,764	23,037
RV, 16/20M, commercial vehicle	9,903	9,153	750
Local alcoholic liquor tax	4,436	4,000	436
Sales tax	590,846	475,000	115,846
State highway connecting link	10,393	7,500	2,893
Franchise tax	331,003	221,200	109,803
Fines, forfeitures and penalties	51,179	41,300	9,879
Rural fire contracts	22,500	22,500	-
Burial permits	11,200	3,000	8,200
Cemetery lots sold	5,625	1,000	4,625
Licenses	5,339	5,500	(161)
Hall rent	2,710	2,500	210
Leases	-	5,000	(5,000)
Refunds and reimbursements	40,891	27,500	13,391
Building permits	5,605	12,000	(6,395)
Airport	38,591	30,000	8,591
Golf course	156,311	90,035	66,276
Interest	1,312	3,553	(2,241)
Administrative charges Miscellaneous	95,485	90,000	5,485
Miscellaneous	25,093	200	24,893
Swimming pool fees	33,865	-	33,865
Total Receipts	$ 2,726,636	$ 2,251,920	$ 474,716

CITY OF ELLSWORTH, KANSAS
GENERAL FUND (CONTINUED)
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Expenditures			
Administration			
Personnel services	347,279	382,625	(35,346)
Contractual services	136,091	148,225	(12,134)
Commodities	9,655	5,000	4,655
Capital outlay	-	1,500	(1,500)
Neighborhood revitalization	19,555	-	19,555
Operating transfers	19,500	20,000	(500)
Miscellaneous	15,724	16,000	(276)
TIF refunds	75,239	250	74,989
Police			
Personnel services	538,697	501,157	37,540
Contractual services	46,560	43,475	3,085
Commodities	16,591	13,000	3,591
Capital outlay	-	500	(500)
Operating transfers	6,500	11,500	(5,000)
Municipal services	3,709	3,000	709
Dare Program	-	500	(500)
Street Department			
Personnel services	341,441	370,200	(28,759)
Contractual services	93,126	107,825	(14,699)
Commodities	27,249	36,850	(9,601)
Operating transfers	35,000	70,000	(35,000)
Fire Department			
Personnel services	10,414	10,000	414
Contractual services	68,759	70,850	(2,091)
Commodities	18,709	16,500	2,209
Capital outlay	17,247	19,300	(2,053)
Operating transfers	1,500	1,500	-
Fire prevention	-	500	(500)
Recreation and Pool Department			
Personnel services	145,719	143,672	2,047
Contractual services	31,148	32,825	(1,677)
Commodities	31,261	17,600	13,661
Capital outlay	6,041	4,800	1,241
Sales tax	482	400	82
Operating transfers	7,000	7,000	-
Cemetery Department			
Contractual services	306	-	306

(continued)

CITY OF ELLSWORTH, KANSAS
GENERAL FUND (CONTINUED)
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Expenditures (Continued)			
Airport			
Contractual services	$ 22,930	$ 21,550	$ 1,380
Commodities	34,244	24,150	10,094
Operating transfers	6,250	25,000	(18,750)
Sales tax	2,596	2,500	96
Industrial Development	30,100	30,000	100
Recreation and Community Development			
Contractual services	33,511	13,000	20,511
Community development	6,000	28,000	(22,000)
Golf Course			
Personnel services	226,676	192,522	34,154
Contractual services	39,159	44,575	(5,416)
Commodities	69,854	59,200	10,654
Refunds & Reimbursements	-	100	(100)
Sales tax	5,762	2,800	2,962
Operating transfers	15,000	165,500	(150,500)
Total Expenditures	$ 2,562,584	$ 2,665,451	$ (102,867)
Receipts Over (Under) Expenditures	$ 164,052		
Unencumbered Cash - Beginning	398,919		
Unencumbered Cash - Ending	$ 562,971		

CITY OF ELLSWORTH, KANSAS
LIBRARY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Taxes and Shared Revenue			
Ad Valorem	$ 119	$ -	$ 119
Delinquent	1,281	-	1,281
Motor vehicle	21,909	18,278	3,631
RV, 16/20M, commercial vehicle	1,449	1,489	(40)
Interest	165	971	(806)
Transfer In	7,000	-	7,000
Total Receipts	$ 31,923	$ 20,738	$ 11,185
EXPENDITURES			
Appropriation	$ 127,000	$ 127,000	$ -
Neighborhood revitalization	-	10,000	(10,000)
TIF refunds	-	13,000	(13,000)
Total Expenditures	$ 127,000	$ 150,000	$ (23,000)
Receipts Over (Under) Expenditures	$ (95,077)		
Unencumbered Cash - Beginning	143,676		
Unencumbered Cash - Ending	$ 48,599		

CITY OF ELLSWORTH, KANSAS
SPECIAL HIGHWAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
State of Kansas gas tax	$ 85,572	$ 82,000	$ 3,572
Interest	88	150	(62)
Total Receipts	$ 85,660	$ 82,150	$ 3,510
EXPENDITURES			
Contractual services	$ 49,101	$ 56,000	$ (6,899)
Commodities	17,582	20,000	(2,418)
Operating transfers	10,000	10,000	-
Miscellaneous	-	2,260	(2,260)
Total Expenditures	$ 76,683	$ 88,260	$ (11,577)
Receipts Over (Under) Expenditures	$ 8,977		
Unencumbered Cash - Beginning	21,176		
Unencumbered Cash - Ending	$ 30,153		

CITY OF ELLSWORTH, KANSAS
STORM WATER UTILITY
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Collection fees	$ 15,367	$ 31,000	$ (15,633)
Interest	5	-	5
Total Receipts	$ 15,372	$ 31,000	$ (15,628)
EXPENDITURES			
Contractual services	$ -	$ 15,500	$ (15,500)
Capital outlay	-	15,500	(15,500)
Total Expenditures	$ -	$ 31,000	$ (31,000)
Receipts Over (Under) Expenditures	$ 15,367		
Unencumbered Cash - Beginning	-		
Unencumbered Cash - Ending	$ 15,367		

CITY OF ELLSWORTH, KANSAS
PARKS AND RECREATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Local alcoholic liquor tax	$ 4,436	$ 3,000	$ 1,436
Interest	2	3	(1)
Total Receipts	$ 4,438	$ 3,003	$ 1,435
EXPENDITURES			
Commodities	$ 4,057	$ 4,203	$ (146)
Summer recreation	-	50	(50)
Miscellaneous	-	400	(400)
Total Expenditures	$ 4,057	$ 4,653	$ (596)
Receipts Over (Under) Expenditures	$ 381		
Unencumbered Cash - Beginning	1,248		
Unencumbered Cash - Ending	$ 1,629		

CITY OF ELLSWORTH, KANSAS
TOURISM AND CONVENTION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Transient guest tax	$ 16,342	$ 10,000	$ 6,342
Interest	79	134	(55)
Total Receipts	$ 16,421	$ 10,134	$ 6,287
EXPENDITURES			
Special events	$ 18,000	$ 25,200	$ (7,200)
Receipts Over (Under) Expenditures	$ (1,579)		
Unencumbered Cash - Beginning	24,554		
Unencumbered Cash - Ending	$ 22,975		

CITY OF ELLSWORTH, KANSAS
FIRE AND POLICE EQUIPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Taxes and Shared Revenue			
Ad Valorem	$ 33,590	$ 31,705	$ 1,885
Delinquent	301	350	(49)
Motor vehicle	5,155	4,712	443
RV, 16/20M, commercial vehicle	341	127	214
Refunds & Reimbursements	-	1,915	(1,915)
Interest	55	266	(211)
Total Receipts	$ 39,442	$ 39,075	$ 367
EXPENDITURES			
Commodities	$ 2,245	$ -	$ 2,245
Capital outlay	60,778	61,000	(222)
TIF refunds	-	9,000	(9,000)
Neighborhood revitalization	583	4,000	(3,417)
Miscellaneous	-	1,200	(1,200)
Total Expenditures	$ 63,606	$ 75,200	$ (11,594)
Receipts Over (Under) Expenditures	$ (24,164)		
Unencumbered Cash - Beginning	37,841		
Unencumbered Cash - Ending	$ 13,677		

CITY OF ELLSWORTH, KANSAS
CAPITAL IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Refunds and reimbursements	$ 5,000	$ 15,000	$ (10,000)
CDBG reimbursements	32,862	50,000	(17,138)
Leases	14,152	7,000	7,152
Interest	952	751	201
Miscellaneous	316,813	6,000	310,813
Operating transfers	136,750	5,000	131,750
Total Receipts	$ 506,529	$ 83,751	$ 422,778
EXPENDITURES			
Contractual services	$ 111,601	$ 17,000	$ 94,601
Commodities	4,487	-	4,487
Capital outlay	3,750	95,000	(91,250)
Downtown beautification	-	5,000	(5,000)
Splash Pad	-	2,000	(2,000)
General Government	3,715	25,000	(21,285)
Police Department	-	1,500	(1,500)
Fire Department	12,000	1,500	10,500
Street, ECF, parks and recreation	35,760	40,000	(4,240)
Golf course	16,972	20,000	(3,028)
Airport improvements	-	25,000	(25,000)
Water Administration	-	50,000	(50,000)
Storm Water	-	30,000	(30,000)
Sewer disposal	-	35,000	(35,000)
Recreation and pool	9,753	10,000	(247)
Special improvements	3,159	5,000	(1,841)
Miscellaneous	25,540	25,000	540
Total Expenditures	$ 226,737	$ 387,000	$ (160,263)
Receipts Over (Under) Expenditures	$ 279,792		
Unencumbered Cash - Beginning	169,741		
Unencumbered Cash - Ending	$ 449,533		

CITY OF ELLSWORTH, KANSAS
MUNICIPAL EQUIPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Refunds and reimbursements	$ 3,000	$ 4,000	$ (1,000)
Sales to customers	7,400	2,100	5,300
Interest	385	300	85
Miscellaneous	-	600	(600)
Operating transfers	132,000	135,000	(3,000)
Total Receipts	$ 142,785	$ 142,000	$ 785
EXPENDITURES			
Capital outlay	$ -	$ 30,700	$ (30,700)
General government	3,786	5,000	(1,214)
Police department	32,507	46,800	(14,293)
Fire department	4,042	20,000	(15,958)
Street department	26,810	48,500	(21,690)
Golf course	13,115	40,000	(26,885)
Special highway	-	5,000	(5,000)
Water administration	102	50,000	(49,898)
Sewer Disposal	-	40,000	(40,000)
Recreation and pool	8,597	2,000	6,597
Miscellaneous	-	20,000	(20,000)
Total Expenditures	$ 88,959	$ 308,000	$ (219,041)
Receipts Over (Under) Expenditures	$ 53,826		
Unencumbered Cash - Beginning	110,237		
Unencumbered Cash - Ending	$ 164,063		

CITY OF ELLSWORTH, KANSAS
SO TIF 2011 PROJECT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Operating Transfers	$ 6,263	$ 70,000	$ (63,737)
EXPENDITURES			
Publications	$ 263	$ -	$ 263
Capital outlay	6,000	75,000	(69,000)
Total Expenditures	$ 6,263	$ 75,000	$ (68,737)
Receipts Over (Under) Expenditures	$ -		
Unencumbered Cash - Beginning	-		
Unencumbered Cash - Ending	$ -		

CITY OF ELLSWORTH, KANSAS
SO TIF 2011 REVENUE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
TIF property tax	$ 179,587	$ 181,000	$ (1,413)
Interest	2,727	3,372	(645)
Total Receipts	$ 182,314	$ 184,372	$ (2,058)
EXPENDITURES			
Contractual	$ -	$ 575,000	$ (575,000)
Capital outlay	-	388,300	(388,300)
Misc.	-	11,700	(11,700)
Operating transfers	125,219	195,000	(69,781)
Total Expenditures	$ 125,219	$ 1,170,000	$ (1,044,781)
Receipts Over (Under) Expenditures	$ 57,095		
Unencumbered Cash - Beginning	1,011,359		
Unencumbered Cash - Ending	$ 1,068,454		

CITY OF ELLSWORTH, KANSAS
SO TIF 2011 DEBT SERVICE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Operating transfers	$ 118,956	$ 125,000	$ (6,044)
EXPENDITURES			
Bond principal	$ 70,000	$ 75,000	$ (5,000)
Bond interest	48,955	49,900	(945)
Contractual Services		100	(100)
Miscellaneous	1	-	1
Total Expenditures	$ 118,956	$ 125,000	$ (6,044)
Receipts Over (Under) Expenditures	$ -		
Unencumbered Cash - Beginning	-		
Unencumbered Cash - Ending	$ -		

CITY OF ELLSWORTH, KANSAS
2019 TEMP NOTE DEBT SERVICE
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Interest Earned	$ 2,329	$ 7,500	$ (5,171)
EXPENDITURES			
Debt Service	$ 15,946	$ 16,000	$ (54)
Receipts Over (Under) Expenditures	$ (13,617)		
Unencumbered Cash - Beginning	13,617		
Unencumbered Cash - Ending	$ -		

CITY OF ELLSWORTH, KANSAS
BOND AND INTEREST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Taxes and Shared Revenue			
Ad Valorem	$ 150,232	$ 141,880	$ 8,352
Delinquent	1,103	-	1,103
Motor vehicle	18,859	16,578	2,281
RV, 16/20M, commercial vehicle	1,248	1,193	55
Sales and use tax	320,125	173,000	147,125
Special assessments	10,292	9,000	1,292
Interest	1,530	1,000	530
Other	23,008	-	23,008
Operating transfers	300,000	260,000	40,000
Total Receipts	$ 826,397	$ 602,651	$ 223,746
EXPENDITURES			
Contractual	$ 1,024	$ 60,000	$ (58,976)
Commodities	10,041	-	10,041
Bond principal	430,000	500,000	(70,000)
Bond interest	78,450	82,996	(4,546)
TIF refunds	-	90,000	(90,000)
Neighborhood revitalization	2,610	80,000	(77,390)
Miscellaneous	-	40,000	(40,000)
Total Expenditures	$ 522,125	$ 852,996	$ (330,871)
Receipts Over (Under) Expenditures	$ 304,272		
Unencumbered Cash - Beginning	464,988		
Unencumbered Cash - Ending	$ 769,260		

CITY OF ELLSWORTH, KANSAS
2017 TEMPORARY NOTE IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Interest	$ 747	$ -	$ 747
EXPENDITURES			
Contractual services	$ 39,416	$ 200,000	$ (160,584)
Capital outlay	14,829	175,000	(160,171)
Total Expenditures	$ 54,245	$ 375,000	$ (320,755)
Receipts Over (Under) Expenditures	$ (53,498)		
Unencumbered Cash - Beginning	312,085		
Unencumbered Cash - Ending	$ 258,587		

CITY OF ELLSWORTH, KANSAS
2019 TEMPORARY NOTE IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Refunds and Reimbursements	$ 1,928,713	$ 10,123,700	$ (8,194,987)
Interest	887	3,212	(2,325)
Total Receipts	$ 1,929,600	$ 10,126,912	$ (8,197,312)
EXPENDITURES			
Street improvements	$ 386,962	$ 1,100,000	$ (713,038)
Stormwater improvements	17,399	750,000	(732,601)
Airport improvements	2,434,270	9,500,000	(7,065,730)
Capital outlay	1,043,050	50,000	993,050
Debt Service - Interest	24,075	100,000	(75,925)
Total Expenditures	$ 3,905,756	$ 11,500,000	$ (7,594,244)
Receipts Over (Under) Expenditures	$ (1,976,156)		
Unencumbered Cash - Beginning	1,992,479		
Unencumbered Cash - Ending	$ 16,323		

CITY OF ELLSWORTH, KANSAS
WATER AND SEWER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Sales to consumers	$ 1,011,748	$ 965,050	$ 46,698
Sewer service charge	570,050	475,010	95,040
Penalties	21,887	8,500	13,387
Connection fees	-	10,000	(10,000)
User fees	12,242	10,500	1,742
Sales tax	12,490	10,000	2,490
Other	4,115	3,500	615
Reimbursed expenses and refunds	557	4,100	(3,543)
State water fee	3,096	3,000	96
Interest	1,072	877	195
Total Receipts	$ 1,637,257	$ 1,490,537	$ 146,720
Expenditures			
General Administration			
Personnel services	$ 314,009	$ 324,500	$ (10,491)
Contractual services	142,962	244,250	(101,288)
Commodities	213,635	62,000	151,635
Capital outlay	-	20,000	(20,000)
Operating transfers	100,000	100,000	-
Other	7,125	250	6,875
Sewage Disposal			
Personnel services	58,718	113,100	(54,382)
Contractual services	118,631	112,900	5,731
Commodities	17,057	11,300	5,757
Other	3,054.00	1,000	2,054
Operating transfers	75,000	75,000	-
Non-Operating			
Sales tax and water fees	19,271	16,500	2,771
Operating transfers	500,000	500,000	-
Commodities	7,787	35,000	(27,213)
Miscellaneous	-	87,000	(87,000)
Total Expenditures	$ 1,577,249	$ 1,702,800	$ (125,551)
Receipts Over (Under) Expenditures	$ 60,008		
Unencumbered Cash - Beginning	466,209		
Unencumbered Cash - Ending	$ 526,217		

CITY OF ELLSWORTH, KANSAS
WATER AND SEWER EMERGENCY DEPRECIATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Interest	$ 542	$ -	$ 542
Operating transfers	50,000	50,000	-
Miscellaneous	-	750	(750)
Total Receipts	$ 50,542	$ 50,750	$ 542
EXPENDITURES			
Capital outlay	$ 15,315	$ 175,000	$ (159,685)
Receipts Over (Under) Expenditures	$ 35,227		
Unencumbered Cash - Beginning	198,071		
Unencumbered Cash - Ending	$ 233,298		

CITY OF ELLSWORTH, KANSAS
WATER AND SEWER IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Interest	$ 559	$ 1,000	$ (441)
Operating transfers	150,000	175,000	(25,000)
Total Receipts	$ 150,559	$ 176,000	$ (25,441)
EXPENDITURES			
Contractual services	$ 51,648	$ 80,000	$ (28,352)
Capital outlay	-	40,000	(40,000)
Commodities	9,947	-	9,947
Revolving loan principal	76,359	100,000	(23,641)
Revolving loan interest	15,784	30,000	(14,216)
Revolving loan service fee	-	50,000	(50,000)
Total Expenditures	$ 153,738	$ 300,000	$ (146,262)
Receipts Over (Under) Expenditures	$ (3,179)		
Unencumbered Cash - Beginning	242,054		
Unencumbered Cash - Ending	$ 238,875		

CITY OF ELLSWORTH, KANSAS
SOLID WASTE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance Over (Under)
Receipts			
Disposal fees	$ 160,984	$ 157,300	$ 3,684
EXPENDITURES			
Contractual services	$ 155,482	$ 158,300	$ (2,818)
Administrative fee	5,485	5,500	(15)
Total Expenditures	$ 160,967	$ 163,800	$ (2,833)
Receipts Over (Under) Expenditures	$ 17		
Unencumbered Cash - Beginning	7,172		
Unencumbered Cash - Ending	$ 7,189		

CITY OF ELLSWORTH, KANSAS
2021 GO Bond Cost of Issuance
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2021

Receipts		
Bond proceeds	$	64,950
EXPENDITURES		
Bond costs	$	64,950
Receipts Over (Under) Expenditures	$	-
Unencumbered Cash - Beginning		-
Unencumbered Cash - Ending	$	-

CITY OF ELLSWORTH, KANSAS
RELATED MUNICIPAL ENTITY
J.H. ROBBINS MEMORIAL LIBRARY
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2021

Receipts		
City appropriation	$	127,000
Donations		3,423
State aid		842
Central Kansas Library System		15,218
Interest and investment		2,240
Grants		1,000
Other		30,342
Total Receipts	$	180,065
EXPENDITURES		
Salaries	$	76,469
Supplies		6,377
Repairs and maintenance		15,240
Books, cassettes and magazines		12,603
Payroll taxes		200
Utilities		7,557
Insurance		4,274
Technology		30,008
Travel and education		329
Programs		843
Other		5,346
Total Expenditures	$	159,246
Receipts Over (Under) Expenditures	$	20,819
Unencumbered Cash - Beginning		313,335
Unencumbered Cash - Ending	$	334,154

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

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Number	Pass Through Number	Federal Award Expenditures	Subrecipient Expenditures
Department of Transportation				
Passed through Kansas Governor's Office				
Covid-19 American Rescue Plan	21.027	N/A	$ 2,526	$ -
Department of Transportation				
Airport Improvement Program	20.106	N/A	2,434,270	-
Total Federal Expenditures			$ 2,436,796	$ -

See Independent Auditor's Report.

CITY OF ELLSWORTH, KANSAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2021

Note 1: Organization

City of Ellsworth, Kansas (the City) is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the schedule of Expenditures of Federal Awards.

Note 2: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City, and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statement. The City elected not to use the 10% de minimis indirect cost rate.

Note 3: Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

Note 4: Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at December 31, 2021.

Note 5: Outstanding Loans

The City did not have any outstanding loans under any federal grants at December 31, 2021.

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

Section I - Summary of Auditor's Results

Financial Statement

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	___ Yes	X None
Reportable conditions identified not considered to be material weaknesses?	___ Yes	X None reported
Noncompliance material to financial statement noted?	___ Yes	X None

Federal Awards

Internal controls over major programs:		
Material weaknesses identified?	___ Yes	X No
Reportable conditions identified not considered to be material weaknesses?	___ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a)?	___ Yes	X No

Identification of major programs:

Name of Federal program	CFDA Number
Airport Improvement Program	20.106

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

Note:

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County, and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statement. The County elected not to use the 10% de minimis indirect cost rate.

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

There were no current year findings or questioned costs.

September 30, 202

Mayor and Council Members
City of Ellsworth, Kansas

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the City of Ellsworth, Kansas (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statement, which collectively comprise the City's basic financial statement, and have issued our report thereon dated September 30, 2022.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

September 30, 2022

Mayor and Council Members
City of Ellsworth, Kansas

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program
We have audited the compliance of the City of Ellsworth, Kansas (the City) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program have occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program
In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. According, this report is not suitable for any other purpose.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas