

**CITY OF EDWARDSVILLE, KANSAS**

**Financial Statements**

**For the Year Ended December 31, 2019**

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CITY OF EDWARDSVILLE, KANSAS  
Financial Statements  
For the Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council  
City of Edwardsville, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Edwardsville, Kansas (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statement.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

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

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

*Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2019, or changes in financial position and cash flows thereof for the year then ended.

### *Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2019, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

### *Other Matters*

#### *Report on 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, summary of regulatory basis receipts and disbursements-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*. 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. 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 Reporting Required by Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 4, 2020 on our consideration of the City’s internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

*Gordon CPA LLC*

Certified Public Accountant  
Lawrence, Kansas

June 4, 2020

CITY OF EDWARDSVILLE, KANSAS  
Summary Statement of Receipts, Expenditures and Unencumbered Cash  
Regulatory Basis  
For the Year Ended December 31, 2019

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Cancelled Encumbrances</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
General Funds:							
General	\$ 1,011,401	\$ -	\$ 5,942,123	\$ 5,974,944	\$ 978,580	\$ -	\$ 978,580
Special Purpose Funds:							
Special Highway	234,141	-	210,460	172,602	271,999	-	271,999
Special Parks and Recreation	-	-	7	-	7	-	7
Economic Development	244,219	-	405,026	274,468	374,777	-	374,777
Special Sales Tax	195,596	-	365,591	438,127	123,060	-	123,060
Special Events	1,751	-	21,300	16,391	6,660	-	6,660
Transient Guest Tax	146	-	7,783	-	7,929	-	7,929
Law Enforcement Trust	717	-	-	-	717	-	717
Cemetery	65,446	-	3,042	6,943	61,545	-	61,545
Governmental Grants	16,739	-	1,215,361	1,226,254	5,846	-	5,846
Technology	21,141	-	32,203	35,129	18,215	-	18,215
Community Improvement District	640	-	280	-	920	-	920
Tax Increment Financing	2	-	-	-	2	-	2
Bond and Interest Funds:							
Bond and Interest	26,951	-	986,409	988,015	25,345	-	25,345
Capital Project Funds:							
Capital Improvement Program	113,679	-	4,076,528	4,174,875	15,332	-	15,332
LTC Sewer Project	-	-	9,650	9,825	[175]	-	[175]
Riverview Crossroads	-	-	543,506	145,784	397,722	-	397,722
Property Acquisitions	-	-	433,412	-	433,412	-	433,412
Towne Center	-	-	543,693	143,257	400,436	-	400,436
4th Street Improvements	-	-	322,876	-	322,876	-	322,876
98th Street Improvements	-	-	270,003	-	270,003	-	270,003
Street and Drainage Improvements	-	-	629,547	-	629,547	-	629,547
Business Funds:							
Sewer	218,641	-	725,685	523,138	421,188	-	421,188
Solid Waste	[6,871]	-	227,617	205,332	15,414	-	15,414
Total	\$ 2,144,339	\$ -	\$ 16,972,102	\$ 14,335,084	\$ 4,781,357	\$ -	\$ 4,781,357

COMPOSITION OF CASH:

Petty cash	\$ 550
Checking accounts	4,731,647
Money market accounts	16,586
Certificates of deposit	32,689
Total Cash	4,781,472
Agency Funds per Schedule 3	[115]
Total Reporting Entity (Excluding Agency Funds)	\$ 4,781,357

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

CITY OF EDWARDSVILLE, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Edwardsville (the City) is a municipal corporation governed by an elected council. The City was incorporated on June 28, 1915, as a second-class city. The City operates under a Mayor-Council form of government with a City Administrator and provides the following services as authorized by its charter: public safety (police and fire), highway and street maintenance, sanitation, culture/recreation, public improvements, planning and zoning, and general administrative services. These financial statements present the City (the primary government) and any related municipal entities of which the City is considered to be financially accountable. The City has no separate related municipal entities.

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.

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the City for the year ended December 31, 2019:

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.

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

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.).



CITY OF EDWARDSVILLE, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

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.

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. The budget amended for the year ended December 31, 2019 for the Economic Development, Technology, Special Sales Tax and Solid Waste funds.

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, regulatory 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 the following special purpose funds:

Law Enforcement Trust Fund  
Cemetery Fund  
Governmental Grants Fund  
Community Improvement District Fund  
Tax Increment Financing Fund

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

NOTE 2 - Deposits and Investments

*Deposits.* 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.

CITY OF EDWARDSVILLE, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

**NOTE 2 - Deposits and Investments (Continued)**

*Investments.* 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. As of December 31, 2019, the City held no such investments.

*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, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods." The City's deposits were fully secured at December 31, 2019.

At December 31, 2019, the City's carrying amount of deposits was \$4,781,474 and the bank balance was \$4,949,423. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and \$4,699,423 was collateralized with securities held by the pledging financial institution's 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 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 3 - Long-Term Debt**

Changes in long-term liabilities for the City for the year ended December 31, 2019, were as follows:

	Beginning Principal Outstanding	Additions to Principal	Subtractions from Principal	Ending Principal Outstanding	Interest Paid
Paid by taxes					
General Obligation Bonds	\$ 4,610,000	\$ 3,760,000	\$ 875,000	\$ 7,495,000	\$ 105,090
Temporary Notes	1,215,000	-	1,215,000	-	9,745
Capital Leases	1,326,974	-	381,670	945,304	43,765
Totals	<u>\$ 7,151,974</u>	<u>\$ 3,760,000</u>	<u>\$ 2,471,670</u>	<u>\$ 8,440,304</u>	<u>\$ 158,600</u>

CITY OF EDWARDSVILLE, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

NOTE 3 - Long-Term Debt (Continued)

*General Obligation Bonds.* Following is a detailed listing of the City's outstanding general obligation debt:

Year Ending December 31,	Principal	Interest
2020	\$ 890,000	\$ 265,281
2021	905,000	197,103
2022	535,000	177,653
2023	570,000	162,603
2024	585,000	146,353
2025 - 2029	1,615,000	535,260
2030 - 2034	1,150,000	320,350
2035 - 2039	1,245,000	126,850
	<u>\$ 7,495,000</u>	<u>\$ 1,931,451</u>

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Description	Interest Rate	Original Amount	Amount Outstanding at December 31, 2019	Date of Issue	Final Maturity
Paid by taxes					
G.O. Bonds issued:					
Series 2013	2.00 - 2.45%	\$ 6,140,000	\$ 2,675,000	5/15/2013	12/1/2028
Series 2015	3.00%	1,535,000	1,060,000	8/12/2015	12/1/2030
Series 2019	3.00 - 4.00%	3,760,000	3,760,000	7/15/2019	12/1/2039
			<u>\$ 7,495,000</u>		

*Capital Leases.* Following is a detailed listing of the City's outstanding capital leases:

Description	Interest Rate	Original Amount	Amount Outstanding at December 31, 2019	Date of Issue	Final Maturity
2015 Pierce Sabre Fire Truck	3.03	355,158	\$ 107,685	1/14/2015	7/31/2021
2017 Tractor Boom Mower	2.58	76,000	30,796	9/20/2017	7/1/2021
2018 Ford Explorers & Taurus	2.67	105,851	35,393	11/30/2017	11/30/2020
2018 Ford F-450	2.74	58,323	33,160	11/30/2017	4/1/2022
2019 Police Department Vehicles	3.95	79,570	52,694	10/2/2018	1/31/2021
Zoll Monitors & Dell Storage	3.33	141,578	47,886	1/31/2018	7/15/2020
2017 Ferrara Cinder	3.92	745,865	637,690	10/1/2018	10/1/2028
			<u>\$ 945,304</u>		

CITY OF EDWARDSVILLE, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

NOTE 3 - Long-Term Debt (Continued)

Annual lease payment requirements to maturity for the capital leases is as follows:

Year Ending December 31,	Principal	Interest
2020	\$ 248,568	\$ 34,584
2021	170,973	26,361
2022	76,641	20,476
2023	67,847	17,606
2024	70,507	14,946
2025 - 2028	<u>310,768</u>	<u>31,041</u>
	<u>\$ 945,304</u>	<u>\$ 145,013</u>

*Temporary Notes.* On May 12, 2016, the City issued Series 2016 General Obligation Temporary Notes in the amount of \$1,215,000. The notes carried an interest rate of 1.25% and matured on December 1, 2019.

NOTE 4 - Interfund Transfers

Operating transfers were as follows:

From	To	Amount	Regulatory Authority
General	Technology	\$ 20,000	K.S.A 12-1,118
Special Highway	Bond and Interest	75,000	Bond ordinance
General	Economic Development	50,000	K.S.A 12-1,118
Sewer	General	19,734	K.S.A 12-825d
Sewer	Solid Waste	34,455	K.S.A 12-825d
Towne Center	Economic Development	60	K.S.A 12-1,118
Capital Improvement Program	Bond and Interest	113,679	K.S.A 12-1,118
Capital Improvement Program	LTC Sewer Project	9,650	K.S.A 12-1,118
Capital Improvement Program	Riverview Crossroads	540,497	K.S.A 12-1,118
Capital Improvement Program	Property Acquisitions	430,133	K.S.A 12-1,118
Capital Improvement Program	Towne Center	540,497	K.S.A 12-1,118
Capital Improvement Program	4th Street Improvements	320,433	K.S.A 12-1,118
Capital Improvement Program	98th Street Improvements	267,960	K.S.A 12-1,118
Capital Improvement Program	Street and Drainage Improvements	624,784	K.S.A 12-1,118
Riverview Crossroads	Economic Development	<u>145,784</u>	K.S.A 12-1,118
	Total	<u>\$ 3,192,666</u>	

NOTE 5 - Retirement Plan

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

CITY OF EDWARDSVILLE, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

NOTE 5 - Retirement Plan (Continued)

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.89% for KPERS and 22.13% for KP&F for the fiscal year ended December 31, 2019. Contributions to the pension plan from the City were \$65,830 for KPERS and \$514,242 for KP&F for the year ended December 31, 2019.

*Net Pension Liability.* At December 31, 2019, the City's proportionate share of the collective net pension liability reported by KPERS was \$523,120 and \$3,991,753 for KP&F. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. 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 the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the KPERS website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

NOTE 6 - Litigation

The City is involved in legal proceedings arising from the ordinary course of City activities. While these proceedings may have future financial effect, management of the City believes that their ultimate outcome will not be material to the basic financial statements.

NOTE 7 - Risk Management

The City is exposed to various risks of loss to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

NOTE 8 - Conduit Debt Obligations

The City issued Industrial Revenue Bonds for the capital needs of unrelated parties. The principal and interest payments on the bonds are payable solely from funds generated from leases, etc., from such unrelated parties. Accordingly, the bonds and related leases, etc., are not recorded in the City's accounts. As of December 31, 2019, there were 14 series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of approximately \$75.5 million.

CITY OF EDWARDSVILLE, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2019

NOTE 9 - Compensated Absences

The City's compensated absences policy permits employees to be paid for accumulated sick leave as follows:

Employees who have completed five years of continuous service with the City and resign or retire from the City in good standing will be eligible for a payout of their earned but unused sick leave bank of 20% of the balance up to a maximum of 320 hours.

Police and Fire employees certified by the City Manager on January 1, 2015, as having been employed with the City for fifteen years or more and who retire or resign in good standing will receive sick leave payout of their full accumulated sick leave hours not to exceed 720 hours.

It is the City's policy to recognize the costs of compensated absences when actually paid.

NOTE 10 - 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 a level premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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. There is no cost to the City under this program.

*Death and Disability Other Post-Employment Benefits.* As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2019.

NOTE 11 - Subsequent Event

In March 2020, the City signed a \$94,126 capital lease agreement to purchase vehicles for the police department. Terms of the lease call for three years of annual principal and interest payments at a rate of 2.75%.

NOTE 12 - Statutory Violation

Actual exceeded budgeted expenditures in the Economic Development Fund, which is a violation of K.S.A. 79-2935.

CITY OF EDWARDSVILLE, KANSAS  
Summary of Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance- Over [Under]</u>
General Funds:					
General	\$ 6,858,704	\$ -	\$ 6,858,704	\$ 5,974,944	\$ 883,760
Special Purpose Funds:					
Special Highway	225,000	-	225,000	172,602	52,398
Special Parks and Recreation	-	-	-	-	-
Economic Development	263,017	-	263,017	274,468	[11,451]
Special Sales Tax	520,000	-	520,000	438,127	81,873
Special Events	21,900	-	21,900	16,391	5,509
Transient Guest Tax	-	-	-	-	-
Technology	45,000	-	45,000	35,129	9,871
Bond and Interest Funds:					
Bond and Interest	2,239,608	-	2,239,608	988,015	1,251,593
Business Funds:					
Sewer	675,789	-	675,789	523,138	152,651
Solid Waste	210,000	-	210,000	205,332	4,668

See independent auditor's report on the financial statements.

CITY OF EDWARDSVILLE, KANSAS  
General Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Property taxes	\$ 2,146,566	\$ 2,185,349	\$ [38,783]
Delinquent taxes	27,855	43,837	[15,982]
Auto ad valorem taxes	169,961	165,724	4,237
Local retail sales taxes	1,475,325	1,521,249	[45,924]
Payment in lieu of taxes	249,948	249,706	242
Franchise fees	498,793	543,260	[44,467]
Licenses, permits and fees	164,959	103,500	61,459
Gaming revenue	388,571	420,000	[31,429]
Ambulance	162,557	200,000	[37,443]
Municipal court	466,021	352,138	113,883
Fees for services	13,699	32,000	[18,301]
Interest	17,512	2,400	15,112
Miscellaneous	140,622	91,350	49,272
Transfers in	<u>19,734</u>	<u>19,734</u>	<u>-</u>
Total Receipts	<u>5,942,123</u>	<u>\$ 5,930,247</u>	<u>\$ 11,876</u>
Expenditures			
General administration	977,517	\$ 914,626	\$ [62,891]
Fire department	1,957,621	1,986,995	29,374
Police department	2,079,844	2,113,309	33,465
Court	288,197	243,535	[44,662]
Public works	448,160	451,675	3,515
Parks and recreation	132,347	153,016	20,669
Community center	21,258	24,250	2,992
Transfers out	70,000	-	[70,000]
Contingency reserve	<u>-</u>	<u>971,298</u>	<u>971,298</u>
Total Expenditures	<u>5,974,944</u>	<u>\$ 6,858,704</u>	<u>\$ 883,760</u>
Receipts Over [Under] Expenditures	[32,821]		
Unencumbered Cash, Beginning	<u>1,011,401</u>		
Unencumbered Cash, Ending	<u>\$ 978,580</u>		

See independent auditor's report on the financial statements.



CITY OF EDWARDSVILLE, KANSAS  
Special Highway Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Intergovernmental	\$ 210,460	\$ 188,400	\$ 22,060
Total Receipts	<u>210,460</u>	<u>\$ 188,400</u>	<u>\$ 22,060</u>
Expenditures			
Highways and streets	97,602	\$ 100,000	\$ 2,398
Transfers out	<u>75,000</u>	<u>125,000</u>	<u>50,000</u>
Total Expenditures	<u>172,602</u>	<u>\$ 225,000</u>	<u>\$ 52,398</u>
Receipts Over [Under] Expenditures	37,858		
Unencumbered Cash, Beginning	<u>234,141</u>		
Unencumbered Cash, Ending	<u>\$ 271,999</u>		

See independent auditor's report on the financial statements.

CITY OF EDWARDSVILLE, KANSAS  
Special Parks and Recreation Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Intergovernmental	\$ 7	\$ -	\$ [7]
Total Receipts	<u>7</u>	<u>\$ -</u>	<u>\$ [7]</u>
Expenditures			
Culture and recreation	-	\$ -	\$ -
Total Expenditures	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	7		
Unencumbered Cash, Beginning	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 7</u>		

See independent auditor's report on the financial statements.

CITY OF EDWARDSVILLE, KANSAS  
Economic Development Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Miscellaneous	\$ 209,182	\$ 101,000	\$ 108,182
Transfers in	<u>195,844</u>	<u>-</u>	<u>195,844</u>
Total Receipts	<u>405,026</u>	<u>\$ 101,000</u>	<u>\$ 304,026</u>
Expenditures			
Economic development	<u>274,468</u>	<u>\$ 263,017</u>	<u>\$ [11,451]</u>
Total Expenditures	<u>274,468</u>	<u>\$ 263,017</u>	<u>\$ [11,451]</u>
Receipts Over [Under] Expenditures	130,558		
Unencumbered Cash, Beginning	<u>244,219</u>		
Unencumbered Cash, Ending	<u>\$ 374,777</u>		

See independent auditor's report on the financial statements.

CITY OF EDWARDSVILLE, KANSAS  
Special Sales Tax Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Local retail sales taxes	\$ 320,591	\$ 346,382	\$ [25,791]
Miscellaneous	<u>45,000</u>	<u>5,000</u>	<u>40,000</u>
Total Receipts	<u>365,591</u>	<u>\$ 351,382</u>	<u>\$ 14,209</u>
Expenditures			
Capital outlay			
Fire department	316,800	\$ 323,930	\$ 7,130
Public works	76,364	150,000	73,636
Parks and recreation	<u>44,963</u>	<u>46,070</u>	<u>1,107</u>
Total Expenditures	<u>438,127</u>	<u>\$ 520,000</u>	<u>\$ 81,873</u>
Receipts Over [Under] Expenditures	[72,536]		
Unencumbered Cash, Beginning	<u>195,596</u>		
Unencumbered Cash, Ending	<u>\$ 123,060</u>		

See independent auditor's report on the financial statements.

CITY OF EDWARDSVILLE, KANSAS  
Special Events Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Miscellaneous	\$ 21,300	\$ 22,750	\$ [1,450]
Total Receipts	<u>21,300</u>	<u>\$ 22,750</u>	<u>\$ [1,450]</u>
Expenditures			
Culture and recreation	<u>16,391</u>	<u>\$ 21,900</u>	<u>\$ 5,509</u>
Total Expenditures	<u>16,391</u>	<u>\$ 21,900</u>	<u>\$ 5,509</u>
Receipts Over [Under] Expenditures	4,909		
Unencumbered Cash, Beginning	<u>1,751</u>		
Unencumbered Cash, Ending	<u>\$ 6,660</u>		

See independent auditor's report on the financial statements.

CITY OF EDWARDSVILLE, KANSAS  
 Transient Guest Tax Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Transient guest taxes	\$ 7,783	\$ -	\$ 7,783
Total Receipts	<u>7,783</u>	<u>\$ -</u>	<u>\$ 7,783</u>
Expenditures			
General administration	-	\$ -	\$ -
Total Expenditures	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	7,783		
Unencumbered Cash, Beginning	<u>146</u>		
Unencumbered Cash, Ending	<u>\$ 7,929</u>		

See independent auditor's report on the financial statements.

CITY OF EDWARDSVILLE, KANSAS  
 Law Enforcement Trust Fund  
 Schedule of Receipts and Expenditures - Actual \*  
 Regulatory Basis  
 For the Year Ended December 31, 2019

Receipts	
Intergovernmental	\$ <u>          -</u>
Total Receipts	<u>          -</u>
Expenditures	
Public safety	<u>          -</u>
Total Expenditures	<u>          -</u>
Receipts Over [Under] Expenditures	-
Unencumbered Cash, Beginning	<u>          717</u>
Unencumbered Cash, Ending	<u><u>      \$      717</u></u>

\* - This fund is not required to be budgeted.

CITY OF EDWARDSVILLE, KANSAS  
 Cemetery Fund  
 Schedule of Receipts and Expenditures - Actual \*  
 Regulatory Basis  
 For the Year Ended December 31, 2019

Receipts	
Fees for services	\$ 3,000
Interest	<u>42</u>
Total Receipts	<u>3,042</u>
Expenditures	
Cemetery	<u>6,943</u>
Total Expenditures	<u>6,943</u>
Receipts Over [Under] Expenditures	[3,901]
Unencumbered Cash, Beginning	<u>65,446</u>
Unencumbered Cash, Ending	<u><u>\$ 61,545</u></u>

\* - This fund is not required to be budgeted.



CITY OF EDWARDSVILLE, KANSAS  
 Governmental Grants Fund  
 Schedule of Receipts and Expenditures - Actual \*  
 Regulatory Basis  
 For the Year Ended December 31, 2019

Receipts	
Intergovernmental	<u>\$ 1,215,361</u>
Total Receipts	<u>1,215,361</u>
Expenditures	
Public safety	<u>1,226,254</u>
Total Expenditures	<u>1,226,254</u>
Receipts Over [Under] Expenditures	[10,893]
Unencumbered Cash, Beginning	<u>16,739</u>
Unencumbered Cash, Ending	<u><u>\$ 5,846</u></u>

\* - This fund is not required to be budgeted.

CITY OF EDWARDSVILLE, KANSAS  
 Technology Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Technology fee	\$ 12,203	\$ 6,742	\$ 5,461
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total Receipts	<u>32,203</u>	<u>\$ 26,742</u>	<u>\$ 5,461</u>
Expenditures			
Purchased services	11,986	\$ 17,500	\$ 5,514
Capital outlay	<u>23,143</u>	<u>27,500</u>	<u>4,357</u>
Total Expenditures	<u>35,129</u>	<u>\$ 45,000</u>	<u>\$ 9,871</u>
Receipts Over [Under] Expenditures	[2,926]		
Unencumbered Cash, Beginning	<u>21,141</u>		
Unencumbered Cash, Ending	<u>\$ 18,215</u>		

See independent auditor's report on the financial statements.

CITY OF EDWARDSVILLE, KANSAS  
Community Improvement District Fund  
Schedule of Receipts and Expenditures - Actual \*  
Regulatory Basis  
For the Year Ended December 31, 2019

Receipts	
Special district sales tax	\$ <u>280</u>
Total Receipts	<u>280</u>
Expenditures	
Capital improvements	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over [Under] Expenditures	280
Unencumbered Cash, Beginning	<u>640</u>
Unencumbered Cash, Ending	<u><u>\$ 920</u></u>

\* - This fund is not required to be budgeted.

CITY OF EDWARDSVILLE, KANSAS  
 Tax Increment Financing Fund  
 Schedule of Receipts and Expenditures - Actual \*  
 Regulatory Basis  
 For the Year Ended December 31, 2019

Receipts	
Property taxes	\$ <u>          -</u>
Total Receipts	<u>          -</u>
Expenditures	
Capital improvements	<u>          -</u>
Total Expenditures	<u>          -</u>
Receipts Over [Under] Expenditures	-
Unencumbered Cash, Beginning	<u>          2</u>
Unencumbered Cash, Ending	<u><u>          2</u></u>

\* - This fund is not required to be budgeted.

CITY OF EDWARDSVILLE, KANSAS  
Bond and Interest Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over <u>[Under]</u>
Receipts			
Property taxes	\$ 658,765	\$ 670,667	\$ [11,902]
Delinquent taxes	8,515	13,050	[4,535]
Auto ad valorem taxes	52,160	50,860	1,300
Payment in lieu of taxes	76,707	76,633	74
Interest	1,583	-	1,583
Temporary note proceeds	-	1,222,594	[1,222,594]
Transfers in	<u>188,679</u>	<u>190,000</u>	<u>[1,321]</u>
Total Receipts	<u>986,409</u>	<u>\$ 2,223,804</u>	<u>\$ [1,237,395]</u>
Expenditures			
Principal	875,000	\$ 2,090,000	\$ 1,215,000
Interest and commissions	113,015	120,278	7,263
Current taxes uncollected	-	20,180	20,180
Contingency reserve	<u>-</u>	<u>9,150</u>	<u>9,150</u>
Total Expenditures	<u>988,015</u>	<u>\$ 2,239,608</u>	<u>\$ 1,251,593</u>
Receipts Over [Under] Expenditures	[1,606]		
Unencumbered Cash, Beginning	<u>26,951</u>		
Unencumbered Cash, Ending	<u>\$ 25,345</u>		

See independent auditor's report on the financial statements.

CITY OF EDWARDSVILLE, KANSAS  
 Capital Improvement Program Fund  
 Schedule of Receipts and Expenditures - Actual \*  
 Regulatory Basis  
 For the Year Ended December 31, 2019

Receipts	
Interest	\$ 18,552
Bond proceeds	<u>4,057,976</u>
Total Receipts	<u>4,076,528</u>
Expenditures	
Principal	1,215,000
Issuance costs	112,243
Transfers out	<u>2,847,632</u>
Total Expenditures	<u>4,174,875</u>
Receipts Over [Under] Expenditures	[98,347]
Unencumbered Cash, Beginning	<u>113,679</u>
Unencumbered Cash, Ending	<u><u>\$ 15,332</u></u>

\* - This fund is not required to be budgeted.

CITY OF EDWARDSVILLE, KANSAS  
 LTC Sewer Project Fund  
 Schedule of Receipts and Expenditures - Actual \*  
 Regulatory Basis  
 For the Year Ended December 31, 2019

Receipts	
Transfers in	\$ <u>9,650</u>
Total Receipts	<u>9,650</u>
Expenditures	
Capital improvements	<u>9,825</u>
Total Expenditures	<u>9,825</u>
Receipts Over [Under] Expenditures	[175]
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>\$ [175]</u>

\* - This fund is not required to be budgeted.

CITY OF EDWARDSVILLE, KANSAS  
 Riverview Crossroads Fund  
 Schedule of Receipts and Expenditures - Actual \*  
 Regulatory Basis  
 For the Year Ended December 31, 2019

Receipts	
Transfers in	\$ 540,497
Interest	<u>3,009</u>
Total Receipts	<u>543,506</u>
Expenditures	
Transfers out	<u>145,784</u>
Total Expenditures	<u>145,784</u>
Receipts Over [Under] Expenditures	397,722
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 397,722</u></u>

\* - This fund is not required to be budgeted.



CITY OF EDWARDSVILLE, KANSAS  
 Property Acquisitions Fund  
 Schedule of Receipts and Expenditures - Actual \*  
 Regulatory Basis  
 For the Year Ended December 31, 2019

Receipts	
Transfers in	\$ 430,133
Interest	<u>3,279</u>
Total Receipts	<u>433,412</u>
Expenditures	
Capital outlay	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over [Under] Expenditures	433,412
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 433,412</u></u>

\* - This fund is not required to be budgeted.

CITY OF EDWARDSVILLE, KANSAS  
 Towne Center Fund  
 Schedule of Receipts and Expenditures - Actual \*  
 Regulatory Basis  
 For the Year Ended December 31, 2019

Receipts	
Transfers in	\$ 540,497
Interest	<u>3,196</u>
Total Receipts	<u>543,693</u>
Expenditures	
Capital outlay	143,197
Transfers out	<u>60</u>
Total Expenditures	<u>143,257</u>
Receipts Over [Under] Expenditures	400,436
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 400,436</u></u>

\* - This fund is not required to be budgeted.

CITY OF EDWARDSVILLE, KANSAS  
 4th Street Improvements Fund  
 Schedule of Receipts and Expenditures - Actual \*  
 Regulatory Basis  
 For the Year Ended December 31, 2019

Receipts	
Transfers in	\$ 320,433
Interest	<u>2,443</u>
Total Receipts	<u>322,876</u>
Expenditures	
Capital outlay	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over [Under] Expenditures	322,876
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 322,876</u></u>

\* - This fund is not required to be budgeted.

CITY OF EDWARDSVILLE, KANSAS  
 98th Street Improvements Fund  
 Schedule of Receipts and Expenditures - Actual \*  
 Regulatory Basis  
 For the Year Ended December 31, 2019

Receipts	
Transfers in	\$ 267,960
Interest	<u>2,043</u>
Total Receipts	<u>270,003</u>
Expenditures	
Capital outlay	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over [Under] Expenditures	270,003
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 270,003</u></u>

\* - This fund is not required to be budgeted.

CITY OF EDWARDSVILLE, KANSAS  
 Street and Drainage Improvements Fund  
 Schedule of Receipts and Expenditures - Actual \*  
 Regulatory Basis  
 For the Year Ended December 31, 2019

Receipts	
Transfers in	\$ 624,784
Interest	<u>4,763</u>
Total Receipts	<u>629,547</u>
Expenditures	
Transfers out	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over [Under] Expenditures	629,547
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 629,547</u></u>

\* - This fund is not required to be budgeted.

CITY OF EDWARDSVILLE, KANSAS  
Sewer Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Charges to customers	\$ 725,685	\$ 687,964	\$ 37,721
Total Receipts	<u>725,685</u>	<u>\$ 687,964</u>	<u>\$ 37,721</u>
Expenditures			
Salaries, wages and benefits	73,297	\$ 73,159	\$ [138]
Purchased services	358,948	433,865	74,917
Materials, supplies and repairs	36,704	83,780	47,076
Transfers out	<u>54,189</u>	<u>84,985</u>	<u>30,796</u>
Total Expenditures	<u>523,138</u>	<u>\$ 675,789</u>	<u>\$ 152,651</u>
Receipts Over [Under] Expenditures	202,547		
Unencumbered Cash, Beginning	<u>218,641</u>		
Unencumbered Cash, Ending	<u>\$ 421,188</u>		

See independent auditor's report on the financial statements.

CITY OF EDWARDSVILLE, KANSAS  
Solid Waste Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2019

	<u>Actual</u>	<u>Budget</u>	Variance- Over [Under]
Receipts			
Charges to customers	\$ 193,162	\$ 211,092	\$ [17,930]
Transfers in	<u>34,455</u>	<u>-</u>	<u>34,455</u>
Total Receipts	<u>227,617</u>	<u>\$ 211,092</u>	<u>\$ 16,525</u>
Expenditures			
Solid waste charges	<u>205,332</u>	<u>\$ 210,000</u>	<u>\$ 4,668</u>
Total Expenditures	<u>205,332</u>	<u>\$ 210,000</u>	<u>\$ 4,668</u>
Receipts Over [Under] Expenditures	22,285		
Unencumbered Cash, Beginning	<u>[6,871]</u>		
Unencumbered Cash, Ending	<u>\$ 15,414</u>		

See independent auditor's report on the financial statements.

CITY OF EDWARDSVILLE, KANSAS  
 Agency Funds  
 Summary of Receipts and Disbursements  
 Regulatory Basis  
 For the Year Ended December 31, 2019

<u>Fund</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
Fire Insurance Proceeds Fund	\$ -	\$ 8,592	\$ 900	\$ 7,692
Cash Bond Fund	32,803	43,050	43,035	32,818
Payroll Clearing Fund	<u>-</u>	<u>4,487,666</u>	<u>4,528,061</u>	<u>[40,395]</u>
Total Agency Funds	<u>\$ 32,803</u>	<u>\$ 4,539,308</u>	<u>\$ 4,571,996</u>	<u>\$ 115</u>

See independent auditor's report on the financial statements.



CITY OF EDWARDSVILLE, KANSAS  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	<u>Expenditures</u>
<u>U.S. Department of Homeland Security</u>		
Assistance to Firefighters Grant	97.044	\$ 1,120,329
Total U.S. Department of Homeland Security		<u>1,120,329</u>
 <u>U.S. Department of Agriculture</u>		
Passed Through Kansas State University:		
Cooperative Forestry Assistance	10.664	<u>1,215</u>
Total U.S. Department of Agriculture		<u>1,215</u>
 <u>U.S. Department of Transportation</u>		
Passed Through Kansas Department of Transportation:		
State and Community Highway Safety	20.600	<u>1,861</u>
Total U.S. Department of Transportation		<u>1,861</u>
Total Expenditures of Federal Awards		<u>\$ 1,123,405</u>

The accompanying notes are an integral part of this schedule.

CITY OF EDWARDSVILLE, KANSAS  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2019

1. Organization

The City of Edwardsville, 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.

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 statements. The City elected not to use the 10% de minimis indirect cost rate.

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.

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, 2019.

5. Outstanding Loans

The City did not have any outstanding loans under any federal grants at December 31, 2019.

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the Schedule of Expenditures of Federal Awards.

CITY OF EDWARDSVILLE, KANSAS  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified (Regulatory Basis) Adverse (GAAP)
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u>      X      </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes <u>      X      </u> None reported
Noncompliance material to financial statements noted?	_____ Yes <u>      X      </u> No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ Yes <u>      X      </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes <u>      X      </u> 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 section 510(a) of Uniform Guidance?	_____ Yes <u>      X      </u> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.044	Assistance to Firefighters Grant
Dollar threshold used to distinguish between type A and type B programs:	_____ \$750,000
Auditee qualified as low-risk auditee?	_____ Yes <u>      X      </u> No

CITY OF EDWARDSVILLE, KANSAS  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended December 31, 2019

Section II - Financial Statement Findings

Current Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

Mayor and City Council  
City of Edwardsville, Kansas

We have audited, 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 Kansas Municipal Audit and Accounting Guide, the financial statements of the City of Edwardsville, Kansas (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 4, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, 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 statements, 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 City's internal control.

A deficiency in internal controls 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements 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 charge 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

However, we noted certain other matters that we reported to management of the City in a separate letter dated June 4, 2020.

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.

*Gordon CPA LLC*

Certified Public Accountant  
Lawrence, Kansas

June 4, 2020

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

Mayor and City Council  
City of Edwardsville, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Edwardsville, Kansas (the City), with the types of compliance requirements described in the *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, 2019. The City's major federal financial 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 State 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), and the Kansas Municipal Audit and Accounting Guide. 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 a major federal program 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 on 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, 2019.

Report on Internal Control Over Compliance

The 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 with 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 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 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 the 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 the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Gordon CPA LLC*

Certified Public Accountant  
Lawrence, Kansas

June 4, 2020