

- 
- A. **CALL TO ORDER/ROLL CALL**  
\_\_Nisly \_\_Schmidt \_\_Weber \_\_Garretson \_\_Fairbanks \_\_Scofield
  
  - B. **PLEDGE OF ALLEGIANCE**
  - C. **APPROVAL OF AGENDA (ADDITIONS/DELETIONS)**
  - D. **CITIZEN COMMENTS**
  - E. **HEARINGS, PRESENTATIONS, PROCLAMATIONS & RECOGNITIONS**
    - 1. Presentation of 2021 Annual Audit Report and Financial Statements
  
  - F. **CONSENT AGENDA**
    - 1. Approval of Minutes – Regular Meeting, June 6, 2022
    - 2. Approval of InvoicesMotion \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_
  
  - G. **ACTION ITEMS**
    - 1. Sewer Manhole Rehabilitation ProjectMotion \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_  
  
  - 2. Resolution 22-589 – Designation of Official Newspaper
- Motion \_\_\_\_\_ Second \_\_\_\_\_ Vote \_\_\_\_\_
- 
- H. **DISCUSSION ITEMS**
  - 1. Independence Day Fireworks Show
  - 2. Miscellaneous Items
- 
- I. **CITY ADMINISTRATOR’S REPORT**
- J. **GOVERNING BODY COMMENTS**
- K. **EXECUTIVE SESSION**
  - 1. Attorney-Client Privilege
- 
- L. **ADJOURNMENT**

**Meeting Date:** June 20, 2022  
**Department:** Administration  
**Prepared By:** Joseph Turner, City Administrator  
**Agenda Title:** Presentation of 2021 Audit Report

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**Background/Analysis** – Randy Hofmeier of Lindburg Vogel Pierce Faris will be on hand to present the annual audit report to the governing body and formally submit our financial statements.

This report will be routine as no new deficiencies or derogatory items were noted.

**EXHIBIT A** – 2021 Audit Report & Financial Statements

CITY OF SOUTH HUTCHINSON, KANSAS

DECEMBER 31, 2021



CITY OF SOUTH HUTCHINSON, KANSAS

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## INDEPENDENT AUDITORS' REPORT

Mayor and City Council  
 City of South Hutchinson, Kansas

### Adverse and Unmodified Opinions

We have audited the accompanying regulatory basis summary statement of receipts, expenditures, and unencumbered cash balances of City of South Hutchinson, Kansas (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statement.

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

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse and Unmodified Opinions on U.S. Generally Accepted Accounting Principles" section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2021, or changes in financial position and cash flows thereof for the year then ended.

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

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

#### Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

#### Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### Responsibilities of Management for the Financial Statement

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards (GAAS) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of receipts, expenditures, and unencumbered cash balances – regulatory basis (basic financial statement) as a whole. The summary of expenditures – regulatory basis – actual and budget and the individual fund schedules of receipts and expenditures – regulatory basis – actual and budget (Schedules 1 through 2, as listed in the table of contents) are presented for additional analysis and are not a required part of the basic financial statement; however, they are required to be presented under the provisions in KMAAG. Such information is the responsibility of management and the supplementary information 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.



Certified Public Accountants

Hutchinson, Kansas  
April 7, 2022

CITY OF SOUTH HUTCHINSON, KANSAS  
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -  
REGULATORY BASIS  
For Year Ended December 31, 2021

Page 1 of 2

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND	\$ 1,826,668	\$ 2,370,607	\$ 2,710,510	\$ 1,486,765	\$ 26,114	\$ 1,512,879
SPECIAL PURPOSE FUNDS						
Flood Control	1,230	27,013	8,310	19,933	-	19,933
Employee Benefits	27,476	56,168	51,242	32,402	-	32,402
Special Highway	109,352	83,115	98,021	94,446	2,425	96,871
Convention and Tourism	-	34,783	34,783	-	-	-
Special Parks	3,758	-	-	3,758	-	3,758
Street/Economic Development	179,766	152,489	14,002	318,253	-	318,253
Diversion	7,725	2,175	-	9,900	-	9,900
ASAP	26,805	18,270	15,785	29,290	(250)	29,040
Technology	4,210	2,185	2,128	4,267	-	4,267
Donations	7,000	1	1,294	5,707	-	5,707
Community Center	10,886	15,590	12,821	13,655	926	14,581
Special Projects	838	-	-	838	-	838
ARPA Grant	-	189,846	-	189,846	-	189,846
Community Improvement District	5,875	23,622	23,508	5,989	-	5,989
Health Insurance	184,321	34,978	25,702	193,597	-	193,597
Capital Improvement	560,399	993,754	24,039	1,530,114	3,980	1,534,094
Equipment Reserve	390,540	236,901	120,310	507,131	23,328	530,459
Fire Insurance Proceeds	-	21,667	17,153	4,514	-	4,514
Special Law Enforcement	1,453	-	-	1,453	-	1,453
BOND AND INTEREST FUND						
Bond and Interest	35,532	1,036,963	983,714	88,781	-	88,781
CAPITAL PROJECTS						
	-	300,000	300,000	-	-	-
BUSINESS FUNDS						
Water	462,809	778,682	1,179,114	62,377	5,489	67,866
Water Reserve	477,423	661,000	397,967	740,456	110,465	850,921
Sewer	841,262	1,276,681	2,068,922	49,021	15,076	64,097
Sewer Reserve	112,210	1,053,000	1,949	1,163,261	-	1,163,261
TOTAL REPORTING ENTITY	<u>\$ 5,277,538</u>	<u>\$ 9,369,490</u>	<u>\$ 8,091,274</u>	<u>\$ 6,555,754</u>	<u>\$ 187,553</u>	<u>\$ 6,743,307</u>

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

## CITY OF SOUTH HUTCHINSON, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -  
REGULATORY BASIS

For Year Ended December 31, 2021

Page 2 of 2

## COMPOSITION OF CASH

Checking accounts	\$ 885,210
Money Market accounts	3,832,647
Certificates of deposit	1,725,000
Temporary Notes	300,000
 Petty cash	 <u>450</u>
 TOTAL REPORTING ENTITY	 <u><u>\$ 6,743,307</u></u>

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

## CITY OF SOUTH HUTCHINSON, KANSAS

## NOTES TO THE FINANCIAL STATEMENT

December 31, 2021

## NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

City of South Hutchinson, Kansas (the City) is a municipal corporation governed by an elected mayor and five-member council.

Fund Accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Kansas Municipal Audit and Accounting Guide Regulatory Basis of Presentation Fund Definitions

The following types of funds comprise the financial activities of the City for the year of 2021:

General Funds – to account for all unrestricted resources except those required to be accounted for in another fund.

Special Purpose Funds – to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are intended for specified purposes.

Capital Project Funds – to account for the financial resources segregated for the acquisition or construction of major capital facilities and improvements.

Bond and Interest Fund – to account for the accumulation of resources for the payment of interest and principal on long-term debt.

Business Funds – to account for operations financed in whole or in part by fees charged to users for goods and services.

Regulatory Basis of Accounting and Departures from Accounting Principles Generally Accepted in the United States of America

The regulatory basis of accounting provisions in the Kansas Municipal Audit and Accounting Guide (KMAAG) 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 reporting the 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 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 municipality to use the regulatory basis of accounting.

### Interest Income

Unless specifically designated, all investment income is credited to the General Fund.

### Temporary Notes

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding are retired from the proceeds of the sale of general obligation bonds or from other City funds.

### Special Assessments

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special Assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special Assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

### Reimbursed Expenditures

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

### Use of Estimates

The process of preparing the financial statement requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statement. Accordingly, upon settlement, actual results may differ from estimated amounts.

### Budgetary Information

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

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

If a municipality holds a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The City held a revenue neutral rate hearing as a part of the process for adoption of the 2022 budget.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no amended budgets for the year ended December 31, 2021.

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 modified accrual basis of accounting modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

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

Special Law Enforcement	ASAP	Donations
Equipment Reserve	Capital Improvement	Technology
Community Center	Special Projects	Health Insurance
Community Improvement District		

Original appropriations are modified by supplemental appropriation and transfers among budget categories. The City Council approves all significant changes.

Taxes levied to finance the budget become a lien against all property November 1. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20 and May 10. These taxes are made available to the City after January 1 and are distributed by the County Treasurer generally in the months of January and June. Delinquent tax collections are distributed throughout the year.

**NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Management was not aware of any material statutory violations.

**NOTE 3—DEPOSITS AND INVESTMENTS**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the summary statement of receipts, expenditures, and unencumbered cash. In addition, investments are held separately by some of the City's funds. The cash balances of certain funds are restricted as to their use.

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 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 Federal Deposit Insurance Corporation (FDIC) coverage. The City has no other policies that would further limit interest rate risk.

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

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

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

Deposits

At year end, the carrying amount of the City's deposits, including certificates of deposit, was \$6,442,857. The bank balance was \$6,455,970. The bank balance was held by two banks with over 96% held by one bank resulting in a concentration of credit risk. Of the bank balance, \$694,718 was covered by FDIC insurance and the remaining \$5,761,252 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name.

Investments

On June 1, 2021, the City issued \$300,000 taxable general obligation temporary notes, Series 2021 for water line improvements. The temporary notes were purchased as an investment of the City. At December 31, 2021, the balance of the investment in the temporary notes was \$300,000.

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

Terms of the City's long-term debt outstanding for the year ended December 31, 2021, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds				
Series 2012	3.00% to 3.25%	07/26/12	\$ 5,680,000	09/01/32
Series 2016	2.00% to 3.00%	09/15/16	3,845,000	11/01/36
Series 2017	4.75%	09/28/17	565,000	10/01/32
Series 2018	3.00% to 4.00%	09/27/18	1,755,000	10/01/38
Series 2019	3.00%	07/31/19	2,200,000	09/01/39
Temporary Notes				
Series 2021	0.05%	06/01/21	300,000	06/01/25

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

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
Series 2012	\$ 1,445,000	\$ -	\$ 390,000	\$ 1,055,000	\$ 44,000
Series 2016	2,725,000	-	140,000	2,585,000	74,200
Series 2017	475,000	-	40,000	435,000	22,563
Series 2018	1,635,000	-	65,000	1,570,000	59,350
Series 2019	2,120,000	-	85,000	2,035,000	63,600
Temporary Notes					
Series 2021	-	300,000	-	300,000	-
Total Bonded Indebtedness	<u>\$ 8,400,000</u>	<u>\$ 300,000</u>	<u>\$ 720,000</u>	<u>\$ 7,980,000</u>	<u>\$ 263,713</u>

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

General Obligation Bonds	Principal	Interest	Total
2022	\$ 745,000	\$ 241,412	\$ 986,412
2023	565,000	219,813	784,813
2024	405,000	203,662	608,662
2025	420,000	192,225	612,225
2026	430,000	180,300	610,300
2027-2031	2,260,000	696,200	2,956,200
2032-2036	2,200,000	323,376	2,523,376
2037-2039	655,000	39,700	694,700
	<u>\$ 7,680,000</u>	<u>\$ 2,096,688</u>	<u>\$ 9,776,688</u>
Temporary Notes	Principal	Interest	Total
2022	\$ 75,000	\$ 150	\$ 75,150
2023	75,000	113	75,113
2024	75,000	75	75,075
2025	75,000	37	75,037
2026	-	-	-
	<u>\$ 300,000</u>	<u>\$ 375</u>	<u>\$ 300,375</u>

Conduit Debt

The City is authorized to issue industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities of the City in the accompanying financial statement.

The aggregate amount of industrial revenue bonds indebtedness outstanding at December 31, 2021, was \$1,982,334.

**NOTE 5—INTERFUND TRANSFERS**

A summary of operating interfund transfers is as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Authority</u>	<u>Amount</u>
General	Equipment Reserve	K.S.A. 12-1,117	\$ 147,000
Water	Equipment Reserve	K.S.A. 12-1,117	30,000
Sewer	Equipment Reserve	K.S.A. 12-1,117	50,000
General	Capital Improvement	K.S.A. 12-1,118	898,000
Water	Capital Improvement	K.S.A. 12-1,118	10,000
Sewer	Capital Improvement	K.S.A. 12-1,118	50,000
Water	Water Reserve	K.S.A. 12-825d	661,000
Sewer	Sewer Reserve	K.S.A. 12-825d	1,053,000
Sewer	Bond and Interest	K.S.A. 12-825d	371,250
Water	General	K.S.A. 12-825d	38,934
Sewer	General	K.S.A. 12-825d	63,834

**NOTE 6—DEFINED BENEFIT PENSION PLAN**Plan Description

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

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERs member-employee contribution rates. KPERs has multiple benefit structures and contribution rates depending on whether the employee is a KPERs 1, KPERs 2, or KPERs 3 member. KPERs 1 members are active and contributing members hired before July 1, 2009; KPERs 2 members were first employed in a covered position on or after July 1, 2009; and KPERs 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law establishes the KPERs member-employee contribution rate at 6.00% of covered salary for KPERs 1, KPERs 2, or KPERs 3 members. Member contributions are withheld by their employer and paid to KPERs according to the provisions of Section 414(h) of the Internal Revenue Code.

Kansas law provides that employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined annually based on the results of an annual actuarial valuation. The actuarially determined employer contribution rate (excluding the contribution rate for the Death and Disability program) and the statutory contribution rate for KPERS was 8.87% for the year ended December 31, 2021. Contributions to the pension plan from the City for KPERS were \$77,203 for the year ended December 31, 2021.

#### Net Pension Liability

At December 31, 2021, KPERS has determined the City's proportionate share of the collective net pension liability for KPERS was \$480,546. The net pension liability was measured as of June 30, 2021, and the total pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City's share of the allocation is based on the ratio of the City's employer contributions, relative to the total employer and nonemployer contributions for the plan groups the City participates in. Because the regulatory basis of accounting under KMAAG does not recognize long-term debt, this liability is not reported in the financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described in the first paragraph above.

#### NOTE 7—OTHER LONG-TERM LIABILITIES

##### Compensated Absences

Vacation time is earned and vested and must be used within the employees anniversary date. Policies prohibit payment of vacation time in lieu of time off and all accumulated vacation pay is payable upon employment termination. The sick leave policy for the City permits employees to accumulate a maximum of 90 days sick leave. Policy prohibits payment of unused sick pay upon termination by the City.

##### Other Post-Employment Benefits – Death and Disability Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability 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 was set at 1% for the year ended December 31, 2021.

#### NOTE 8—RISK MANAGEMENT

The City is subject to certain risks such as torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from third parties. There have been no significant reductions in insurance coverage from the prior year and there have been no settled claims in excess of insurance coverage for the prior three years.

#### NOTE 9—CONCENTRATIONS

A substantial portion of the City's water and sewer sales are to one customer. During 2021, water and sewer sales to the customer were 64% and 64%, respectively.

#### NOTE 10—COMMITMENTS AND CONTINGENCIES

The City acquired title to a grain elevator in 2014 and has not decided if the structure will be demolished or left standing. Potential costs associated with the elevator have not been reflected in the financial statement.

Litigation

The City may sometimes be a defendant in various legal actions pending or in process concerning personal injury, workers' compensation claims, and property damage. The ultimate liability that might result from the final resolution of these matters is not presently determinable. The financial statement does not include accruals or provisions for loss contingencies that may result from these proceedings.

Neighborhood Revitalization Program

The City participates in a neighborhood revitalization program as allowed by K.S.A. 12-17,114 et seq. Under the program, participants are provided a rebate of ad valorem taxes paid, based on the increase in assessed valuation attributable to improvements made by the taxpayer after being approved for participation in the neighborhood revitalization program. For the year ended December 31, 2021, the City's share of tax rebates totaled \$44,819.

## NOTE 11—SUBSEQUENT EVENTS

On March 7, 2022, the City Council approved an agreement for replacement of the Scott Boulevard bridge in the amount of \$392,296.

## CITY OF SOUTH HUTCHINSON, KANSAS

SUMMARY OF EXPENDITURES - REGULATORY BASIS (ACTUAL AND BUDGET)  
(BUDGETED FUNDS ONLY)

For Year Ended December 31, 2021

Schedule 1

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
GENERAL FUND	\$ 2,710,621	\$ -	\$ 2,710,621	\$ 2,710,510	\$ (111)
SPECIAL PURPOSE FUNDS					
Flood Control	26,315	-	26,315	8,310	(18,005)
Employee Benefits	61,000	-	61,000	51,242	(9,758)
Special Highway	130,817	-	130,817	98,021	(32,796)
Convention and Tourism	70,000	-	70,000	34,783	(35,217)
Special Parks	4,043	-	4,043	-	(4,043)
Street/Economic Development	249,807	-	249,807	14,002	(235,805)
Diversion	13,930	-	13,930	-	(13,930)
BOND AND INTEREST FUND					
Bond and Interest	1,033,713	-	1,033,713	983,714	(49,999)
BUSINESS FUNDS					
Water	1,209,895	-	1,209,895	1,179,114	(30,781)
Sewer	2,069,778	-	2,069,778	2,068,922	(856)

## CITY OF SOUTH HUTCHINSON, KANSAS

GENERAL FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL AND BUDGET)  
 For Year Ended December 31, 2021

Schedule 2  
Page 1 of 16

	2021		Variance Over (Under)
	Actual	Budget	
<b>RECEIPTS</b>			
Taxes			
Ad valorem property tax	\$ 573,688	\$ 575,533	\$ (1,845)
Delinquent tax	12,726	15,000	(2,274)
Motor vehicle tax	62,475	65,029	(2,554)
Recreational vehicle tax	1,067	845	222
16/20M vehicle tax	922	581	341
Commercial vehicle tax	5,974	6,098	(124)
Watercraft tax	-	382	(382)
County sales tax	415,455	330,000	85,455
Local sales tax	304,978	200,000	104,978
Liquor tax	-	150	(150)
Neighborhood revitalization	(24,199)	(26,108)	1,909
Total Taxes	<u>1,353,086</u>	<u>1,167,510</u>	<u>185,576</u>
Licenses, Fees, and Permits			
Utility franchise tax	612,670	560,000	52,670
Refuse	113,667	100,000	13,667
Permits and inspections	37,048	27,000	10,048
Total Licenses, Fees, and Permits	<u>763,385</u>	<u>687,000</u>	<u>76,385</u>
Fines, Forfeitures, and Penalties	<u>61,891</u>	<u>60,000</u>	<u>1,891</u>
Interest on Idle Funds	<u>5,501</u>	<u>7,000</u>	<u>(1,499)</u>
Other Receipts			
Reimbursed expense	50,010	5,000	45,010
Administration fees	1,052	-	1,052
Miscellaneous	32,914	40,000	(7,086)
Transfer from:			
Water Fund	38,934	-	38,934
Sewer Fund	63,834	-	63,834
Total Other Receipts	<u>186,744</u>	<u>45,000</u>	<u>141,744</u>
<b>TOTAL RECEIPTS</b>	<u><u>2,370,607</u></u>	<u><u>\$ 1,966,510</u></u>	<u><u>\$ 404,097</u></u>

## CITY OF SOUTH HUTCHINSON, KANSAS

GENERAL FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL AND BUDGET)  
 For Year Ended December 31, 2021

	2021		Schedule 2 Page 2 of 16
	Actual	Budget	Variance Over (Under)
<b>EXPENDITURES</b>			
General Administration			
Personal services	\$ 54,699	\$ 41,130	\$ 13,569
Contractual services	120,321	92,500	27,821
Commodities	11,781	7,000	4,781
Transfer to:			
Equipment Reserve	6,000	6,000	-
Capital Improvement	6,000	6,000	-
Total General Administration	198,801	152,630	46,171
Police			
Personal services	489,322	477,000	12,322
Contractual services	93,485	107,327	(13,842)
Commodities	32,569	64,000	(31,431)
Capital outlay	13,000	-	13,000
Transfer to:			
Equipment Reserve	15,000	15,000	-
Capital Improvement	-	-	-
Total Police	643,376	663,327	(19,951)
Fire			
Personal services	176,600	174,500	2,100
Contractual services	58,302	66,604	(8,302)
Commodities	16,362	25,300	(8,938)
Capital outlay	14,725	15,000	(275)
Transfer to:			
Equipment Reserve	66,000	66,000	-
Capital Improvement	10,112	10,000	112
Total Fire	342,101	357,404	(15,303)
Street			
Personal services	184,151	205,125	(20,974)
Contractual services	39,761	132,000	(92,239)
Commodities	9,000	17,100	(8,100)
Transfer to - Equipment Reserve	50,000	50,000	-
Total Street	282,912	404,225	(121,313)

## CITY OF SOUTH HUTCHINSON, KANSAS

GENERAL FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL AND BUDGET)  
 For Year Ended December 31, 2021

Schedule 2  
Page 3 of 16

	2021		Variance Over (Under)
	Actual	Budget	
EXPENDITURES (Continued)			
Parks			
Contractual services	\$ 8,470	\$ 16,000	\$ (7,530)
Commodities	407	1,000	(593)
Transfer to:			
Capital Improvement	10,000	10,000	-
Equipment Reserve	25,000	25,000	-
Total Parks	<u>43,877</u>	<u>52,000</u>	<u>(8,123)</u>
Street Lighting			
Contractual services	<u>53,924</u>	<u>77,000</u>	<u>(23,076)</u>
Municipal Court			
Personal services	56,365	67,050	(10,685)
Contractual services	60,514	94,400	(33,886)
Commodities	648	4,000	(3,352)
Total Municipal Court	<u>117,527</u>	<u>165,450</u>	<u>(47,923)</u>
Nondepartmental			
Refuse	104,785	105,000	(215)
Capital improvements	65,100	728,585	(663,485)
Miscellaneous commodities	1,107	5,000	(3,893)
Transfer to - Capital Improvement Fund	857,000	-	857,000
Total Nondepartmental	<u>1,027,992</u>	<u>838,585</u>	<u>189,407</u>
TOTAL EXPENDITURES	<u>2,710,510</u>	<u>\$ 2,710,621</u>	<u>\$ (111)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(339,903)		
UNENCUMBERED CASH, BEGINNING	<u>1,826,668</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 1,486,765</u>		

CITY OF SOUTH HUTCHINSON, KANSAS  
 FLOOD CONTROL FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL AND BUDGET)  
 For Year Ended December 31, 2021

Schedule 2  
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	2021		Variance Over (Under)
	Actual	Budget	
<b>RECEIPTS</b>			
Ad valorem property tax	\$ 24,631	\$ 24,708	\$ (77)
Delinquent tax	500	600	(100)
Motor vehicle tax	2,610	2,747	(137)
Recreational vehicle tax	45	36	9
16/20M vehicle tax	24	25	(1)
Commercial vehicle tax	242	258	(16)
Watercraft tax	-	16	(16)
Neighborhood revitalization	(1,039)	(1,062)	23
	27,013	<u>\$ 27,328</u>	<u>\$ (315)</u>
<b>TOTAL RECEIPTS</b>			
<b>EXPENDITURES</b>			
Contractual services	8,310	<u>\$ 26,315</u>	<u>\$ (18,005)</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>			
	18,703		
<b>UNENCUMBERED CASH, BEGINNING</b>			
	1,230		
<b>UNENCUMBERED CASH, ENDING</b>			
	<u>\$ 19,933</u>		

## CITY OF SOUTH HUTCHINSON, KANSAS

EMPLOYEE BENEFITS FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL AND BUDGET)  
 For Year Ended December 31, 2021

Schedule 2  
Page 5 of 16

	2021		Variance Over (Under)
	Actual	Budget	
<b>RECEIPTS</b>			
Ad valorem property tax	\$ 52,317	\$ 52,491	\$ (174)
Delinquent tax	904	3,000	(2,096)
Motor vehicle tax	4,606	4,847	(241)
Recreational vehicle tax	80	63	17
16/20M vehicle tax	42	43	(1)
Commercial vehicle tax	426	454	(28)
Watercraft tax	-	28	(28)
Neighborhood revitalization	(2,207)	(1,789)	(418)
Reimbursed expense	-	-	-
	<u>56,168</u>	<u>\$ 59,137</u>	<u>\$ (2,969)</u>
<b>EXPENDITURES</b>			
Workers' compensation	46,070	\$ 55,000	\$ (8,930)
Disability insurance	5,172	6,000	(828)
	<u>51,242</u>	<u>\$ 61,000</u>	<u>\$ (9,758)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	4,926		
UNENCUMBERED CASH, BEGINNING	<u>27,476</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 32,402</u>		

CITY OF SOUTH HUTCHINSON, KANSAS  
SPECIAL HIGHWAY FUND  
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
(ACTUAL AND BUDGET)  
For Year Ended December 31, 2021

	2021		Schedule 2 Page 6 of 16
	Actual	Budget	Variance Over (Under)
RECEIPTS			
State payments	\$ 72,297	\$ 56,660	\$ 15,637
County payments	10,818	7,860	2,958
Reimbursed expense	-	-	-
	83,115	\$ 64,520	\$ 18,595
TOTAL RECEIPTS	83,115	\$ 64,520	\$ 18,595
EXPENDITURES			
Contractual services	-	\$ 73,500	\$ (73,500)
Commodities	98,021	5,240	92,781
Reserve for future period	-	52,077	(52,077)
	98,021	\$ 130,817	\$ (32,796)
TOTAL EXPENDITURES	98,021	\$ 130,817	\$ (32,796)
RECEIPTS OVER (UNDER) EXPENDITURES	(14,906)		
UNENCUMBERED CASH, BEGINNING	109,352		
UNENCUMBERED CASH, ENDING	\$ 94,446		

CITY OF SOUTH HUTCHINSON, KANSAS  
 CONVENTION AND TOURISM FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL AND BUDGET)  
 For Year Ended December 31, 2021

Schedule 2  
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	2021		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Guest tax	\$ 34,783	<u>\$ 70,000</u>	<u>\$ (35,217)</u>
EXPENDITURES			
Contractual services	<u>34,783</u>	<u>\$ 70,000</u>	<u>\$ (35,217)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	<u>-</u>		
UNENCUMBERED CASH, ENDING	<u>\$ -</u>		

CITY OF SOUTH HUTCHINSON, KANSAS  
 SPECIAL PARKS FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL AND BUDGET)  
 For Year Ended December 31, 2021

Schedule 2  
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	2021		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Alcohol tax	\$ -	<u>\$ 150</u>	<u>\$ (150)</u>
EXPENDITURES			
Capital outlay	<u>-</u>	<u>\$ 4,043</u>	<u>\$ (4,043)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	-		
UNENCUMBERED CASH, BEGINNING	<u>3,758</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 3,758</u>		

CITY OF SOUTH HUTCHINSON, KANSAS  
 STREET/ECONOMIC DEVELOPMENT - SALES TAX FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL AND BUDGET)  
 For Year Ended December 31, 2021

Schedule 2  
Page 9 of 16

	2021		Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Sales tax	\$ 152,489	\$ 110,000	\$ 42,489
Reimbursed expense	-	-	-
TOTAL RECEIPTS	<u>152,489</u>	<u>\$ 110,000</u>	<u>\$ 42,489</u>
EXPENDITURES			
Contractual services	14,002	\$ 170,000	\$ (155,998)
Commodities	-	79,807	(79,807)
TOTAL EXPENDITURES	<u>14,002</u>	<u>\$ 249,807</u>	<u>\$ (235,805)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	138,487		
UNENCUMBERED CASH, BEGINNING	<u>179,766</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 318,253</u>		

## CITY OF SOUTH HUTCHINSON, KANSAS

DIVERSION FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL AND BUDGET)  
 For Year Ended December 31, 2021

	2021		Schedule 2 Page 10 of 16  Variance Over (Under)
	Actual	Budget	
RECEIPTS			
Fees and miscellaneous	\$ 2,175	\$ 3,500	\$ (1,325)
EXPENDITURES			
Contractual services	-	\$ 13,930	\$ (13,930)
Commodities	-	-	-
TOTAL EXPENDITURES	-	\$ 13,930	\$ (13,930)
RECEIPTS OVER (UNDER) EXPENDITURES	2,175		
UNENCUMBERED CASH, BEGINNING	7,725		
UNENCUMBERED CASH, ENDING	\$ 9,900		

## CITY OF SOUTH HUTCHINSON, KANSAS

BOND AND INTEREST FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL AND BUDGET)  
 For Year Ended December 31, 2021

Schedule 2  
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	2021		Variance Over (Under)
	Actual	Budget	
<b>RECEIPTS</b>			
Ad valorem property tax	\$ 411,885	\$ 413,207	\$ (1,322)
Delinquent tax	7,625	4,000	3,625
Motor vehicle tax	43,849	46,853	(3,004)
Recreational vehicle tax	769	609	160
16/20M vehicle tax	46	418	(372)
Commercial vehicle tax	3,874	4,393	(519)
Watercraft tax	-	275	(275)
Neighborhood revitalization	(17,374)	(17,292)	(82)
Special assessments	215,039	210,000	5,039
Transfer from - Sewer Fund	371,250	371,250	-
<b>TOTAL RECEIPTS</b>	<u>1,036,963</u>	<u>\$ 1,033,713</u>	<u>\$ 3,250</u>
<b>EXPENDITURES</b>			
Principal	720,000	\$ 720,000	\$ -
Interest	263,714	263,713	1
Cash-basis reserve	-	50,000	(50,000)
<b>TOTAL EXPENDITURES</b>	<u>983,714</u>	<u>\$ 1,033,713</u>	<u>\$ (49,999)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	53,249		
UNENCUMBERED CASH, BEGINNING	<u>35,532</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 88,781</u>		

## CITY OF SOUTH HUTCHINSON, KANSAS

WATER FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL AND BUDGET)  
 For Year Ended December 31, 2021

Schedule 2  
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	2021		Variance Over (Under)
	Actual	Budget	
<b>RECEIPTS</b>			
Charges for service	\$ 756,325	\$ 662,000	\$ 94,325
Reimbursed expense	15,910	25,000	(9,090)
Interest income	538	8,000	(7,462)
Miscellaneous	5,909	5,000	909
	<u>778,682</u>	<u>\$ 700,000</u>	<u>\$ 78,682</u>
<b>EXPENDITURES</b>			
Personal services	191,447	\$ 234,800	\$ (43,353)
Contractual services	135,494	147,500	(12,006)
Commodities	50,562	50,500	62
Capital outlay	-	60,000	(60,000)
Sales tax	61,677	61,000	677
Transfer to:			
Water Reserve	661,000	-	661,000
General Fund	38,934	-	38,934
Equipment Reserve	30,000	30,000	-
Capital Improvement	10,000	40,000	(30,000)
Reserve for future period	-	586,095	(586,095)
	<u>1,179,114</u>	<u>\$ 1,209,895</u>	<u>\$ (30,781)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(400,432)		
UNENCUMBERED CASH, BEGINNING	<u>462,809</u>		
UNENCUMBERED CASH, ENDING	<u>\$ 62,377</u>		

## CITY OF SOUTH HUTCHINSON, KANSAS

SEWER FUND  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL AND BUDGET)  
 For Year Ended December 31, 2021

	2021		Schedule 2 Page 13 of 16
	Actual	Budget	Variance Over (Under)
RECEIPTS			
Charges for service	\$ 1,271,341	\$ 1,250,000	\$ 21,341
Reimbursed expense	5,340	5,000	340
TOTAL RECEIPTS	1,276,681	\$ 1,255,000	\$ 21,681
EXPENDITURES			
Operations			
Personal services	213,166	\$ 244,025	\$ (30,859)
Contractual services	220,669	289,000	(68,331)
Commodities	47,003	53,000	(5,997)
Capital outlay	-	125,000	(125,000)
Transfer to:			
Sewer System Replacement	1,053,000	-	1,053,000
General Fund	63,834	-	63,834
Bond and Interest	371,250	371,300	(50)
Equipment Reserve	50,000	100,000	(50,000)
Capital Improvement	50,000	887,453	(837,453)
TOTAL EXPENDITURES	2,068,922	\$ 2,069,778	\$ (856)
RECEIPTS OVER (UNDER) EXPENDITURES	(792,241)		
UNENCUMBERED CASH, BEGINNING	841,262		
UNENCUMBERED CASH, ENDING	\$ 49,021		

CITY OF SOUTH HUTCHINSON, KANSAS  
 BUSINESS NONBUDGETED FUNDS  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL)  
 For Year Ended December 31, 2021

	Sewer Reserve	Water Reserve
Schedule 2 Page 14 of 16		
RECEIPTS		
Operating transfers in	\$ 1,053,000	\$ 661,000
EXPENDITURES		
Contractual services	-	397,967
Capital outlay	1,949	-
TOTAL EXPENDITURES	1,949	397,967
RECEIPTS OVER (UNDER) EXPENDITURES	1,051,051	263,033
UNENCUMBERED CASH, BEGINNING	112,210	477,423
UNENCUMBERED CASH, ENDING	\$ 1,163,261	\$ 740,456

CITY OF SOUTH HUTCHINSON, KANSAS  
 SPECIAL PURPOSE NONBUDGETED FUNDS  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL)  
 For Year Ended December 31, 2021

Schedule 2  
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	ASAP	Technology	Donations	Community Center	Special Projects	ARPA Grant	Community Improvement District	Health Insurance	Capital Improvement	Equipment Reserve	Fire Insurance Proceeds	Special Law Enforcement
<b>RECEIPTS</b>												
Fines and fees	\$ 6,715	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Claim reserve payments	-	-	-	-	-	-	-	32,042	-	-	-	-
Sales tax	-	-	-	-	-	-	23,622	-	-	-	-	-
Grants and donations	-	-	1	-	-	189,846	-	-	-	-	-	-
Reimbursed expense	-	-	-	-	-	-	-	-	-	8,995	-	-
Interest income	-	-	-	-	-	-	-	-	-	906	-	-
Miscellaneous	11,555	2,185	-	15,590	-	-	-	2,936	35,754	-	21,667	-
Operating transfers in	-	-	-	-	-	-	-	-	958,000	227,000	-	-
<b>TOTAL RECEIPTS</b>	<b>18,270</b>	<b>2,185</b>	<b>1</b>	<b>15,590</b>	<b>-</b>	<b>189,846</b>	<b>23,622</b>	<b>34,978</b>	<b>993,754</b>	<b>236,901</b>	<b>21,667</b>	<b>-</b>
<b>EXPENDITURES</b>												
Employee benefits	-	-	-	-	-	-	-	12,957	-	-	-	-
Contractual services	15,785	1,373	1,294	12,117	-	-	23,508	12,745	-	-	17,153	-
Commodities	-	755	-	704	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	24,039	120,310	-	-
<b>TOTAL EXPENDITURES</b>	<b>15,785</b>	<b>2,128</b>	<b>1,294</b>	<b>12,821</b>	<b>-</b>	<b>-</b>	<b>23,508</b>	<b>25,702</b>	<b>24,039</b>	<b>120,310</b>	<b>17,153</b>	<b>-</b>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	<b>2,485</b>	<b>57</b>	<b>(1,293)</b>	<b>2,769</b>	<b>-</b>	<b>189,846</b>	<b>114</b>	<b>9,276</b>	<b>969,715</b>	<b>116,591</b>	<b>4,514</b>	<b>-</b>
<b>UNENCUMBERED CASH, BEGINNING</b>	<b>26,805</b>	<b>4,210</b>	<b>7,000</b>	<b>10,886</b>	<b>838</b>	<b>-</b>	<b>5,875</b>	<b>184,321</b>	<b>560,399</b>	<b>390,540</b>	<b>-</b>	<b>1,453</b>
<b>UNENCUMBERED CASH, ENDING</b>	<b>\$ 29,290</b>	<b>\$ 4,267</b>	<b>\$ 5,707</b>	<b>\$ 13,655</b>	<b>\$ 838</b>	<b>\$ 189,846</b>	<b>\$ 5,989</b>	<b>\$ 193,597</b>	<b>\$ 1,530,114</b>	<b>\$ 507,131</b>	<b>\$ 4,514</b>	<b>\$ 1,453</b>

CITY OF SOUTH HUTCHINSON, KANSAS  
 CAPITAL PROJECTS NONBUDGETED FUNDS  
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS  
 (ACTUAL)  
 For Year Ended December 31, 2021

Schedule 2  
 Page 16 of 16

Avenue F  
 Waterline

RECEIPTS		
Temporary note proceeds	\$	300,000
Miscellaneous		-
		<hr/>
TOTAL RECEIPTS		300,000
		<hr/>
EXPENDITURES		
Contractual services		299,804
Cost of issuance		196
		<hr/>
TOTAL EXPENDITURES		300,000
		<hr/>
RECEIPTS OVER (UNDER) EXPENDITURES		-
UNENCUMBERED CASH, BEGINNING		<hr/> -
UNENCUMBERED CASH, ENDING	\$	<hr/> <hr/> -



Gregory D. Daughhetee, CPA  
 Kenneth D. Hamby, CPA  
 Michael R. Meisenheimer, CPA  
 Nick L. Muefing, CPA  
 Billy J. Klug, CPA  
 Randall R. Hofmeier, CPA  
 Brent L. Knoche, CPA  
 Brian W. Mapel, CPA  
 Jeffrey D. Reece, CPA  
 Brady H. Byrnes, CPA  
 Alex P. Larson, CPA  
 Gage B. Kepple, CPA

**To the Mayor and City Council Members  
City of South Hutchinson, Kansas**

**We are writing to communicate deficiencies in internal control that we identified during the audit of your financial statement. This communication is a requirement of Statement on Auditing Standards (SAS) No. 115, *Communicating Internal Control Related Matters in an Audit*.**

In planning and performing our audit of the financial statement of City of South Hutchinson, Kansas (the City) for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 significant deficiencies or material weaknesses, and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the City's internal control to be a material weakness:

**Lack of Proper Segregation of Duties**

No single individual should be able to authorize a transaction, record the transaction, and ensure custody of the asset resulting from the transaction. Because of the limited staff size at the City office, duties within the office are not designed in such a manner to provide segregation of duties over authorizing, recording, and custody of an asset; such as, the City Clerk's responsibilities with payroll processing and the City Utility Clerk's role in billing and collecting receipts resulting from the utility transactions. This situation also exists with the City's municipal Court Clerk.

The lack of segregation of duties increases the possibility that misstatements may occur, whether the result of error or fraud, and not be prevented, or detected and corrected on a timely basis.

To the Mayor and City Council Members  
 City of South Hutchinson, Kansas  
 Page 2

Recommendation

The City should consider hiring an additional employee to work in the City office. This would allow for better continuity of operations in the event of illness and other absences. It is also an opportunity to train an additional employee, to plan for the retirement or separation of employees.

In addition to logically dividing accounting duties to the extent possible, the City should develop other controls to mitigate the risks associated with a small office staff, which limits the segregation of duties. This should include designating other individuals, or groups of individuals, such as the Mayor or Council members for oversight responsibilities. The new City Administrator should also be integrated into the City's control procedures. Examples of some of the control procedures that may be performed include the following:

- Review of budget comparison reports and investigating unexpected variances or results, including comparison with previous periods, to ensure that reported results do not vary from anticipated results.
- Examining bank reconciliations prepared by the City's office, including comparing a sample of the checks that clear the bank statement with check registers or appropriation ordinances.
- Reviewing utility customer charges, collections, adjustments, write-offs, and balances.

It is also important that performance of these control procedures be documented, including the date the review procedure was completed, and the signature of the individual or a representative of the group that performed the procedure.

Other Matters

Kansas statutes require that payments received from the Special City and County Highway Fund (fuel tax) be used "for the construction, reconstruction, alteration, repair, and maintenance of streets and highways." During our audit we observed expenditures from the Special Highway Fund for various supplies that did not appear to be related to these purposes. We discussed this matter with the City Administrator and he stated that he had also observed this, and has addressed this matter with City personnel.

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

*Lindburg Vogel Pierce Faris*

Certified Public Accountants

Hutchinson, Kansas  
 April 7, 2022



Gregory D. Daughhetee, CPA

Kenneth D. Hamby, CPA

Michael R. Meisenheimer, CPA

Nick L. Muetting, CPA

Billy J. Klug, CPA

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Alex P. Larson, CPA

Gage B. Kepple, CPA

**Mayor and City Council  
City of South Hutchinson, Kansas**

We have audited the financial statement of City of South Hutchinson, Kansas (the City) for the year ended December 31, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 15, 2021. Professional standards also require that we communicate to you the following information related to our audit:

**Significant Audit Matters**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1—Summary of Significant Accounting Policies to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

Accounting estimates are an integral part of the financial statement prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statement and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimate affecting the financial statement is the Kansas Public Employees Retirement System (KPERs) net pension liability. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statement taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing the audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no audit adjustments proposed to management. In addition, there were no known or likely misstatements identified other than those that were trivial.

Mayor and City Council  
 City of South Hutchinson, Kansas  
 Page 2

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated April 7, 2022.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle or a determination of the type of auditors' opinion that may be expressed, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Supplementary Information

We were engaged to report on supplementary information accompanying the financial statement. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods for preparing the information to determine that the information complies with the regulatory requirements pertaining to supplementary information as prescribed by the Kansas Municipal Audit and Accounting Guide, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to the audit of the financial statement. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statement or to the financial statement itself.

Restriction on Use

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

*Lindburg Vogel Pierce Faris*

Certified Public Accountants

Hutchinson, Kansas  
 April 7, 2022

**Meeting Date:** June 20, 2022  
**Department:** Administration  
**Prepared By:** Joseph Turner, City Administrator  
**Agenda Title:** Consent Agenda

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**Background/Analysis** –Consent agendas are designed to take routine business items, non-controversial items, and other matters where a consensus has been reached and combine them into one single motion and vote. Items on the consent agenda should not be discussed or debated by the governing body. Any member of the governing body may elect to pull an item from the consent agenda for a separate vote.

Notable Items:

- Approval of Minutes from June 6, 2022 regular meeting
- Approval of Invoices

**Recommendation** – Motion to approve the consent agenda as presented.

**Exhibit A** – Minutes from June 6, 2022 Regular Meeting

**Exhibit B** – AP Invoices

- A. **CALL TO ORDER/ROLL CALL**  
X Nisly \_\_ Schmidt X Weber X Garretson X Fairbanks X Scofield
- B. **PLEDGE OF ALLEGIANCE**
- C. **APPROVAL OF AGENDA (ADDITIONS/DELETIONS)-Adding executive session**
- D. **CITIZEN COMMENTS**
- E. **HEARINGS, PRESENTATIONS, PROCLAMATIONS & RECOGNITIONS**  
1. Presentation of plaque honoring Rhonda Stillwell for 22 years of service as treasurer
- F. **CONSENT AGENDA**  
1. Approval of Minutes – Regular Meeting, May 16, 2022  
2. Approval of Invoices  
3. Waive temporary event requirements for resident’s block party on July 3<sup>rd</sup>  
4. Accept resignation of City Attorney Stan Juhnke  
Motion: Scofield Second: Weber Vote: 4-0
- G. **ACTION ITEMS**  
1. Approve Mayoral appointment of Mark Tremaine as City Attorney  
Action: Motion to approve Mayoral appointment of Mark Tremaine as City Attorney.  
Motion: Garretson Second: Fairbanks Vote: 4-0  
2. Council Meeting Dates Change  
Action: Motion to move the July 6<sup>th</sup> and September 7<sup>th</sup> council meetings to July 5<sup>th</sup> and September 6<sup>th</sup>.  
Motion: Fairbanks Second: Weber Vote: 4-0
- H. **DISCUSSION ITEMS**  
1. Independence Day Celebration-Hot dogs and chips, Live Ad Astra Radio, inflatables, rock climbing and Fireworks.  
2. Miscellaneous Items-Discussion of Signs on Main Street and Closing City office for a couple of hours for Police officer Graduation on July 1<sup>st</sup>.
- I. **CITY ADMINISTRATOR’S REPORT**
- J. **GOVERNING BODY COMMENTS**
- K. **EXECUTIVE SESSION**  
1. **Non-elected personnel**  
Motion for an executive session pursuant to K.S.A. 75-4319 to discuss Non-elected personnel for 10 minutes.  
Motion: Scofield Second: Garretson Vote: 4-0

Mayor called the Meeting back to order.

**2. Attorney-client privilege**

Motion for an executive session pursuant to K.S.A. 75-4319 to discuss Attorney-Client Privilege for 7 minutes.

*Motion:* Scofield

*Second:* Weber

*Vote:* 4-0

Mayor called the Meeting back to order.

**3. Attorney-client privilege**

Motion for an executive session pursuant to K.S.A. 75-4319 to discuss Attorney-Client Privilege for 7 minutes.

*Motion:* Scofield

*Second:* Weber

*Vote:* 4-0

Mayor called the Meeting back to order.

**4. ADJOURNMENT**

*Motion:* Weber

*Second:* Scofield

*Vote:* 4-0

**Invoice Approval List  
June 20, 2022**

<b>Gen Gov</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-101-6000	Electric Billing	Evergy	\$312.95
101-101-6000	Gas Service	Kansas Gas	\$66.82
101-101-6000	Phone service	Ideatek	\$27.50
101-101-6000	Cox	Cable	\$16.78
101-101-6002	Attorney Service for June	Mark Tremaine	\$2,000.00
101-101-6002	Insurance fee	Freedom Claims	\$3,637.70
101-101-6002	Bond for Treasurer	Nationwide	\$115.00
101-101-6002	2021 Audit	Office of Accounts & Reports	\$175.00
101-101-6002	Lot split	Garber Survey	\$932.50
101-101-6004	Postage Meter Rental	Pitney Bowes	\$59.37
101-101-7002	Code of Procedure Booklet	League of Kansas	\$8.03
			<b>\$7,351.65</b>
<b>Police</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-102-6000	Cable	Cox	\$39.87
101-102-6000	Gas Service	Kansas Gas	\$95.02
101-102-6000	Phone service	Ideatek	\$27.50
101-102-6000	Electric Billing	Evergy	\$481.04
101-102-6001	2022 Dodge Durango	Provalue Insurance	\$389.00
101-102-6002	Cleaning contract	Tabitha Maxfield	\$150.00
101-102-6004	Postage Meter Rental	Pitney Bowes	\$59.37
101-102-6004	HDMI Cable	Dynamic Electronics	\$87.09
101-102-6005	MIFI air cards and cell phones	Verizon	\$284.39
101-102-7000	HDMI Cable	Dynamic Electronics	\$44.99
101-102-7003	Fuel	Bridgman	\$1,390.67
			<b>\$3,048.94</b>
<b>Street</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-103-6000	Electric Billing	Evergy	\$425.20
101-103-6000	Phone service	Ideatek	\$27.50
101-103-6000	Gas Service	Kansas Gas	\$54.09
101-103-6002	Recharge AC	Sutton-Kauffman	\$159.69
101-103-6004	Postage Meter Rental	Pitney Bowes	\$59.37
101-103-6005	Cell phones	Verizon	\$24.29
101-103-7002	Safety glass and leather gloves	Colladay	\$47.53
101-103-7002	Radiator, headlight, cable, door handle	Carquest	\$473.30
101-103-7002	Rock with Ash	Mid America Redi Mix	\$164.20
101-103-7002	Keys	Pat's Key & Lock	\$4.70
101-103-7003	Diesel	Bridgman	\$504.68
101-103-7003	Fuel	Bridgman	\$307.62
			<b>\$2,252.17</b>
<b>Fire</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-104-6000	Cable	Cox	\$10.49
101-104-6000	Phone service	Ideatek	\$27.50
101-104-6000	Gas Service	Kansas Gas	\$65.54
101-104-6000	Electric Billing	Evergy	\$386.89

**Invoice Approval List  
June 20, 2022**

101-104-6004	SCBA flow test	Municipal Emergency	\$940.30
101-104-6005	Cell phone and tablets	Verizon	\$144.32
101-104-7000	Shipping	Joy's	\$8.37
101-104-7002	Towels	Carquest	\$48.72
101-104-7003	Fuel	Bridgman	\$125.44
101-104-7003	Diesel	Bridgman	\$634.22
			<b>\$2,391.79</b>
<b>Park</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-105-6000	Electric Billing	Evergy	\$210.33
101-105-6002	Rock wall for July 2nd event	Inflate-O-Fun	\$745.00
101-105-6002	Bounce houses for July 2nd event	Tara Nicewander	\$725.00
101-105-7002	Tissue, liners, towels-Splash Park	Janitorial Supply	\$150.54
			<b>\$1,830.87</b>
<b>Court</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-106-6004	Inmate Care	Diamond Drugs	\$14.50
101-106-6004	Inmate Care	Hutchinson Regional	\$596.10
101-106-6004	Retrievals	Underground Vaults	\$32.50
101-106-6004	Inmate Care	Wellpath	\$54.00
101-106-6017	May Jail Fees	Reno County Sheriff	\$2,640.00
			<b>\$3,337.10</b>
<b>Non Dept</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
101-109-6000	Electric Billing	Evergy	\$6,007.58
			<b>\$6,007.58</b>
		<b>GENERAL TOTAL</b>	<b>\$26,220.10</b>
<b>Water</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
201-000-6000	Electric Billing	Evergy	\$4,366.47
201-000-6000	Refund overpayment of Utility Bill	Alexis Karst	\$13.69
201-000-6002	Software fee and module	Aktovov LLC	\$9,000.00
201-000-6004	Postage Meter Rental	Pitney Bowes	\$59.37
201-000-6005	Cell phones	Verizon	\$145.80
201-000-7002	Couplings	Ferguson	\$10.93
201-000-7002	Safety glass and leather gloves	Colladay	\$47.54
201-000-7003	Diesel	Bridgman	\$504.68
201-000-7003	Fuel	Bridgman	\$409.68
			<b>\$14,558.16</b>
<b>Sewer</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
301-000-6000	Electric Billing	Evergy	\$12,927.83
301-000-6000	Refund overpayment of Utility Bill	Alexis Karst	\$13.70
301-000-6000	Phone service	Verizon	\$313.18
301-000-6002	Service Generator	Central Power Systems	\$2,132.20
301-000-6002	Lab Analysis	SDK	\$598.00
301-000-6002	SCADA Technical Support	Utility HelpNet	\$110.00
301-000-6002	Control Panel Repair	Zenor Electric	\$150.00

**Invoice Approval List  
June 20, 2022**

301-000-6002	Repair slidegate on Aeration Basin	Stainless Systems	\$200.00
301-000-6002	Software fee and module	Aktovov LLC	\$9,000.00
301-000-6004	Postage Meter Rental	Pitney Bowes	\$59.37
301-000-6005	Cell phones	Verizon	\$105.75
301-000-7002	Hose crimp clamp	B&B Hydraulic	\$70.33
301-000-7002	Fuses	Sunflower Electric	\$98.98
301-000-7002	Safety glass and leather gloves	Colladay	\$47.54
301-000-7003	Diesel	Bridgman	\$504.68
301-000-7003	Fuel	Bridgman	\$170.83
			<b>\$26,502.39</b>
<b>Comm Ctr</b>	<b>Description</b>	<b>Vendor</b>	<b>Inv. Amt</b>
811-000-6000	Electric Billing	Evergy	\$370.67
811-000-6000	Gas Service	Kansas Gas	\$68.72
811-000-6026	Refund half of fee	Reno County Republican Comm	\$75.00
			<b>\$514.39</b>
		<b>Grand Total</b>	<b>\$67,795.04</b>

**Meeting Date:** June 20, 2022  
**Department:** Administration  
**Prepared By:** Joseph Turner, City Administrator  
**Agenda Title:** Sewer Manhole Rehabilitation

---

**Background/Analysis** – Inflow and infiltration is defined as groundwater and stormwater that enter a sewer system. This can occur in a multitude of ways, but infiltration includes groundwater that enters a sewer system from the ground through defective pipes, pipe joints, connections, or manholes. Collection systems can be damaged when they are forced to transport more flow than they are designed to handle. It also raises costs for wastewater treatment facilities because harmless stormwater and groundwater mix with sewage and gets treated through our processes.

Sewer manhole rehabilitation was identified as an area of concern prior to my arrival and reaffirmed as a “high priority” when the Council established its goals and objectives earlier this year. This is especially true on the east side of town where ground water levels are higher, and it is more prone to flooding and ground saturation.

Traditional manhole rehabilitation consists of applying a cementitious product along the inner walls. There are two primary vendors in the region (see attached quotes in Exhibit X). There are some other methods/products that are significantly more expensive with theoretically longer lifespans, but we are not comfortable recommending these products at this time. It is important to note that several manholes in our system have been previously rehabilitated over the last 15+ years using the cementitious product and have held up very well.

Project costs are based on the number of vertical feet, which is unknown at this time.

Utility Maintenance Contractors (UMC):	\$118 per vertical foot
Mayer Specialty Services:	\$200 per vertical foot

City staff believes that there are approximately 1,000 vertical feet of sewer manholes located east of Main Street and request up to \$135,000, which is in excess of our \$100,000 procurement policy sealed bid requirements.

**Financial Impact** – Capital Improvement Fund (Sewer) Account 902-000-8028 which has a current balance of \$288,000.

**Recommendation** – Staff recommends the council waive the procurement policy sealed bid requirements and authorize the city administrator to enter into an agreement with UMC, LLC in an amount not to exceed \$135,000.

**EXHIBIT D** – Project Cost Estimates



Date: June 10<sup>th</sup>, 2022

To: City of South Hutchinson  
2 South Main St.  
South Hutchinson, KS 67505

Attn: Ronnie Pederson [ronniep@southhutch.com](mailto:ronniep@southhutch.com)

Ref: **Proposal - Manhole Rehabilitation 2022**

Utility Maintenance Contractors, LLC (UMC) places our employee's safety as our top priority on every job, every day. Through safe work practices we continue to ensure our employee's safety and the safety of those around them. We emphasize that production is a result of working safe. UMC will provide employees with all required safety equipment and ensure that it is inspected and maintained.

UMC will conduct daily safety meetings including Job Hazard Analysis. We will also meet all OSHA and Owner standards for safety including but not limited to; PPE, fall protection, confined space, first aid/CPR training, material handling, ventilation and air monitoring.

1. Deterioration of manholes can be caused by several issues including loss of brick and mortar, hydrogen sulfide corrosion, damage from freeze/thaw cycles, inflow and infiltration, erosion, ground settlement or shifting, and broken manhole lids and rings.

UMC has over 30 years' experience in the lining, rehabilitation, and repair of sanitary sewer manholes. UMC is a Certified Manufacturers' Applicator of the materials, **Strong-Seal Systems**, that will be used for this project.

UMC proposes to provide the labor, supervision, and equipment to complete the following tasks:

- Manhole will be inspected to determine what type of repair and material will be required.

**SAFE**

**QUALITY**

**SOLUTIONS**

- Manhole will be cleaned using high pressure water blast at minimum 3,000 psi and maximum 6,000 psi for removal of all loose material, debris, oil and grease and any other substance that would prevent proper adhesion of coatings.
- Rehabilitation of the manholes will be based on the potential pH conditions.
  - Manholes with the largest connected pipe being less than 12” will be coated with a ½ inch thick cementitious material, **Strong Seal MS-2A**.
  - Manholes with the largest connected pipe being 12” or larger will be coated with a corrosion resistant **MS-2C** or **Strong Seal High Performance Mix** specifically designed for use in higher H2S sanitary sewer environments.
- The minimum cementitious thickness will be ½”. UMC will demonstrate thickness of application to City inspector as material is applied.

#### UMC’s Proposal Includes:

- Traffic Control per MUTCD requirements. City will provide traffic control beyond standard cones and road work signs for higher traffic in residential and commercial areas.
- UMC will remove all manhole steps and other protrusions by cutting flush with wall.
- UMC will rebuild manhole benches to their original profile and recoated with proposed materials.
- UMC will maintain flow through tubes during curing of concrete and topcoat materials in the manhole bench.
- UMC will rebuild and coat inverts that are not constructed of clay or plastic.
- UMC will coat the manhole from bench to ring using materials specified in this proposal
- UMC will restore walls that have missing brick or other voids to a smooth surface before application of materials.
- UMC will stop any active leaks (typical groundwater levels in South Hutchinson are 4-5 ft)
- UMC will maintain continued sewer flow during the project including the use of manhole plugs and flow through tubes.
- UMC will be responsible for excavation, removal, and installation of manhole rings and covers. City to provide the rings, covers, and adjustment rings. Installation of adjustment rings is included in the proposal. Old rings and covers are the City’s property.
- UMC will be responsible for transportation, to a designated area at the City’s treatment plant, of all debris from manhole cleaning and prep work.
- City to provide a secure staging area for UMC at a City facility.
- City to provide UMC effluent or potable water for cleaning and mixing of materials at no charge.
- City to provide uninterrupted access to manholes and structures.
- Delays caused by City or others may result in additional mobilization or standby charges.
- Any alteration or deviation from the project scope outlined in this Proposal will be executed only upon written change order and may become an extra charge to the price.

SAFE

QUALITY

SOLUTIONS

2. **Product Pricing: Pricing is base on approximately 200 manholes at an estimated 1200 vertical ft coated with MS-2A**

Description	Price per Unit	U.O. M.	Extended Price
Price per VF/ 48" Manholes with MS-2A	\$118.00	VF	\$132,000.00
Price per Square Foot non-standard MH with MS-2A	\$8.75	SQFT	TBD
Price per VF/ 48" Manholes with MS-2C	122.50	VF	TBD
Price per Square Foot non-standard MH with MS-2C	\$9.75	SQFT	TBD
Price per VF/ 48" Manholes with High Performance	\$132.85	VF	TBD
Price per Square Foot non-standard MH with High Performance	10.57	SQFT	TBD
<b>Extra Services to Manhole Rehabilitation</b>	-----	-----	-----
Removal & Installation of City Provided Ring & cover in Dirt or Gravel	\$1,150.00	EA	TBD
Installation of City Provided Ring & cover In Pavement or concrete	\$1,450.00	EA	TBD
Pavement replacement with 4000 PSI concrete per Square Foot @ 6 inches thick	\$41.75	SQFT	TBD
<b>Bench Repair and reconstruction</b>			TBD
48" Manhole	\$285.00	EA	TBD
Other structures per Square Foot	\$22.70	SQFT	TBD

3.

**UMC WILL ADD A 3.5% FUEL SURCHARGE TO ALL INVOICES FOR THIS PROJECT**

3. UMC's proposal excludes:

- a. Sales Tax. City to provide a tax-exempt certificate.
- b. Night, weekend, or overtime work
- c. Bonding (bid, performance, payment, assurance, statutory)
- d. Davis Bacon/prevailing wage rates
- e. Special insurance, permits and fees
- f. Responsibility for lock out/tag out of associated pumps and piping
- g. Traffic control
- h. UMC does not include any restoration from trucks or equipment entering area to perform work.

**SAFE**

**QUALITY**

**SOLUTIONS**

- i. Remediation, hauling or disposal of any hazardous materials discovered during UMC work
- j. Providing as-built drawings once work is complete
- k. Any reengineering fees if differing site conditions cause a change to the original design of the project
- l. Liability for work performed by others.
- m. Bypass pumping
- n. Groundwater pumping/dewatering
- o. Site clearing or restoration
- p. Removal of any existing linings or coatings
- q. Changes due to actual conditions discovered at the job site
- r. Winter weather or any other weather controls

4. UMC will honor pricing for 30 days from date of proposal.

**5. Warranty:**

- UMC will provide standard 1 year warranty on workmanship and materials from final acceptance of project.

**6. UMC's payment terms:**

- Payment is required within 30 calendar days of UMC invoicing.
- No retainage to be withheld from payments

We appreciate the opportunity to quote this work.



Jack Row III  
Project Manager

**ACCEPTANCE OF UTILITY MAINTENANCE CONTRACTOR'S PROPOSAL**

**OWNER'S REPRESENTATIVE: (print)** \_\_\_\_\_

**OWNER'S REPRESENTATIVE: (signature)** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**SAFE**

**QUALITY**

**SOLUTIONS**



# QUOTATION

QUOTE DATE *March 30, 2022*  
 QUOTE EXPIRES 30 days from bid date

FROM Austin Torrente

**PROJECT** South Hutchinson 2022 Manhole Rehabilitation - South Hutchinson, KS  
**BID DATE** 3/30/2022

ITEM	DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	EXTENDED
1	Line interior of existing sanitary sewer manholes with Strong Cementitious material.	221.5	VF	\$200.00	\$44,300.00
<b>TOTAL</b>					<b>\$44,300.00</b>

**Customer Responsibilities**

- Provide notification to any potential customers that may be affected.
- Provide clean water for equipment and cleanup.
- Provide a dumpsite, within reasonable distance, for deposit of debris removed.
- Provide access for our equipment to all locations as needed; locate, uncover & exercise manhole lids prior to our arrival.
- Defend, indemnify, and hold harmless Mayer Specialty Services, LLC from (1) all claims, damages, and expenses that arise or are incurred because of pre-existing conditions or anything introduced into the system which is not normal sewage, and (2) except to the extent caused by the negligence or willful misconduct of Mayer Specialty Services, LLC, all other claims, damages, and expenses that arise or are incurred during the term of this agreement.

**General Terms and Conditions**

<p><b>INCLUSIONS:</b>                  Provide all labor, materials, tools, equipment and supervision necessary to perform work as shown on drawings, defined in specifications and as described herein.</p> <p><b>EXCLUSIONS:</b></p> <ul style="list-style-type: none"> <li>• Any disputes regarding this agreement will be decided by arbitration (Construction Industry Rules of the American Arbitration Association.)</li> <li>• Sales Taxes</li> <li>• Permits or connection fees of any kind</li> <li>• Bypass Pumping</li> <li>• Prevailing Wages/Davis-Bacon Wages</li> <li>• Traffic Control</li> </ul>
--

## ACCEPTANCE OF PROPOSAL AND NOTICE TO PROCEED

**Authorized Signature** \_\_\_\_\_

**Date Signed** \_\_\_\_\_

**Mayer Specialty Services, LLC**  
 831 Industrial Rd / PO Box 469  
 Goddard, KS 67052  
 316-794-1165  
 316-794-2717

No retainage may be withheld out of contracts less than \$1,000.00  
**Thank you for the opportunity to provide pricing**

**Meeting Date:** June 20, 2022  
**Department:** Administration  
**Prepared By:** Joseph Turner, City Administrator  
**Agenda Title:** Resolution 22-589 – Declaration of Official Newspaper

---

**Background/Analysis** – Late last year, the City of South Hutchinson chartered out of the requirement that municipalities have an officially designated newspaper and opted to use our website for that purpose (Charter Ordinance No. 18).

Some state statutes were not amended to delete the language requiring publication in an official newspaper. There is conflicting legal opinion regarding the newspaper publication requirements for some items. We have received legal counsel that we should have an official newspaper designated for the publishing of such notices related to the issuance of bonds and notes, and other potential items like budget notices and documents.

**Financial Impact** – None.

**Recommendation** – Staff recommends the council approve Resolution 22-589 designating the Ninnescah Valley News as our official newspaper.

**EXHIBIT E** – Resolution 22-589 – Declaration of Official Newspaper

**RESOLUTION NO. 22-589**

**A RESOLUTION REGARDING THE DESIGNATION OF THE OFFICIAL NEWSPAPER OF THE CITY OF SOUTH HUTCHINSON, KANSAS**

**WHEREAS**, the City of South Hutchinson, Kansas (the “City”) is a city of the third class, duly organized and existing under the laws of the state of Kansas; and

**WHEREAS**, the City has previously passed Charter Ordinance No. 18 (the “Charter Ordinance”), exempting itself from the provisions of K.S.A. 12-1651, relating the designation of the official newspaper of the City; and

**WHEREAS**, pursuant to the Charter Ordinance, the governing body of the City (the “Governing Body”) has by resolution designated the City website [www.southhutch.com](http://www.southhutch.com) (the “City Website”) as the official newspaper of the City;

**WHEREAS**, the Governing Body finds it necessary and advisable to designate Ninnescah Valley News as the official newspaper of the City for all other required publications, including but not limited to the issuance of bonds and notes of the City, including any publications necessary to authorize projects financed in whole or in part by such bonds or notes.

**THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF SOUTH HUTCHINSON, KANSAS:**

**SECTION 1. Official Newspaper.** The Governing Body hereby designates Ninnescah Valley News as the official newspaper of the City for all state mandated publications, including those relating to the issuance of bonds and notes of the City and all publications necessary to authorize projects financed in whole or in part by such bonds or notes. The City Website shall serve as the official newspaper of the City for all other publications required to be published in the official newspaper of the City.

**SECTION 2. Effective Date.** This Resolution shall be effective upon adoption by the Governing Body.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

**ADOPTED** City Council of the City of South Hutchinson, Kansas, on June 20, 2022.

(SEAL)

\_\_\_\_\_  
Mayor | President of the Council

ATTEST:

\_\_\_\_\_  
City Clerk

**CERTIFICATE**

I hereby certify that the above and foregoing is a true and correct copy of Resolution No. 22-589 adopted by the City Council of the City of South Hutchinson, Kansas on June 20, 2022, as the same appears of record in my office.

DATED: June 20, 2022

\_\_\_\_\_  
City Clerk

**Meeting Date:** June 20, 2022  
**Department:** Administration  
**Prepared By:** Joseph Turner, City Administrator  
**Agenda Title:** Independence Day Fireworks Show

---

**Background/Analysis** – This is the final City Council meeting before the Independence Day Fireworks Show on July 2<sup>nd</sup>. Here is an update on where we stand:

Start Time: 5:00 PM  
Fireworks : 9:30 PM (approx.)

### **Food**

ONEOK: Providing free water, hot dogs, and chips to the first 500 people  
Los Mariachis Food Truck: Mexican Food  
Salt City Chiller: Shaved Ice Truck

### **Music/Advertising**

Ad Astra Radio will play music from 5 to 9 as part of a live remote. Commercials will air on Eagle and Ad Astra radio stations.

### **Activities**

The following activities are confirmed:

- Three (3) bounce house inflatables for toddlers/younger kids
- Two (2) forty-five-foot inflatable obstacle courses
- 25-foot rock climbing wall
- South Hutch Fire Department obstacle course for kids

Zak Kirk of the Hutch Home Plate Club is tentatively planning on the following:

- Cornhole tournament in the afternoon
- Evening baseball/softball games
- And more...

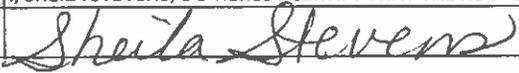
### **Fireworks Show**

We have planned for a 20-minute fireworks show to start around 9:30 p.m. with the launch site being the large open field west of the baseball diamonds. The fireworks are sponsored by Market South Hutch.

CITY OF SOUTH HUTCHINSON, KANSAS

MAY 1 - MAY 31, 2022

(THIS FORM MEETS THE REQUIREMENTS OF KSA 12-1608)

Fund	FUND NAME	OLD	RECEIPTS	DISBURSEMENTS	NEW	WARRANTS	DESCRIPTION	
		BALANCES		(Warrants Pd)	BALANCES	OUTSTANDING		
							check number	
101	General Operating	1,825,921.29	151,590.21	136,813.03	1,840,698.47			
201	Water Utility	104,985.50	61,796.69	40,318.97	126,463.22	80.00	114938	
202	Principle & Interest	0.00	0.00	0.00	0.00	23.00	115389	
204	Water Reserve	773,788.32	0.00	(8,333.33)	782,121.65	96.38	115646	
301	Sewer Utility	238,355.12	96,925.94	38,172.76	297,108.30	37.14	116294	
303	Sewer Reserve	1,196,594.92		(8,333.33)	1,204,928.25			
401	Special Highway	129,874.10			129,874.10	100.00	116327	
402	Flood Control Maintenance	9,781.62			9,781.62	175.00	116407	
403	St/Econ Dev-Sales Tax	372,267.51	12,580.17	1,196.50	383,651.18	150.00	116434	
501	Employee Benefit	23,568.29	0.00	379.48	23,188.81	650.00	116446	
502	Employee Health Insurance	199,926.44	4,023.46	2,631.84	201,318.06	1,160.00	116464	
601	Bond & Interest	295,633.95			295,633.95	191.94	116472	
701	Convention/Tourism	0.00	6,752.12	6,752.12	0.00	358.34	116476	
702	Donations	5,713.24			5,713.24	126.94	116477	
703	Special Park	3,757.94			3,757.94	197.94	116480	
705	CID Love's	2,154.18	2,436.66		4,590.84			
801	ASAP	29,328.36	20.00	100.00	29,248.36			
802	Diversion	11,199.49	350.00		11,549.49			
805	Special Events	837.48			837.48			
806	Special Law Fund	1,453.12			1,453.12			
808	ARPA	189,845.79			189,845.79			
810	Neighborhood Revitalization	0.00			0.00			
811	Community Center	19,645.16	1,500.00	1,132.91	20,012.25			
812	Technology	5,087.44	240.00		5,327.44			
901	Equipment Reserve	655,161.85	48,500.00	(14,178.01)	717,839.86			
902	Capital Improvement Reserve	1,522,331.04		(2,166.68)	1,524,497.72			
911	2021 Temp Notes	0.00			0.00	(143.68)	Cr Card OSD	
912	Bond Cost of Issuance	0.00			0.00			
913	Insurance Proceeds	4,514.00			4,514.00			
	TOTALS	7,489,973.37	386,715.25	194,486.26	7,813,955.14	3,203.00	7,817,158.14	
	AVAILABLE CASH:							
	Petty Cash				450.00			
1001	SIMMONS BANK - CHECKING ACCOUNT #100366				319,895.62			
1000	SIMMONS BANK - MMDA ACCOUNT #603570				3,569,222.48			
1008	SIMMONS BANK - CHECKING RESERVE # 1725				1,700,151.72			
1006	FARMERS BANK - FREEDOM CLAIMS MANAGEMENT INC				202,438.06			
1020	MUNICIPAL INVESTMENT POOL FUND 0203-01				0.26			
1050	SIMMONS BANK - Certificate of Deposit 06-02-2022 - Cap Equip 197818529				300,000.00			
1055	SIMMONS BANK - Certificate of Deposit 05-18-2022 General 197817117				500,000.00			
1056	SIMMONS BANK - Certificate of Deposit 06-02-2022 - General 197818420				200,000.00			
1057	SIMMONS BANK - Certificate of Deposit 06-02-2022 - General 197818503				250,000.00			
1075	SIMMONS BANK - Certificate of Deposit 06-02-2022 - Water 197818511				275,000.00			
1076	SIMMONS BANK - Certificate of Deposit 11-05-2021 - Water 197789886				200,000.00			
1080	Temporary Notes 2021				300,000.00			
	TOTAL AVAILABLE CASH (TO AGREE WITH TOTAL FUNDS)				7,817,158.14			
	I, SHEILA STEVENS, DO HEREBY CERTIFY THAT THE ABOVE STATEMENT IS CORRECT.							
					CITY TREASURER		6/12/2022	

**2022 Monthly Water and Sewer Accounts**

<b>Month</b>	<b>Res Acct.</b>	<b>Com Act</b>	<b>Total</b>	<b>New</b>	<b>Disconnect</b>	<b>Late</b>
January	851	213	1064	9	9	112 Res 11 Comm
February	848	211	1059	8	10	115 Res 12 Comm
March	849	212	1061	9	13	114 Res 11 Comm
April	849	211	1060	11	9	127 Res 4 Comm
May	848	211	1059	8	15	113 Res 7 Comm
June						
July						
Aug						
September						
October						
November						
December						

## Activity Report June 20<sup>th</sup>, 2022

- The Fire Camp for girls had a great turn out. Channel 3 News showed up and the link is on the South Hutchinson Fire Department Facebook page.
- Ladder 87 has been renamed to Quint 87, due to it being a Quint. This will make is easier for regional resources to recognize the trucks capabilities, and ISO grading purposes.
- SHFD has registered for the July 4<sup>th</sup> Parade
- Meeting with the Kansas Forestry Service on June 22<sup>nd</sup> to go over their surplus equipment for South Hutchinson.
- Chief Barajas has been asked to speak at the Southeast Fallen Memorial Service for a fallen Firefighter.
- SHFD will have an obstacle course for kids set up at the July 2<sup>nd</sup> Celebration, and we attended the Our Lady of Guadalupe celebration and provided Fireworks standby.
- Chief Barajas and another firefighter on the SHFD will be attending Advanced Emergency Medical Technician training this fall.





## PUBLIC WORKS REPORT

To: Honorable Mayor and City Council

From Ronnie Pederson, Public Works Superintendent

Re: Public Works Superintendent report for June 20<sup>th</sup> City Council Meeting

Date: June 16<sup>th</sup>, 2022

### Streets

- Cleaned and added rock to cold storage building.
- Serviced fire truck.
- Multiple pothole repairs.
- Removed A & Elm north and south bound lane valley gutters and repoured new.
- Remove broken curb at city hall and repoured new.
- Tractor mowing.
- Irrigated and ruff cut city property mowing.
- Trimmed and edged hike/bike trails and sprayed weeds throughout town.
- Cleaned city park area and painted safety guards.
- Picked up trash in town.
- Put out no parking signs for festival.
- Finished hauling all the ash piles from the city yard from brush site.
- Repaired / replaced hydraulic line on jack hammer.
- Crack sealing is still in progress throughout the city.
- Alley work and grading.
- Trimmed trees on Main St.
- Removed worn and damaged signs off city park entrance. Looking to replace with new sign and sign structure to match existing signs in town.
- Kaufman transmission recharged AC on truck #50 (2005 chevy)

### Water

- Weekly / monthly inspection and maintenance completed.
- Flushed dead end lines.
- Continued compiling data for GIS asset management.
- Concrete forms installed for Generator pad at well #4.
- Repaired water meter at 14 Morton Dr.
- Started cleaning water meter pits and logging information for service lines for the lead and copper rule. (Roughly 35 water meter pits done)
- Preparing well houses for paint.
- Performed utility locates and emergency locates.
- Had spare chlorine pump rebuilt for a backup.

## PUBLIC WORKS REPORT (cont.)

### Wastewater

- Daily and weekly checks and inspections.
- Monthly KDHE state wastewater samples collected and sent for analysis.
- Pressed and wasted sludge at wastewater facility.
- Cleaned UV bulbs/channel/clarifier.
- Continued compiling data for GIS asset management.
- Repaired slide gate on aeration basin.
- Hauled sludge to farm field.
- Repaired water leak on piping in sludge handling facility on press pump.
- Ordered VFD for belt press. Zenor electric will perform the install. (\$2,840.00 total)
- Q&A Balance service performed yearly inspection and calibration of lab equipment.

### Misc.

- The city dumpster days were very successful with all 6 dumpsters being filled.
- Concrete valley gutter replacement pictures





## **CITY ADMINISTRATOR'S REPORT**

**To:** Honorable Mayor and City Council

**From:** Joseph Turner, City Administrator

**Re:** City Administrator Report for June 20<sup>th</sup> Regular City Council Meeting

**Date:** June 17, 2022

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### **Public Works/Valley Gutter Replacement**

The public works department completed two concrete valley gutter replacements along Avenue A. They did an excellent job, and I am pleased with the progress we are making as we tackle higher level tasks and save taxpayer dollars versus outsourcing to private contractors. I am very proud of where this department is today, and I continue to be very excited about their future potential to add tremendous value to this organization.

### **Mosquito Spraying & Dunks**

The public works department completed its first round of mosquito spraying last night. The feedback from the community by way of Facebook comments has been extremely positive. We also received our first batch of larvicide from the county and residents have been picking them up at City Hall.

### **Garage Sale/Citywide Clean-up**

Our annual garage sale and clean-up day was very successful. Fifty homes signed up to participate and all six of our roll-off dumpsters were filled with trash and debris. Reports suggest turnout for the garage sale was very solid, if not higher than normal. I have requested residents and participants to fill out a survey requesting feedback so that we can make next year's event more successful. So far about 20 people have responded.

### **Hutchinson Electrical Training Academy (HETA)**

I dropped in unannounced to learn more about the HETA program and to see if there are things our city can do to assist with workforce development, vocational training, and marketing. They have an amazing program and I posted information about it on the City's Facebook page. I was shocked by the feedback it received. More than 50 people shared the post.

### **Floodplain Issues**

Superintendent Ronnie Pederson and I are slated to attend a virtual Floodplain Mapping Project Update Meeting for Reno County on June 23<sup>rd</sup> hosted by Kansas Department of Agriculture staff and consultants.

### **Market South Hutchinson**

I attended the June meeting for Market South Hutchinson along with Councilman Brian Garretson. We continue to discuss a need to update the organization's by-laws. Outside of that meeting, I also met with Erwin Leeper, a former mayor for the City of South Hutchinson and current board member of the organization to discuss some of the issues.

### **New Patrol Vehicle**

We have received our new patrol vehicle and it is currently being upfitted and readied for service.