The City of Coolidge, Kansas

FINANCIAL STATEMENT

WITH REGULATORY - REQUIRED SUPPLEMENTARY INFORMATION

and

INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2025

The City of Coolidge, Kansas
Table of Contents
For the Year Ended December 31, 2025

	Page Number
Independent Auditor's Report	1
Financial Section	
Statement 1	
Summary Statement of Receipts, Expenditures and Unencumbered Cash	4
Notes to the Financial Statement	5
Regulatory - Required Supplemental Information	
Schedule 1	
Summary of Expenditures - Actual and Budget	10
Schedule 2	
Schedule of Receipts and Expenditures - Actual and Budget	
General Fund	
2-1 General Fund	11
Special Purpose Fund	
2-2 Special Highway Fund	12
Capital Project Fund	
2-3 Water Project Fund	13
2-4 Sewer Project Fund	14
Business Funds	
2-5 Water Utility Fund	15
2-6 Sewer Utility Fund	16
2-7 Refuse Utility Fund	17
Schedule 3	
Summary of Receipts and Disbursements	
Agency Fund	18
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with *Government Auditing Standards*	20
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	22
Schedule of Expenditures of Federal Awards	25
Notes to Schedule of Expenditures of Federal Awards	26
Schedule of Finding & Questioned Costs	27
Corrective Action Plan	32

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Coolidge, Kansas 67836

Opinions

We have audited the accompanying financial statement of the City of Coolidge, Kansas, which comprise the statement of receipts, expenditures, and unencumbered cash as of December 31, 2025, and the related notes to the financial statement.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Coolidge, as of December 31, 2025, 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* as described in Note 1.

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 section of our report, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Coolidge, as of December 31, 2025, or changes in net position, or cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 of Coolidge, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Qualified Opinion on Regulatory Basis of Accounting

The City was unable to provide sufficient audit evidence to support utility revenues recorded during the year. Specifically, adequate documentation was not maintained to reconcile utility deposits received to the amounts recorded in the accounting records, limiting our ability to verify the completeness and accuracy of utility revenue. In addition, the City was unable to provide adopted ordinances or other authorized documentation supporting the utility rates charged to customers during the audit period. As a result, we were unable to obtain sufficient appropriate audit evidence regarding utility revenues and the related accounts of the Utility Fund. Accordingly, we were unable to determine whether any adjustments to those amounts were necessary.

Matter Giving Rise to Adverse Opinions 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 Coolidge 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 and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the 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 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 of Coolidge'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 double shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Coolidge'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 of Coolidge'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 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprise the City of Coolidge's basic financial statement. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 17, 2026, on our consideration of the City of Coolidge'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 of Coolidge'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 City of Coolidge's internal control over financial reporting and compliance.

Medill and Thooft, CPA

Medill & Thooft, CPA
Ulysses, Kansas

July 17, 2026

The City of Coolidge, Kansas
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2025

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance
General Fund:						
General Fund	$ 23,197.09	$ 52,489.90	$ 34,441.79	$ 41,245.20	$ -	$ 41,245.20
Special Purpose Fund:						
Special Highway Fund	-	2,123.00	2,123.00	-	-	-
Capital Project Funds:						
Water Project Fund	(5,819.38)	344,779.36	338,959.98	-	-	-
Sewer Project Fund	12,476.33	1,811,376.73	2,166,110.63	(342,257.57)	348,490.75	6,233.18
Business Funds:						
Water Utility Fund	(34.00)	33,897.82	30,519.35	3,344.47	-	3,344.47
Sewer Utility Fund	31,787.06	20,470.21	31,868.61	20,388.66	-	20,388.66
Refuse Utility Fund	21,607.37	18,890.93	29,006.00	11,492.30	-	11,492.30
Total Reporting Entity (Excluding Agency	$ 83,214.47	$ 2,284,027.95	$ 2,633,029.36	$ (265,786.94)	$ 348,490.75	$ 82,703.81

Composition of Cash:	Checking	$ 16,051.64
	Savings	67,027.17
	Total Cash	83,078.81
	Agency Fund per Schedule 3	(375.00)
	Total Reporting Entity (Excluding Agency Fund)	$ 82,703.81

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial Reporting Entity

The City of Coolidge is a municipal corporation governed by an elected mayor and an elected five-member council. This financial statement presents the City of Coolidge (the City). The City has no related municipal entities.

b) Regulatory Basis Fund Types

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

Special Purpose Fund - used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project 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.

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.).

c) Basis of Accounting

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.

d) 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

If the City is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing, the City did not hold a revenue neutral rate hearing for this year.

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

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which receipts 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, Agency Funds, and certain Special Purpose Funds as noted in the presentation of the appropriate Schedule 2.

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

References made herein to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports, Kansas Department of Administration and Interpretation by legal repetition of the Municipality.

The City did not pay interest on customer utility deposits as required by K.S.A 12-822.

Expenditures in the Special Highway and Sewer Utility Funds exceeded the adopted budget for the year ended December 31, 2025, which is a violation of K.S.A. 79-2935.

The City did not publish its required annual financial statement as required by K.S.A. 12-1608.

No other statute violations were noted for the year ending December 31, 2025.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

NOTE 3 – DEPOSITS AND INVESTMENTS (CONT.)

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, 2025.

At December 31, 2025, the City's carrying amount of deposits was $82,704 and the bank balance was $102,393. The bank balance was held by one (1) bank resulting in a concentration of credit risk. The entire bank balance was covered by federal depository insurance.

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

NOTE 4 – LONG-TERM DEBT

Changes in long-term liabilities for the City of Coolidge for the year ended December 31, 2025, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds:									
Series 2025	2.00%	12/23/2025	$525,000	12/23/2065	$ -	$ 525,000	$ -	$ 525,000	$ -
Revenue Bonds:									
KDH&E Public Water Supply*	2.13%	4/17/2023	$500,000	Unknown	-	344,780	314,347	30,433	49
KDH&E Sewer Project	2.14%	3/1/2023	$750,000	3/1/2026	-	750,000	750,000	-	822
Total Long-Term Debt					$ -	$ 1,619,780	$ 1,064,347	$ 555,433	$ 871

*See Note 6

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

	Year								
Principal:	2026	2027	2028	2029	2030-39	2040-49	2050-59	2060-65	Total
Series 2025	$ 8,690	$ 8,864	$ 9,041	$ 9,222	$ 102,997	$ 125,553	$ 153,048	$ 107,586	$ 525,000
Interest:									
Series 2025	10,500	10,326	10,149	9,968	88,903	66,348	38,852	7,660	242,706
Total Principal and Interest	$ 19,190	$ 19,190	$ 19,190	$ 19,190	$ 191,900	$ 191,901	$ 191,900	$ 115,246	$ 767,706

NOTE 5 – INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
Sewer Utility Fund	Water Utility Fund	K.S.A. 12-825d	$ 10,000
Refuse Utility Fund	General Fund	K.S.A. 12-825d	14,000

NOTE 6 – KDHE PUBLIC WATER SUPPLY LOAN

In April 2023, the Kansas Department of Health and Environment (KDHE) approved a Kansas Public Water Supply Loan for the City in an amount not to exceed $500,000. The City did not receive the full loan amount upon KDHE's acceptance. Instead, the loan amount is increased by each of the City's disbursement requests from KDHE as costs are incurred for the water system improvement project.

The loan will provide funding for the entire project with a 100% forgivable loan. The City is required to pay only 30 days' interest at 2.13% on the disbursed amount.

During the 2025 fiscal year, the City requested disbursements from KDHE totaling $344,779, leaving $64,077 remaining for disbursement under the updated loan agreement amount.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report. Management's evaluation concluded that there are no subsequent events that are required to be recognized, but two events are to be disclosed in this financial statement.

EBH & Associations has received $23,726, as of the date of the audit report, from Sewer Project Fund, for engineer fees.

Carrigan Excavating has received $22,135, as of the date of the audit report, from Sewer Project Fund, for contractor fees.

The City of Coolidge, Kansas

Regulatory - Required Supplementary Information

Schedule 1

The City of Coolidge, Kansas
Summary of Expenditures - Actual and Budget
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2025

Funds	Certified Budget	Expenditures Chargeable to Current Year	Variance-Over (Under)
General Fund:			
General Fund	$ 52,700	$ 34,442	$ (18,258)
Special Purpose Fund:			
Special Highway Fund	-	2,123	2,123
Business Funds:			
Water Utility Fund	32,500	30,519	(1,981)
Sewer Utility Fund	30,000	31,869	1,869
Refuse Utility Fund	34,000	29,006	(4,994)

The City of Coolidge, Kansas
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance-Over (Under)
Receipts			
County Tax Appropriations	$ 28,436.49	$ 29,618.00	$ (1,181.51)
Local Sales and Compensating Use Tax	4,986.42	-	4,986.42
Franchise Tax	2,762.97	800.00	1,962.97
License and Permits/Fees	75.00	-	75.00
Transfer from Refuse	14,000.00	14,000.00	-
Interest Income	1,022.24	550.00	472.24
Miscellaneous	1,206.78	2,640.00	(1,433.22)
Total Receipts	52,489.90	$ 47,608.00	$ 4,881.90
Expenditures			
Accounting and Legal	1,836.25	6,000.00	(4,163.75)
Clerical	6,278.41	6,500.00	(221.59)
Computer	253.44	2,000.00	(1,746.56)
Fuel	-	1,000.00	(1,000.00)
Insurance	4,564.59	3,000.00	1,564.59
Labor	2,497.39	5,000.00	(2,502.61)
Maintenance	7,468.43	13,000.00	(5,531.57)
Office	1,017.32	2,000.00	(982.68)
Street Lights	3,891.70	3,500.00	391.70
Utilities	2,520.56	2,000.00	520.56
Other	27.69	2,700.00	(2,672.31)
Supplies	-	6,000.00	(6,000.00)
Sales Tax Paid to Library	4,086.01	-	4,086.01
Total Expenditures	34,441.79	$ 52,700.00	(18,258.21)
Receipts Over (Under) Expenditures	18,048.11		$ 23,140.11
Unencumbered Cash, Beginning	23,197.09		
Unencumbered Cash, Ending	$ 41,245.20		

The City of Coolidge, Kansas
Special Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance-Over (Under)
Receipts			
State of Kansas Gas Tax	$ 2,123	$ -	$ 2,123
Total Receipts	2,123	$ -	$ 2,123
Expenditures			
Contractual Services	1,687	-	1,687
Commodities	436	-	436
Total Expenditures	2,123	$ -	2,123
Receipts Over (Under) Expenditures	-		$ -
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	$ -		

The City of Coolidge, Kansas
Water Project Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025

Receipts	
KDHE Proceeds	$ 344,779.36
Total Receipts	344,779.36
Expenditures	
Capital Outlay	338,959.98
Total Expenditures	338,959.98
Receipts Over (Under) Expenditures	5,819.38
Unencumbered Cash, Beginning	(5,819.38)
Unencumbered Cash, Ending	$ -

The City of Coolidge, Kansas
Sewer Project Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025

Receipts	
KDHE Proceeds	$ 750,000.00
USDA Proceeds	1,061,001.90
Interest Income	374.83
Total Receipts	1,811,376.73
Expenditures	
Capital Outlay	1,623,627.63
Office Expense	10,156.75
Debt Payment	532,326.25
Total Expenditures	2,166,110.63
Receipts Over (Under) Expenditures	(354,733.90)
Unencumbered Cash, Beginning	12,476.33
Unencumbered Cash, Ending	$ (342,257.57)

The City of Coolidge, Kansas
Water Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance-Over (Under)
Receipts			
Charge for Services	$ 23,897.82	$ 20,000.00	$ 3,897.82
Transfer from Sewer Fund	10,000.00	-	10,000.00
Total Receipts	33,897.82	$ 20,000.00	$ 13,897.82
Expenditures			
Repairs and Maintenance	1,125.62	-	1,125.62
Utilities and State Fees	7,847.52	-	7,847.52
Clerical and Labor	4,642.00	-	4,642.00
Insurance	368.50	-	368.50
Office Expense	1,117.93	-	1,117.93
Operating Supplies	15,399.89	32,500.00	(17,100.11)
Miscellaneous	17.89	-	17.89
Total Expenditures	30,519.35	$ 32,500.00	(1,980.65)
Receipts Over (Under) Expenditures	3,378.47		$ 15,878.47
Unencumbered Cash, Beginning	(34.00)		
Unencumbered Cash, Ending	$ 3,344.47		

The City of Coolidge, Kansas
Sewer Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance-Over (Under)
Receipts			
Charge for Services	$ 20,470.21	$ 18,000.00	$ 2,470.21
Total Receipts	20,470.21	18,000.00	2,470.21
Expenditures			
Repairs and Maintenance	9,351.23	30,000.00	(20,648.77)
Utilities and State Fees	2,892.02	-	2,892.02
Clerical and Labor	5,740.23	-	5,740.23
Insurance	368.50	-	368.50
Office Expense	2,854.58	-	2,854.58
Operating Supplies	662.05	-	662.05
Transfer to Water Fund	10,000.00	-	10,000.00
Total Expenditures	31,868.61	$ 30,000.00	1,868.61
Receipts Over (Under) Expenditures	(11,398.40)		$ 601.60
Unencumbered Cash, Beginning	31,787.06		
Unencumbered Cash, Ending	$ 20,388.66		

The City of Coolidge, Kansas
Refuse Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025

	Actual	Budget	Variance-Over (Under)
Receipts			
Charge for Services	$ 18,890.93	$ 15,000.00	$ 3,890.93
Total Receipts	18,890.93	$ 15,000.00	$ 3,890.93
Expenditures			
Contractual Services	15,006.00	20,000.00	(4,994.00)
Transfer to General Fund	14,000.00	14,000.00	-
Total Expenditures	29,006.00	$ 34,000.00	(4,994.00)
Receipts Over (Under) Expenditures	(10,115.07)		$ 8,884.93
Unencumbered Cash, Beginning	21,607.37		
Unencumbered Cash, Ending	$ 11,492.30		

Schedule 3

The City of Coolidge, Kansas
Agency Fund
Summary of Receipts and Disbursements
For the Year Ended December 31, 2025

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Customer Deposits	$ 225	$ 150	$ -	$ 375
Total	$ 225	$ 150	$ -	$ 375

The City of Coolidge, Kansas

SINGLE AUDIT SECTION

For the Year Ended December 31, 2025

104 N. Main / P.O. Box 885
Ulysses, Kansas 67880

Office (620) 356-4951
Fax (620) 353-1018

Medill & Thooft, CPA

117 N. Main
Lakin, Kansas 67860

517 Main / P.O. Box 107
Scott City, Kansas 67871

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*

Honorable Mayor and City Council
City of Coolidge, Kansas 67836

We have audited, in accordance with the 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 Coolidge which comprise the statement of receipts, expenditures, and unencumbered cash as of December 31, 2025, and the related notes to the financial statement, which collectively comprise City of Coolidge's basic financial statement, and have issued our report thereon dated July 17, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered City of Coolige, Kansas's 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 opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of City of Coolige, Kansas's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Coolige, Kansas's 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 described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, and 2025-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2025-004 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Coolige, Kansas'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 financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or

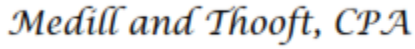
other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2025-005, 2025-006, 2025-007, and 2025-008.

City of Coolige, Kansas's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Medill & Thooft, CPA
Ulysses, Kansas

July 17, 2026

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

Honorable Mayor and City Council
City of Coolidge, Kansas 67836

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited City of Coolidge's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Coolidge's major federal programs for the year ended December 31, 2025. City of Coolidge's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Water and Waste Disposal Systems for Rural Communities

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, City of Coolidge, Kansas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Water and Waste Disposal Systems for Rural Communities for the year ended December 31, 2025.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Coolidge, Kansas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of City of Coolidge, Kansas's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Water and Waste Disposal Systems for Rural Communities

As described in the accompanying schedule of findings and questioned costs, City of Coolidge, Kansas did not comply with requirements regarding Water and Disposal Systems for Rural Communities 2025-006 for Reporting, 2025-007 for Procurement and Suspension and Debarment, and 2025-008 for Equipment and Real Property Management.

Compliance with such requirements is necessary, in our opinion, for City of Coolidge, Kansas to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Coolidge, Kansas's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Coolidge, Kansas's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Coolidge, Kansas's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Coolidge, Kansas's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Coolidge, Kansas's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Coolidge, Kansas's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-005, 2025-006, 2025-007, and 2025-008. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

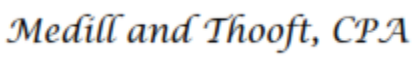
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-005, 2025-006, 2025-007, and 2025-008 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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



Medill & Thooft, CPA
Ulysses, Kansas

July 17, 2026

The City of Coolidge, Kansas
Schedule of Expenditures of Federal Awards
Regulatory Basis
For the Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Numbers	Federal Award Expenditures
United States Department of Agriculture		
Water and Waste Disposal Systems for Rural Communities	10.760	$ 1,623,628
Total United States Department of Agriculture		1,623,628
Total Expenditures of Federal Awards		$ 1,623,628

City of Coolidge, Kansas
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of City of Coolidge, Kansas, (the City) under programs of the federal government for the year ended December 31, 2025. The information in this schedule if presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a select portion of the operations of City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. The Schedule is presented using regulatory basis of accounting prescribed by the Kanas Municipal Audit and Accounting Guide (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) Expenditures reported in the Schedule of Expenditures of Federal Awards (SEFA) are reported using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash and budget laws of the State of Kansas, the same as the financial statement accompanying this schedule.

2) City of Coolidge, Kansas did not use the standard indirect cost rate of 10%.

NOTE 3 – FUNDS EXPENDED

Funds where federal expenditure was receipted and expended:

Sewer Project Fund	$ 1,633,772

Section I – Summary of Auditor's Results

Financial Statement:

Type of audit report issued:

The auditor's report expresses an **adverse opinion** on the financial statement of The City of Coolidge, Kansas on the Generally Accepted Accounting Principles (GAAP) basis of accounting, but a **qualified opinion** on the regulatory basis of accounting as prescribed by the State of Kansas.

Internal control over financial reporting:

- Material weaknesses identified? Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes
- Noncompliance which is material to the financial statement noted? No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

Type of auditor's report issued on compliance for major program: Qualified

Any audit findings disclosed that are required to be reported in Accordance with 2 CFR 200.516(a)? Yes

Identification of Major Programs

Federal Assistance Listing Numbers	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold to distinguish between Type A and Type B Programs $1,000,000

Auditee qualifies as a low-risk auditee? No

Section II – Financial Statement Findings

Finding 2025-001
MATERIAL WEAKNESS
Internal Controls
Condition: The City Clerk had not received sufficient training to adequately perform the duties required of the position. As a result, multiple statutory requirements were not met during the audit period.

Criteria: Management is responsible for ensuring personnel responsible for accounting, financial reporting, and statutory compliance possess the knowledge and training necessary to perform their duties. Kansas statutes and sound internal control practices require that financial personnel understand and comply with applicable legal and regulatory requirements.

Cause: The City did not ensure the City Clerk received adequate training or continuing education necessary to understand and perform the responsibilities of the position.

Effect: Insufficient training resulted in statutory violations, increased the risk of errors in financial reporting, and weakened the City's overall system of internal control.

Recommendation: The City should develop a formal training plan for the City Clerk that includes attendance at Kansas municipal clerk training, continuing education courses, and other applicable governmental accounting and compliance training. Management should monitor completion of training to ensure the City Clerk remains current on statutory requirements and accounting responsibilities.

Finding 2025-002
MATERIAL WEAKNESS
Internal Controls
Condition: The City assigned responsibility for utility billing, collections, recording receipts, and reconciliation to one individual. During audit testing, utility module reports did not reconcile to bank deposits, and approximately $1,000,000 of ACH receipts deposited into the Project Fund during December 2025 were not recorded in the accounting records.

Criteria: An effective system of internal control requires adequate segregation of duties and procedures to ensure all utility collections are accurately recorded, reconciled to deposits, and completely reflected in the accounting records.

Cause: The City lacked adequate segregation of duties and independent review procedures over utility receipts and cash recording.

Effect: The lack of internal controls increased the risk that utility revenues could be misstated or misappropriated without timely detection. Material adjustments were required to properly state the financial statements.

Recommendation: The City should strengthen controls over utility revenues by implementing independent review of utility reports, reconciling daily collections to deposits and the general ledger, ensuring ACH receipts are timely recorded, and assigning supervisory review responsibilities where segregation of duties cannot be fully achieved.

Finding 2025-003
MATERIAL WEAKNESS
Internal Controls
Condition: Bank reconciliations had not been completed since September 2025 at the time audit fieldwork began in June 2026. Reconciliation responsibilities were assigned to one individual, and numerous material transactions had not been recorded in the accounting records.

Criteria: Bank accounts should be reconciled monthly by knowledgeable personnel and reviewed by an independent individual to ensure cash balances are accurate and financial transactions are recorded completely and in a timely manner.

Cause: The City lacked adequate staffing, segregation of duties, and management oversight to ensure monthly reconciliations were completed and reviewed.

Effect: The failure to perform timely reconciliations significantly increased the risk that errors or irregularities would not be detected promptly. Material adjustments were required during the audit to properly report cash and related account balances.

Recommendation: The City should require all bank reconciliations to be completed monthly, reviewed by management or the governing body, and resolved promptly. Management should establish procedures to ensure all financial activity is recorded timely and that reconciliations are monitored for completion.

Finding 2025-004
SIGNIFICANT DEFICIENCY
Internal Controls
Condition: The City did not maintain a complete listing of expenditures submitted for approval. In addition, the expenditure listing for July 2025 was missing entirely, preventing verification that all expenditures received appropriate approval.

Criteria: Effective internal controls require expenditures to be supported by complete documentation, approved by appropriate officials before payment, and maintained in a complete and organized record.
Cause: The City lacked procedures to ensure expenditure approval documentation was complete, retained, and reviewed.

Cause: The City did not have adequate procedures in place to ensure expenditure approval listings were consistently prepared, retained, and reviewed for completeness.

Effect: Without complete expenditure approval records, there is an increased risk that unauthorized or inappropriate expenditures could occur and not be detected in a timely manner.

Recommendation: The City should establish procedures requiring all expenditures to be presented to the governing body for approval, maintain complete approval listings for each period, and retain all supporting documentation in accordance with the City's record retention policies. Management should periodically review these records to ensure they are complete and properly maintained.

Section III – Federal Award Findings and Questioned Costs

U.S. Department of Agriculture
Program Name: Water and Waste Disposal Systems for Rural Communities
Federal Assistance Listing Number: 10.760

Finding 2025-005
MATERIAL WEAKNESS
Internal Controls and Compliance
Condition: During our review of the City's administration of federal awards, we noted the City had not adopted written policies, procedures, or standards of conduct governing the administration of federal funds as required by the Uniform Guidance. Specifically, the City lacked documented policies addressing federal procurement, internal controls, conflict of interest, and other compliance requirements applicable to its federal awards.

Criteria: 2 CFR Part 200, Subparts C and D (including the procurement standards in 2 CFR §§ 200.317–200.327) require non-federal entities to establish and maintain *Effect*ive internal controls, written procurement procedures, and written standards of conduct covering conflicts of interest and the performance of employees engaged in the selection, award, and administration of contracts supported by federal funds. These policies are required to ensure compliance with federal statutes, regulations, and the terms and *Condition*s of federal awards.

Cause: The City had not developed or formally adopted written federal grant policies and procedures to address the requirements of the Uniform Guidance. As a result, compliance with federal requirements relied on informal practices rather than documented policies approved by the governing body.

Effect: The absence of written policies, procedures, and standards of conduct constitutes material noncompliance with the Uniform Guidance and represents a material weakness in internal control over compliance. Without these

policies, the City is at increased risk of inconsistent administration of federal awards, noncompliance with federal regulations, questioned costs, and potential sanctions or other actions by the federal awarding agency.

Recommendation: We recommend the City Council formally adopt comprehensive written policies and procedures governing the administration of federal awards in accordance with 2 CFR Part 200. At a minimum, these policies should include procurement procedures, standards of conduct and conflict of interest requirements, internal controls, allowable costs, cash management, records retention, reporting requirements, and other applicable federal compliance requirements. The City should also provide training to personnel responsible for administering federal awards and periodically review the policies to ensure continued compliance with current federal regulations

Finding 2025-006

MATERIAL WEAKNESS

Internal Controls and Compliance

Condition: During our testing of compliance with the U.S. Department of Agriculture (USDA) program requirements, we noted the City did not submit the required financial and operational reports as prescribed by the USDA Letter of Conditions. The reports were either not submitted or were not submitted within the required timeframes.

Criteria: The USDA Letter of Conditions establishes the reporting requirements that recipients must satisfy as a Condition of receiving federal assistance. Additionally, recipients are required under 2 CFR Part 200 (Uniform Guidance) to comply with the terms and Conditions of their federal awards and to maintain Effective internal controls that provide reasonable assurance of compliance with federal program requirements.

Cause: The City did not establish adequate internal controls to identify, monitor, and ensure all reporting requirements contained in the USDA Letter of Conditions were completed and submitted by the required deadlines. Responsibility for monitoring reporting requirements was not formally assigned, and no tracking process was maintained.

Effect: Failure to submit the required reports represents material noncompliance with the terms and Conditions of the USDA award and indicates a material weakness in internal controls over compliance. As a result, the City is at increased risk of federal enforcement actions, increased oversight, delayed reimbursement or funding, and potential sanctions or other remedies available to the federal awarding agency.

Recommendation: We recommend the City implement formal internal controls over federal reporting requirements. These controls should include maintaining a comprehensive reporting calendar for all federal awards, assigning responsibility for each required report, documenting supervisory review prior to submission, and periodically monitoring compliance with the reporting requirements contained in the USDA Letter of Conditions. These procedures will help ensure all required reports are submitted accurately and timely in accordance with federal award requirements.

Finding 2025-007

MATERIAL WEAKNESS

Internal Controls and Compliance

Condition: During our testing of procurement compliance for the USDA federal award, we noted the City did not verify or document the contractor's suspension and debarment status prior to awarding the contract. The City neither obtained and retained the required certification nor documented a verification through the System for Award Management (SAM.gov) or another allowable method.

Criteria: In accordance with 2 CFR Part 180, as adopted by 2 CFR Part 417, non-federal entities are prohibited from entering into covered transactions with contractors that are suspended or debarred from participating in federal programs. Additionally, 2 CFR Part 200 requires recipients to establish and maintain Effective internal controls to ensure compliance with applicable federal statutes, regulations, and the terms and Conditions of federal awards.

Cause: The City did not establish adequate internal controls over federal procurement requirements to ensure contractor suspension and debarment status was verified and documented prior to contract award. Personnel responsible for procurement were not following procedures to document compliance with this federal requirement.

Effect: Failure to verify a contractor's suspension and debarment status constitutes material noncompliance with federal procurement requirements and represents a material weakness in internal control over compliance. As a result, the City is at increased risk of contracting with an ineligible vendor, incurring questioned costs, and being subject to additional oversight or enforcement actions by the federal awarding agency.

Recommendation: We recommend the City implement formal procurement procedures requiring verification and documentation of contractor suspension and debarment status before awarding any federally funded contract. Verification should be performed by obtaining a certification from the contractor, documenting a search of the System for Award Management (SAM.gov), or using another method permitted under federal regulations. The City should retain evidence of the verification in the procurement file and implement supervisory review to ensure compliance with federal procurement requirements.

Finding 2025-008

MATERIAL WEAKNESS

Internal Controls and Compliance

Condition: During our review of the City's administration of federal awards, we noted the City had not established written procedures or internal controls for the management of equipment and real property acquired with federal funds. In addition, the City did not maintain an inventory system or complete property records for federally funded equipment and real property as required by federal regulations.

Criteria: 2 CFR §§ 200.313 and 200.311 require non-federal entities to establish and maintain Effective control over and accountability for equipment and real property acquired under federal awards. The regulations require entities to maintain accurate property records, perform physical inventories at least once every two years, reconcile inventory records to the physical inventory, establish safeguards to prevent loss, damage, or theft, and maintain procedures governing the use, maintenance, and disposition of federally funded equipment and real property.

Cause: The City had not implemented written policies or procedures governing equipment and real property management for federal awards and had not established an inventory system to track federally funded assets. As a result, management did not have adequate controls to ensure compliance with federal property management requirements.

Effect: The lack of equipment and real property management controls constitutes material noncompliance with federal regulations and represents a material weakness in internal control over compliance. Without adequate records and inventory procedures, the City is at increased risk of loss, theft, misuse, or improper disposition of federally funded assets, as well as questioned costs and other enforcement actions by the federal awarding agency.

Recommendation: We recommend the City establish comprehensive written policies and procedures for the management of equipment and real property acquired with federal funds in accordance with 2 CFR §§ 200.311 and 200.313. The City should implement an inventory system that maintains all required property information, conduct and document physical inventories at least every two years, reconcile inventory records to the physical inventory, establish safeguards to protect assets from loss or misuse, and maintain documentation supporting the use and disposition of federally funded property. These procedures should be monitored regularly to ensure ongoing compliance with federal requirements.

City of Coolidge

210 W Wheeler Ave; PO Box 152
Coolidge, Kansas 67836

CORRECTIVE ACTION PLAN

July 16, 2026

United States Department of Agriculture and Kansas State Department of Administration

The City of Coolidge, Kansas, respectfully submits the following corrective action plan for the year ended December 31, 2025.

Medill & Thooft, CPA
Po Box 885
Ulysses, KS 67880

Audit Period: December 31, 2025

FINDINGS – FINANCIAL STATEMENT FINDINGS

Finding 2025-001

Corrective Action Plan: The City agrees with Finding 2025-001 and will implement a formal training program for the City Clerk. The training plan will include attendance at Kansas Municipal Clerks Association training, governmental accounting courses, statutory compliance education, and continuing professional education. The Governing Body will monitor completion of required training annually and ensure sufficient resources are available for continuing education.
Anticipated Completion Date: December 31, 2026

Finding 2025-002

Corrective Action Plan: The City agrees with Finding 2025-002 and will strengthen internal controls over utility billing and collections by implementing monthly reconciliations between utility reports, bank deposits, and the general ledger. Supervisory review procedures will be established to review utility activity, including ACH receipts, and additional segregation of duties will be implemented whenever practical. Where staffing limitations prevent complete segregation of duties, the Governing Body will provide independent oversight and review.
Anticipated Completion Date: November 31, 2026

Finding 2025-003

Corrective Action Plan: The City agrees with Finding 2025-003 and will require all bank reconciliations to be completed monthly. Management will establish procedures requiring supervisory review of each reconciliation and timely investigation of any differences identified. The Governing Body will periodically monitor completion of reconciliations to ensure compliance and that all financial activity is recorded promptly.
Anticipated Completion Date: Immediately and ongoing

Finding 2025-004

Corrective Action Plan: The City agrees with Finding 2025-004 and will establish procedures to maintain complete expenditure approval listings for every governing body meeting. Supporting documentation will be retained with each approval listing, and management will periodically review records to verify expenditures have been properly approved and documented in accordance with City policy.
Anticipated Completion Date: October 30, 2026

FINDINGS – FEDERAL FUNDS FINDINGS

Finding 2025-005

Corrective Action Plan: The City agrees with Finding 2025-005 and will develop, formally adopt, and implement comprehensive written policies governing the administration of federal awards in accordance with 2 CFR Part 200. These policies will address procurement, standards of conduct, conflicts of interest, internal controls, allowable costs, cash management, reporting requirements, records retention, equipment management, and other Uniform Guidance requirements. Personnel responsible for administering federal awards will receive training on these policies.
Anticipated Completion Date: December 31, 2026

Finding 2025-006

Corrective Action Plan: The City agrees with Finding 2025-006 and will establish a federal grant compliance calendar identifying all reporting deadlines contained within grant agreements and the USDA Letter of Conditions. Responsibility for each required report will be assigned to specific personnel, supervisory review will occur prior to submission, and documentation of timely filing will be maintained to ensure ongoing compliance with federal reporting requirements.
Anticipated Completion Date: September 30, 2026

Finding 2025-007

Corrective Action Plan: The City agrees with Finding 2025-007 and will implement procurement procedures requiring documentation of contractor suspension and debarment verification before any federally funded contract is awarded. Verification will be completed through the System for Award Management (SAM.gov), contractor certification, or another method permitted by federal regulations. Documentation will be retained in each procurement file and reviewed by management prior to contract execution.
Anticipated Completion Date: Effective immediately

Finding 2025-008

Corrective Action Plan: The City agrees with Finding 2025-008 and will adopt written policies governing equipment and real property purchased with federal funds in accordance with 2 CFR §§ 200.311 and 200.313. The City will establish and maintain a complete inventory system including all required property information, perform and document physical inventories at least every two years, reconcile inventory records to physical counts, and establish procedures governing safeguarding, maintenance, and disposition of federally funded property. Management will periodically review compliance with these procedures.
Anticipated Completion Date: December 31, 2026

If the United State Department of Agriculture and/or Kansas State Department of Administration has questions regarding this plan, please call Travis Hines at 620-384-4691.

Sincerely yours,

Travis Hines
Mayor