CITY OF LAHARPE, KANSAS

Independent Auditor's Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2025

CITY OF LAHARPE, KANSAS

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of LaHarpe, Kansas

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of LaHarpe, Kansas, as of and for the year ended December 31, 2025, and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of LaHarpe, Kansas as of December 31, 2025, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of LaHarpe, Kansas as of December 31, 2025, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Basis for Adverse and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 of LaHarpe, Kansas 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 this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of LaHarpe, Kansas as of and for the year ended December 31, 2024 (not presented herein), and have issued our report thereon dated March 27, 2025, which contained an unmodified opinion on the basic financial statement. The 2024 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2024 actual column (2024 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual for the year ended December 31, 2025 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2024 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 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 2024 basic financial statement or to the 2024 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 2024 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2024, on the basis of accounting described in Note 1.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

April 1, 2026
Chanute, Kansas

CITY OF LAHARPE, KANSAS

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

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Cash Balance December 31 2025
General Fund	$ 5,182.63	$ 248,114.20	$ 238,179.28	$ 15,117.55	$ 9,917.31	$ 25,034.86
Special Purpose Funds:						
Special Highway	19,079.76	44,670.25	14,755.31	48,994.70	15.00	49,009.70
Equipment Reserve	16,021.57	-	5,114.78	10,906.79	-	10,906.79
Fitness Center	95,413.06	11,964.01	85,855.54	21,521.53	-	21,521.53
Sewer Improvement	29,048.20	147,724.00	132,605.63	44,166.57	-	44,166.57
Capital Project Fund:						
Capital Improvement	59,525.52	-	-	59,525.52	-	59,525.52
Bond and Interest Fund:						
Electric Bond and Interest	-	46,374.74	46,374.74	-	-	-
Business Funds:						
Water Utility	11,750.79	173,471.71	152,758.48	32,464.02	6,166.64	38,630.66
Water Maintenance Reserve	5,500.00	6,000.00	-	11,500.00	-	11,500.00
Electric Utility	1,160.03	552,376.13	459,917.27	93,618.89	20,685.74	114,304.63
Sewer Utility	35,297.52	158,877.36	152,046.42	42,128.46	3,673.80	45,802.26
Sewer Reserve	52,111.00	20,128.00	-	72,239.00	-	72,239.00
Trash Utility	2,901.40	21,226.41	22,532.00	1,595.81	1,846.00	3,441.81
Total Reporting Entity (Excluding Agency Funds)	$ 332,991.48	$ 1,430,926.81	$ 1,310,139.45	$ 453,778.84	$ 42,304.49	$ 496,083.33

Composition of Cash:	
Cash on Hand	$ 300.00
Checking Accounts	449,795.40
Certificates of Deposit	51,117.61
Total Cash	501,213.01
Agency Funds Per Schedule 3	(5,129.68)
Total Reporting Entity (Excluding Agency Funds)	$ 496,083.33

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

Financial Reporting Entity
The City of LaHarpe, Kansas, is a municipal corporation governed by an elected five-member council. This financial statement presents the City of LaHarpe, Kansas (the primary government), and does not include any related municipal entities.

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

The City has determined that no outside agency meets the above criteria and, therefore, no outside agency has been included as a related municipal entity in this financial statement.

Regulatory Basis Fund Types
A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of LaHarpe, Kansas, for the year of 2025:

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

Basis of Accounting

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

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Property Taxes

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

Reimbursed Expenses

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

Pension Plan

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Budgetary Information

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

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

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

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

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

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

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

- Equipment Reserve Fund
- Fitness Center Fund
- Sewer Improvement Fund

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

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

3. DEPOSITS AND INVESTMENTS

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

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2025.

At year-end, the City's carrying amount of deposits was $500,913.01 and the bank balance was $488,023.73. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, $301,117.61 was covered by FDIC insurance and $186,906.12 was covered by securities pledge.

4. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

4. DEFINED BENEFIT PENSION PLAN (Continued)

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate (for the Death and Disability Program) and the statutory contribution rate was 9.71% for the fiscal year ended December 31, 2025. Contributions to the pension plan from City of LaHarpe were $18,609.36 for the year ended December 31, 2025.

Net Pension Liability
At December 31, 2025, the City of LaHarpe's proportionate share of the collective net pension liability reported by KPERS was $138,012.00. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. The City of LaHarpe's proportion of the net pension liability was based on the ratio of the City of LaHarpe's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this 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.kspers.gov or can be obtained as described above.

5. FINANCE LEASE OBLIGATIONS

The City has entered into a finance lease agreement for a Dodge Durango for the police department. Payments are made monthly, including interest of 3.55%. Final maturity of the lease is June 15, 2026. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2026	$ 3,847.24
	3,847.24
Less: Imputed Interest	(46.92)
Net Present Value of Minimum Lease Payments	3,800.32
Less: Current Maturities	(3,800.32)
Long-Term Finance Lease Obligations	$ 0.00

6. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bond									
Paid by Utility Revenues									
Electrical Distribution System									
Series 2018	3.475%	March 1, 2018	$ 430,000.00	September 1, 2037	$ 305,000.00	$ -	$ 20,000.00	$ 285,000.00	$ 10,507.50
Revolving Loans									
C20 3050 01	2.140%	July 1, 2025	1,025,500.00	September 1, 2046	-	126,300.00	-	126,300.00	358.34
State Low Interest Loan	2.810%	March 18, 2021	140,714.55	March 1, 2031	91,617.77	-	14,052.44	77,565.33	1,814.80
Finance Lease									
Police Vehicle (Durango)	3.550%	August 16, 2021	29,350.00	June 15, 2026	9,794.58	-	5,994.26	3,800.32	250.78
Total Contractual Indebtedness					$ 406,412.35	$ 126,300.00	$ 40,046.70	$ 492,665.65	$ 12,931.42

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

Issue	2026	2027	2028	2029	2030	2031-2035	2036-2040	2041-2045	2046	Amounts not Drawn Down	Total
Principal											
General Obligation Bonds											
Electrical Distribution System											
Series 2018	$ 20,000.00	$ 20,000.00	$ 20,000.00	$ 20,000.00	$ 20,000.00	$ 125,000.00	$ 60,000.00	$ -	$ -	$ -	$ 285,000.00
Revolving Loans											
C20 3050 01	-	41,573.44	42,467.88	43,381.57	44,314.88	236,292.57	262,828.66	292,344.82	62,296.18	(899,200.00)	126,300.00
State Low Interest Loan	13,146.76	14,637.49	14,952.32	15,273.93	15,602.47	3,952.36	-	-	-	-	77,565.33
Finance Lease											
Police Vehicle (Durango)	3,800.32	-	-	-	-	-	-	-	-	-	3,800.32
Total Principal	36,947.08	76,210.93	77,420.20	78,655.50	79,917.35	365,244.93	322,828.66	292,344.82	62,296.18	(899,200.00)	492,665.65
Interest											
General Obligation Bonds											
Electrical Distribution System											
Series 2018	9,957.50	9,337.50	8,717.50	8,097.50	7,417.50	24,887.50	3,375.00	-	-	-	71,790.00
Revolving Loans											
C20 3050 01	-	21,724.48	20,830.04	19,916.35	18,983.04	80,197.03	53,660.94	24,144.78	1,001.74	-	240,458.40
State Low Interest Loan	1,398.21	1,229.75	914.92	593.31	264.77	14.45	-	-	-	-	4,415.41
Finance Lease											
Police Vehicle (Durango)	46.92	-	-	-	-	-	-	-	-	-	46.92
Total Interest	11,402.63	32,291.73	30,462.46	28,607.16	26,665.31	105,098.98	57,035.94	24,144.78	1,001.74	-	76,252.33
Total Principal and Interest	$ 48,349.71	$ 108,502.66	$ 107,882.66	$ 107,262.66	$ 106,582.66	$ 470,343.91	$ 379,864.60	$ 316,489.60	$ 63,297.92	$ (899,200.00)	$ 568,917.98

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits
As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2025.

Compensated Absences:
Regular employees earn and accumulate vacation leave after one year of employment. The maximum number of vacation days which can be accumulated by employees is based upon number of years of full-time service and varies from 5-15 days. If an employee wished to cash out vacation time, they may do so but no more than five days may be cashed out in any calendar year. If an employee has unused vacation time on their anniversary date, said unused time will not accumulate nor will it roll over.

Regular employees earn and accumulate sick leave from the beginning of employment at the rate of 40 hours per year. Sick leave may be accumulated to a maximum of 320 hours. Any unused sick leave above 320 hours is lost. Sick leave is not paid to terminated employees.

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

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

In accordance with the above criteria, the City has estimated a liability for vacation pay of $3,871.35, and not accrued a liability for sick pay which has been earned, but not taken by City employees, inasmuch as the amount cannot be reasonably estimated.

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

8. SEWER TREATMENT SYSTEM AGREEMENT

On September 1, 2018 the City of LaHarpe, the City of Gas, and the Allen County Commissioners entered into a sewer treatment system agreement. The following items were agreed upon:

a) The City of LaHarpe owns and operates a sewer treatment system and provides service to the City of Gas. They will split the cost 50/50 of all maintenance and testing throughout the life of the sewer lagoons located in LaHarpe, Kansas. The costs will include; the required testing performed by KDHE, KRWA and PACE Analytical, the upkeep and maintenance of the grounds inside the fenced area of the lagoons and the cost of dredging when that time comes.

8. SEWER TREATMENT SYSTEM AGREEMENT (Continued)

b) It is agreed by both parties no one will seek grants or loans, for improvements to the sewer lagoons, without written permission from both parties and both cities will be required to sign the needed documents.

c) The agreement shall be effective from September 1, 2018 through the life of the sewer lagoons or such time both parties mutually terminate this contract for cause in writing, given a 30 day notice.

9. ECONOMIC DEPENDENCY

During 2025, the City purchased 100% of its water sold from Public Wholesale Water Supply District #5.

10. RISK MANAGEMENT

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

11. INTERFUND TRANSFERS

Operating and residual transfers were as follows:

From Fund:	To Fund:	Statutory Authority	Amount
Sewer Utility	Sewer Reserve	K.S.A. 12-825d	$ 20,128.00
Sewer Utility	Sewer Improvement	K.S.A. 12-825d	19,424.00
Sewer Improvement	General	K.S.A. 79-2934	28,615.00
Sewer Improvement	Electric Utility	K.S.A. 79-2934	30,980.00
Water Utility	Water Maintenance Reserve	K.S.A. 12-825d	6,000.00
Electric Utility	General	K.S.A. 12-825d	12,444.87
Electric Utility	Electric Bond and Interest	K.S.A. 12-825d	46,374.74

12. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent to year end, and there were no subsequent events requiring recognition in the financial statement. It was noted that the City approved a contract with Cardinal Sitework for work completed, which was associated with the ongoing sewer project, to be paid with loan proceeds.

SUPPLEMENTARY INFORMATION

Schedule 1

CITY OF LAHARPE, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2025

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year	Variance - Over (Under)
General Fund	$ 314,651.00	$ 22,237.71	$ 336,888.71	$ 238,179.28	$ (98,709.43)
Special Purpose Funds:					
Special Highway	79,374.00	-	79,374.00	14,755.31	(64,618.69)
Bond and Interest Fund					
Electric Bond and Interest	55,284.00	-	55,284.00	46,374.74	(8,909.26)
Business Funds:					
Water Utility	180,111.00	-	180,111.00	152,758.48	(27,352.52)
Electric Utility	439,231.00	20,686.27	459,917.27	459,917.27	-
Sewer Utility	195,279.00	4,300.44	199,579.44	152,046.42	(47,533.02)
Trash Utility	22,532.00	-	22,532.00	22,532.00	-

CITY OF LAHARPE, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 92,529.02	$ 115,243.43	$ 125,986.00	$ (10,742.57)
Delinquent Tax	8,232.86	9,517.43	5,999.00	3,518.43
Motor Vehicle Tax	20,864.50	17,374.43	18,127.00	(752.57)
Commercial Vehicle Tax	826.99	919.66	1,154.00	(234.34)
Recreational Vehicle Tax	351.03	220.43	244.00	(23.57)
16/20 Vehicle Tax	404.83	654.84	357.00	297.84
Watercraft Tax	-	-	7.00	(7.00)
Special Assessment	2,437.50	4,237.50	-	4,237.50
Neighborhood Revitalization Rebate	(5,102.77)	(5,556.95)	(4,523.00)	(1,033.95)
Intergovernmental				
Franchise Tax	6,818.42	8,286.98	8,500.00	(213.02)
Sales Tax	34,679.51	21,068.58	31,951.00	(10,882.42)
Other Grant Proceeds	4,630.25	-	-	-
Licenses and Permits	240.00	230.00	130.00	100.00
Animal Control	1,262.00	-	1,173.00	(1,173.00)
Fines, Forfeitures and Penalties	16,122.35	6,190.91	15,000.00	(8,809.09)
Charges for Services				
Copy Fees	26.50	24.00	-	24.00
Use of Money and Property				
Interest Income	147.49	451.25	119.00	332.25
Rental Income	1,250.00	825.00	1,250.00	(425.00)
Park Income	100.00	-	100.00	(100.00)
Other Receipts				
Miscellaneous	10,887.41	5,129.13	1,770.00	3,359.13
Donations	500.00	-	500.00	(500.00)
Reimbursed Expense	12,158.54	22,237.71	7,967.00	14,270.71
Operating Transfer from:				
Water Utility Fund	9,274.36	-	-	-
Sewer Improvement Fund	-	28,615.00	-	28,615.00
Fitness Center Fund	20,936.26	-	-	-
Sewer Utility Fund	-	-	36,720.00	(36,720.00)
Electric Utility Fund	2,087.59	12,444.87	67,000.00	(54,555.13)
Total Receipts	241,664.64	248,114.20	$ 319,531.00	$ (71,416.80)
Expenditures				
General and Administrative				
Personal Services	21,494.01	27,299.71	$ 19,017.00	$ 8,282.71
Contractual Services	55,272.93	67,214.55	63,095.00	4,119.55
Commodities	31,535.81	32,830.91	46,048.00	(13,217.09)
Capital Outlay	-	4,794.59	-	4,794.59

CITY OF LAHARPE, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures				
Parks and Recreation				
Personal Services	$ 5,528.60	$ 3,708.87	$ 700.00	$ 3,008.87
Contractual Services	1,404.66	4,115.58	-	4,115.58
Commodities	1,019.97	2,317.97	9,175.00	(6,857.03)
Streets				
Commodities	6,057.89	488.81	-	488.81
Law Enforcement				
Personal Services	37,710.72	-	50,238.00	(50,238.00)
Contractual Services	4,282.89	-	6,613.00	(6,613.00)
Commodities	8,568.36	-	8,150.00	(8,150.00)
Capital Outlay	-	-	6,245.00	(6,245.00)
Animal Control and Code Enforcement				
Personal Services	21,807.86	25,229.55	25,352.00	(122.45)
Contractual Services	8,819.58	16,217.94	10,500.00	5,717.94
Commodities	1,136.20	9,569.52	2,050.00	7,519.52
Fire Department				
Personal Services	6,904.00	2,683.75	5,073.00	(2,389.25)
Contractual Services	-	4,737.46	1,500.00	3,237.46
Commodities	9,123.27	3,471.99	7,500.00	(4,028.01)
Trash Utility	-	1,003.00	-	1,003.00
Employee Benefits	14,929.65	26,250.04	53,395.00	(27,144.96)
Finance Lease - Durango	6,245.04	6,245.04	-	6,245.04
Total Certified Budget			314,651.00	(76,471.72)
Adjustments for Qualifying Budget Credits			22,237.71	(22,237.71)
Total Expenditures	241,841.44	238,179.28	$ 336,888.71	$ (98,709.43)
Receipts Over (Under) Expenditures	(176.80)	9,934.92		
Unencumbered Cash, Beginning	5,359.43	5,182.63		
Unencumbered Cash, Ending	$ 5,182.63	$ 15,117.55		

CITY OF LAHARPE, KANSAS
SPECIAL HIGHWAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Highway Gas Tax	$ 13,316.60	$ 13,203.59	$ 14,340.00	$ (1,136.41)
Intergovernmental				
Sales Tax	33,886.32	31,303.40	34,433.00	(3,129.60)
Other Receipts				
Reimbursed Expense	-	163.26	-	163.26
Total Receipts	47,202.92	44,670.25	$ 48,773.00	$ (4,102.75)
Expenditures				
Highways and Streets				
Personal Services	50.00	565.00	$ -	$ 565.00
Contractual Services	17.05	66.90	15,000.00	(14,933.10)
Commodities	1,029.88	1,044.64	10,000.00	(8,955.36)
Capital Outlay	71,172.58	13,078.77	54,374.00	(41,295.23)
Total Expenditures	72,269.51	14,755.31	$ 79,374.00	$ (64,618.69)
Receipts Over (Under) Expenditures	(25,066.59)	29,914.94		
Unencumbered Cash, Beginning	44,146.35	19,079.76		
Unencumbered Cash, Ending	$ 19,079.76	$ 48,994.70		

CITY OF LAHARPE, KANSAS
EQUIPMENT RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from Electric Utility Fund	$ -	$ -
Total Receipts	-	-
Expenditures		
Municipal Equipment Capital Outlay	-	5,114.78
Total Expenditures	-	5,114.78
Receipts Over (Under) Expenditures	-	(5,114.78)
Unencumbered Cash, Beginning	16,021.57	16,021.57
Unencumbered Cash, Ending	$ 16,021.57	$ 10,906.79

CITY OF LAHARPE, KANSAS
FITNESS CENTER FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Grant Proceeds	$ 90,000.00	$ -
Charges for Services		
Center Fees	14,943.67	11,964.01
Total Receipts	104,943.67	11,964.01
Expenditures		
Operating Expenditures		
Contractual Services	39,893.81	65,993.50
Commodities	1,102.66	4,862.04
Capital Outlay	-	15,000.00
Operating Transfer to		
General Fund	20,936.26	-
Total Expenditures	61,932.73	85,855.54
Receipts Over (Under) Expenditures	43,010.94	(73,891.53)
Unencumbered Cash, Beginning	52,402.12	95,413.06
Unencumbered Cash, Ending	$ 95,413.06	$ 21,521.53

CITY OF LAHARPE, KANSAS
SEWER IMPROVEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Grant Proceeds	$ 5,642.31	$ 2,000.00
Use of Money and Property		
Loan Proceeds	-	126,300.00
Operating Transfer from		
Sewer Utility Fund	9,432.00	19,424.00
Total Receipts	15,074.31	147,724.00
Expenditures		
Capital Improvements		
Capital Outlay	3,225.00	72,652.29
Debt Service		
Interest	-	358.34
Operating Transfer to:		
General Fund	-	28,615.00
Electric Utility Fund	-	30,980.00
Total Expenditures	3,225.00	132,605.63
Receipts Over (Under) Expenditures	11,849.31	15,118.37
Unencumbered Cash, Beginning	17,198.89	29,048.20
Unencumbered Cash, Ending	$ 29,048.20	$ 44,166.57

CITY OF LAHARPE, KANSAS
CAPITAL IMPROVEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants - CDBG	$ -	$ -
Total Receipts	-	-
Expenditures		
Operating Transfer to		
Electric Bond and Interest Fund	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	59,525.52	59,525.52
Unencumbered Cash, Ending	$ 59,525.52	$ 59,525.52

CITY OF LAHARPE, KANSAS
ELECTRIC BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Transfer from Electric Utility Fund	$ 47,226.18	$ 46,374.74	$ 50,580.00	$ (4,205.26)
Total Receipts	47,226.18	46,374.74	$ 50,580.00	$ (4,205.26)
Expenditures				
Debt Service				
Principal	33,419.08	34,052.44	$ 33,769.00	$ 283.44
Interest	13,807.10	12,322.30	12,938.00	(615.70)
Cash Basis Reserve	-	-	8,577.00	(8,577.00)
Total Expenditures	47,226.18	46,374.74	$ 55,284.00	$ (8,909.26)
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF LAHARPE, KANSAS
WATER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Intergovernmental				
Grant Proceeds	$ 3,666.80	$ -	$ -	$ -
Charges for Services				
Water Sales	169,870.39	167,367.83	144,035.00	23,332.83
Water Penalties and Reconnect Fees	1,717.65	2,345.45	2,400.00	(54.55)
Bulk Water Sales	1,538.82	794.80	1,655.00	(860.20)
Other Receipts				
Reimbursed Expenses	4,605.66	2,949.38	1,995.00	954.38
Miscellaneous	-	14.25	-	14.25
Operating Transfers from Electric Utility Fund	-	-	20,000.00	(20,000.00)
Total Receipts	181,399.32	173,471.71	$ 170,085.00	$ 3,386.71
Expenditures				
Transmission and Distribution				
Commodities	58,807.50	55,575.00	$ 71,292.00	$ (15,717.00)
General Operations				
Personal Services	65,421.64	49,554.07	54,534.00	(4,979.93)
Contractual Services	19,325.03	15,636.18	19,477.00	(3,840.82)
Commodities	17,434.89	21,198.64	20,371.00	827.64
Capital Outlay	-	4,794.59	14,437.00	(9,642.41)
Operating Transfer to:				
General Fund	9,274.36	-	-	-
Water Maintenance Reserve Fund	5,500.00	6,000.00	-	6,000.00
Total Expenditures	175,763.42	152,758.48	$ 180,111.00	$ (27,352.52)
Receipts Over (Under) Expenditures	5,635.90	20,713.23		
Unencumbered Cash, Beginning	6,114.89	11,750.79		
Unencumbered Cash, Ending	$ 11,750.79	$ 32,464.02		

CITY OF LAHARPE, KANSAS
WATER MAINTENANCE RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from Water Utility Fund	$ 5,500.00	$ 6,000.00
Total Receipts	5,500.00	6,000.00
Expenditures		
General Operations		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	5,500.00	6,000.00
Unencumbered Cash, Beginning	-	5,500.00
Unencumbered Cash, Ending	$ 5,500.00	$ 11,500.00

CITY OF LAHARPE, KANSAS
ELECTRIC UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Intergovernmental				
Grant Proceeds	$ 3,666.80	$ 14,474.90	$ -	$ 14,474.90
Charges for Services				
Residential Sales	394,323.82	417,627.41	362,278.00	55,349.41
Electric Upgrade	59,576.04	80,130.43	60,513.00	19,617.43
Connect Fee	1,985.32	2,937.77	2,449.00	488.77
Other Receipts				
Miscellaneous	-	14.25	-	14.25
Reimbursed Expenses	7,012.86	6,211.37	-	6,211.37
Operating Transfer from				
Sewer Improvement Fund	-	30,980.00	-	30,980.00
Total Receipts	466,564.84	552,376.13	$ 425,240.00	$ 127,136.13
Expenditures				
Transmission and Distribution				
Contractual Services	192,471.00	199,772.00	$ 190,214.00	$ 9,558.00
General Operations				
Personal Services	69,228.14	53,100.78	67,487.00	(14,386.22)
Contractual Services	33,069.67	21,299.35	10,000.00	11,299.35
Commodities	13,865.08	24,341.26	25,000.00	(658.74)
Capital Outlay	112,692.12	102,584.27	1,450.00	101,134.27
Operating Transfers to:				
Equipment Reserve Fund	-	-	7,500.00	(7,500.00)
General Fund	2,087.59	12,444.87	67,000.00	(54,555.13)
Water Utility Fund	-	-	20,000.00	(20,000.00)
Electric Bond and Interest Fund	47,226.18	46,374.74	50,580.00	(4,205.26)
Total Certified Budget			439,231.00	20,686.27
Adjustments for Qualifying Budget Credits			20,686.27	(20,686.27)
Total Expenditures	470,639.78	459,917.27	$ 459,917.27	$ -
Receipts Over (Under) Expenditures	(4,074.94)	92,458.86		
Unencumbered Cash, Beginning	5,234.97	1,160.03		
Unencumbered Cash, Ending	$ 1,160.03	$ 93,618.89		

CITY OF LAHARPE, KANSAS
SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Intergovernmental				
Grant Proceeds	$ 3,666.78	$ -	$ -	$ -
Charges for Services				
Residential Sales	133,742.35	142,687.12	153,101.00	(10,413.88)
Penalties	11,938.23	11,875.55	11,840.00	35.55
Other Receipts				
Miscellaneous	-	14.25	-	14.25
Reimbursed Expenses	1,870.91	4,300.44	-	4,300.44
Total Receipts	151,218.27	158,877.36	$ 164,941.00	$ (6,063.64)
Expenditures				
Operations and Maintenance				
Personal Services	64,061.25	53,452.87	$ 67,380.00	$ (13,927.13)
Contractual Services	24,613.94	30,361.72	25,000.00	5,361.72
Commodities	13,433.50	23,885.26	17,000.00	6,885.26
Capital Outlay	-	4,794.57	179.00	4,615.57
Operating Transfer to:				
Sewer Improvement Fund	9,432.00	19,424.00	31,000.00	(11,576.00)
General Fund	-	-	36,720.00	(36,720.00)
Sewer Reserve Fund	18,864.00	20,128.00	18,000.00	2,128.00
Total Certified Budget			195,279.00	(43,232.58)
Adjustments for Qualifying Budget Credits			4,300.44	(4,300.44)
Total Expenditures	130,404.69	152,046.42	$ 199,579.44	$ (47,533.02)
Receipts Over (Under) Expenditures	20,813.58	6,830.94		
Unencumbered Cash, Beginning	14,483.94	35,297.52		
Unencumbered Cash, Ending	$ 35,297.52	$ 42,128.46		

CITY OF LAHARPE, KANSAS
SEWER RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from Sewer Utility Fund	$ 18,864.00	$ 20,128.00
Total Receipts	18,864.00	20,128.00
Expenditures		
Operations and Maintenance		
Capital Outlay	16,026.00	-
Total Expenditures	16,026.00	-
Receipts Over (Under) Expenditures	2,838.00	20,128.00
Unencumbered Cash, Beginning	49,273.00	52,111.00
Unencumbered Cash, Ending	$ 52,111.00	$ 72,239.00

CITY OF LAHARPE, KANSAS
TRASH UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2025
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2024)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Residential Sales	$ 20,848.97	$ 21,226.41	$ 21,029.00	$ 197.41
Total Receipts	20,848.97	21,226.41	$ 21,029.00	$ 197.41
Expenditures				
Operating Expenditures				
Contractual Services	19,310.00	22,509.50	$ 20,888.00	$ 1,621.50
Commodities	-	22.50	1,644.00	(1,621.50)
Total Expenditures	19,310.00	22,532.00	$ 22,532.00	$ -
Receipts Over (Under) Expenditures	1,538.97	(1,305.59)		
Unencumbered Cash, Beginning	1,362.43	2,901.40		
Unencumbered Cash, Ending	$ 2,901.40	$ 1,595.81		

Schedule 3

CITY OF LAHARPE, KANSAS
Agency Funds
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2025

Agency Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Sales Tax	$ 1,848.97	$ 17,135.33	$ 17,709.78	$ 1,274.52
LaHarpe Days	1,540.60	643.33	528.77	1,655.16
Security Deposits	2,400.00	2,200.00	2,400.00	2,200.00
Total Agency Funds	$ 5,789.57	$ 19,978.66	$ 20,638.55	$ 5,129.68

Jarred Gilmore Phillips

Honorable Mayor and City Council
City of LaHarpe, Kansas

In planning and performing our audit of the financial statement of the City of LaHarpe, Kansas as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the City of LaHarpe, Kansas' system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of City of LaHarpe, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of LaHarpe, Kansas' internal control.

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in internal control to be significant deficiencies:

Preparation of Financial Statement

Professional standards require management to accept responsibility for the preparation and fair presentation of the financial statement, including related note disclosures. The City engages the auditor to assist in drafting the financial statement in accordance with the Kansas Municipal Audit and Accounting Guide. The City does not have personnel with specialized training in governmental financial reporting necessary to independently prepare the complete financial statement and related disclosures. Accordingly, management relies on the auditor for preparation of the financial statement. While this condition is common among smaller governmental entities and does not reflect on management's integrity or oversight, it represents a deficiency in internal control over financial reporting because the preparation of the financial statement is not performed by individuals independent of the audit process.

Management has reviewed and approved the financial statement and has accepted responsibility for them. We encourage management and the Council to continue their oversight of the financial reporting process and to remain informed of reporting requirements.

Segregation of Duties

Due to the limited number of personnel, complete segregation of duties is not achievable. As a result, certain internal control functions are necessarily performed by the same individual. Under auditing standards generally accepted in the United States, this condition represents a significant deficiency in internal control, as it increases the risk that errors or irregularities could occur and not be detected on a timely basis.

This comment is provided as a reminder to those charged with governance of their fiduciary oversight responsibilities, rather than as a recommendation for corrective action. Management and the governing body are aware of these circumstances and have determined that the costs associated with additional staffing or restructuring would outweigh the related benefits at this time.

Accordingly, the governing body should continue to exercise diligent financial oversight, including active involvement in the review of financial information, approval of disbursements, and periodic review of internal control procedures, to mitigate the risks inherent in these conditions.

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

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
April 1, 2026