CITY OF ASHLAND, KANSAS

FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2024

TABLE OF CONTENTS

Page

Independent Auditor's Report 1

FINANCIAL SECTION

Statement 1
Summary Statement of Receipts, Expenditures and Unencumbered Cash 4

Notes to the Financial Statement 5

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1
Summary of Expenditures – Actual and Budget 13

Schedule 2
Schedule of Receipts and Expenditures

2-1 General Fund 14

Special Purpose Funds

2-2 Library Fund 16
2-3 Special Highway Fund 17
2-4 Special Parks and Recreation Fund 18
2-5 Non-Budgeted Special Purpose Funds 19

Capital Project Funds

2-6 Capital Project Funds 20

Business Funds

2-7 Water Utility Fund 21
2-8 Electric Utility Fund 22
2-9 Sewer Utility Fund 23
2-10 Non-Budgeted Business Funds 24

Agency Funds

Schedule 3
Summary of Receipts and Disbursements 25

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Ashland, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of the City of Ashland, Kansas, as of and for the year ended December 31, 2024 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 Ashland, Kansas, as of December 31, 2024, 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 balances of the City of Ashland, Kansas, as of December 31, 2024, 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 A.

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 of Ashland, Kansas 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 A of the financial statement, the financial statement is prepared by the City of Ashland, 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 A 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 A; 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, which raise substantial doubt about the City of Ashland, Kansas' 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 judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Ashland, Kansas' 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, which raise substantial doubt about the City of Ashland, Kansas' 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 (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures, and summary of regulatory basis receipts and disbursements – 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 A.

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 Ashland, Kansas as of and for the year ended December 31, 2023 (not presented herein), and have issued our report thereon dated August 27, 2024, which contained an unmodified opinion on the basic financial statement. The 2023 basic financial statement and our accompanying report are not presented herein but are available in electronic form from the website of the Kansas Department of Administration at the following link: https://admin.ks.gov/offices/ accounts-reports/local-government/municipal-services/municipal-audits. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for the year ended December 31, 2024 (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 2023 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 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 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 2023 basic financial statement or to the 2023 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 2023 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, 2023, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

June 21, 2025

CITY OF ASHLAND, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS

For the Year Ended December 31, 2024

Fund	Beginning unencumbered cash balance	Prior year canceled encumbrances
General fund:		
General	$ 65,568	$ -
Special purpose funds:		
Library	5,532	-
Special highway	34,054	-
Special parks and recreation	933	-
Non-budgeted special purpose funds:		
GS little house grant	5,635	-
Special equipment	115,485	-
Gifts and grants	12,877	-
George Theis, Jr. memorial	453	-
Fire reserve	24,280	-
Grant	-	-
	199,249	-
Capital project funds:		
CDBG water grant	93	-
CCLIP highway project	2,226	-
	2,319	-
Business funds:		
Water utility	44,719	-
Electric utility	229,614	-
Sewer utility	58,430	-
Non-budgeted business funds:		
Water equipment reserve	67,127	-
Electric reserve	76,453	-
	476,343	-
Total - excluding agency funds	$ 743,479	$ -
Composition of cash balance:		
Checking accounts		
Petty cash		
Certificates of deposit		
Total cash		
Agency funds		
Total cash - excluding agency funds		

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

Receipts	Expenditures	Ending unencumbered cash balance (deficit)	Add encumbrances and accounts payable	Ending cash balance
$ 540,343	$ 425,413	$ 180,498	$ (607)	$ 179,891
19,398	19,398	5,532	-	5,532
20,135	32,321	21,868	-	21,868
1,011	-	1,944	-	1,944
-	263	5,372	-	5,372
66,000	24,700	156,785	-	156,785
119,297	117,706	14,468	-	14,468
-	-	453	-	453
-	11,756	12,524	-	12,524
7,980	13,300	(5,320)	13,300	7,980
233,821	219,444	213,626	13,300	226,926
-	-	93	-	93
-	-	2,226	-	2,226
-	-	2,319	-	2,319
253,292	280,980	17,031	6,631	23,662
1,608,507	1,648,538	189,583	4,476	194,059
131,356	117,702	72,084	325	72,409
12,500	-	79,627	-	79,627
81,407	65,704	92,156	-	92,156
2,087,062	2,112,924	450,481	11,432	461,913
$ 2,861,226	$ 2,757,781	$ 846,924	$ 24,125	$ 871,049

	$ 593,508
	350
	300,500
	894,358
	(23,309)
	$ 871,049

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement and notes are representations of the City's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

The City of Ashland is a municipal corporation governed by an elected mayor and five-member council. This regulatory financial statement does not include the Ashland City Library or the Ashland, Kansas Public Building Commission related municipal entities. A related municipal entity is an entity established to benefit the City and/or its constituents.

Ashland City Library. The Library is fiscally dependent on the City and the budget is approved by the City Council. The members of the governing board are appointed by the City Council. Acquisition or disposition of real property by the Library must be approved by the City. Bond issuances must also be approved by the City.

Ashland, Kansas Public Building Commission. The Commission was authorized by City Ordinance No. 598, pursuant to K.S.A. 12-1757 *et. seq.*, and all amendments thereto, and as amended, supplemented, and limited by the City of Ashland, Kansas Charter Ordinance No. 7 establishing the composition thereof and purpose for which established.

2. Basis of Presentation - Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2024:

REGULATORY BASIS FUND TYPES

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

Special Purpose funds – 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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Presentation - Fund Accounting (Continued)

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

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

Agency funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

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

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

4. Budgetary Information

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

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

If the municipality is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been meet. 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 municipality did hold a revenue neutral rate hearing for this year.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

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

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received, and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the 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 the GS Little House Grant, Special Equipment, Gifts and Grants, George Theis, Jr. Memorial, Fire Reserve, and Grant special purpose funds, capital project funds, agency funds, or the utility reserve funds.

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.

5. Ad Valorem Tax Revenue

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation, and the County Clerk spreads the annual assessment on the tax rolls. Taxes are levied by November 1 and a lien for all taxes attaches on that same date until the taxes are paid. One-half of the property taxes is due December 20 and distributed to the City by January 20, and the second half is due May 10 and distributed to the City by June 5. The City draws available funds from the County Treasurer's office at designated times throughout the year.

6. Cash and Investments

To facilitate better management of the municipality's cash resources, excess cash is combined in a pooled operating account. Each fund's portion of total cash is based on its equity in the pooled cash account. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are distributed to the general fund and other appropriate funds. Investments consist of certificates of deposit reported at cost, which approximates fair value.

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

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

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, 2024.

At December 31, 2024 the carrying amount of the City's deposits was $894,258 and the bank balance was $992,683. Of the bank balance, $500,000 was covered by federal depository insurance and $492,683 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

C. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2024, were as follows:

Issue	Balance beginning of year	Additions	Reductions	Balance end of year	Interest and service fees paid
Finance leases:					
Electrical expansion project Issued July 27, 2018 In the amount of $720,000 At interest rate of 2.75% Maturing September 1, 2025	$ 220,427	$ -	$ 108,719	$ 111,708	$ 6,062
Bucket truck Issued March 14, 2019 In the amount of $90,000 At the interest rate of 2.74% Maturing March 1, 2025	29,337	-	16,197	13,140	804
Total finance leases	249,764	-	124,916	124,848	6,866
Loans:					
Water supply loan Issued January 28, 2021 In the amount of $418,421 At the interest rate of 2.54% Maturing February 1, 2036	350,378	-	24,144	326,234	8,747
Total long-term debt	$ 600,142	$ -	$ 149,060	$ 451,082	$ 15,613

C. LONG-TERM DEBT (CONTINUED)

Current maturities of finance leases and interest through maturity are as follows:

	Principal due	Interest and service fees due	Total due
2025	$ 124,848	$ 3,432	$ 128,280

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

	Principal due	Interest and service fees due	Total due
2025	$ 24,761	$ 8,130	$ 32,891
2026	25,394	7,497	32,891
2027	26,043	6,848	32,891
2028	26,709	6,182	32,891
2029	27,392	5,499	32,891
2030-2034	147,825	16,631	164,456
2035-2036	48,110	1,227	49,337
Total	$ 326,234	$ 52,014	$ 378,248

D. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Amount	Statutory authority
Electric utility	General	$ 125,000	K.S.A. 12-825d
Water utility	General	10,000	K.S.A. 12-825d
General	Special equipment	6,000	K.S.A. 12-1,117
Electric utility	Electric reserve	60,000	K.S.A. 12-825d
Electric utility	Special equipment	60,000	K.S.A. 12-825d
Water utility	Water equipment reserve	12,500	K.S.A. 12-825d
		$ 273,500	

E. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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

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

Death and disability other post-employment benefits. As provided by K.S.A. 74-4927, members in 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 was 1% and contributions by the City were $3,417 for 2024.

Vacation leave. Ten working days per year are allowed as vacation leave to regular full-time employees after one year of service. This increases to fifteen vacation days after ten years of service. If not used by year-end, these days are lost.

Sick leave. Sick leave for regular full-time employees is earned at a rate of four hours per month and may accrue up to a maximum of 360 hours. Unused sick leave will not be paid upon termination or resignation.

Section 457 deferred compensation plan. The City offers a Section 457 deferred compensation plan to all employees on a voluntary basis. The City does not contribute to the plan.

F. 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 its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. 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.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates.

F. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.26% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the City were $31,641 for the year ended December 31, 2024.

Net Pension Liability

At December 31, 2024, the City's proportionate share of the collective net pension liability reported by KPERS was $326,749. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in 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.kpers.org or can be obtained as described above.

G. PUBLIC BUILDING COMMISSION REVENUE BONDS

In October 2015, the City of Ashland, Kansas (City) and the City of Ashland Public Building Commission (PBC) entered into agreements to issue $9,000,000 of Ashland, Kansas, Public Building Commission Revenue Bonds, Series 2015 to pay a portion of the costs to construct, furnish and equip a new hospital facility and improvements in an amount not to exceed $15,100,000. In June 2016, the City and PBC entered into agreements to issue $5,510,000 of Ashland, Kansas, Public Building Commission Revenue Bonds, Series 2016 to pay a portion of the costs to construct, furnish and equip a new hospital facility and improvements. The new facility was constructed on a site owned by the Ashland Hospital District No. 3 (District). In connection with this agreement, the District transferred title to its facility to the PBC. Under the terms of the agreement, the City leased the facility from the PBC and then subleased it to the District. The sublease agreement with the City requires the District to pay basic rent to the bond trustee equal to the principal and interest on the Bonds as they come due. The District's obligation to make basic rent payments under the sublease is further secured by a pledge of its revenues. Upon retirement of the Bonds, the District will assume title and ownership of the facility. Accordingly, the leased property and bond indebtedness have been included in the financial statements of the District and not the City.

H. RELATED PARTY TRANSACTIONS

The City paid approximately $100,807 in insurance premiums during the year to an insurance company of which a Council member is an agent.

I. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The City purchases commercial insurance to cover health, property, liability, and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

J. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	Project commitments authorized	Cash disbursements and accounts payable to date	Remaining financial commitment
Airport feasibility study	$ 280,000	$ 13,300	$ 266,700

The City of Ashland and the Ashland Hospital District No. 3 (District) entered into an agreement for an airport feasibility study. The estimated cost of the project will be 95% funded by the Kansas Department of Transportation and 5% will be matched by the District.

K. CONTINGENCIES

The City receives Federal and State Grants for specific purposes that are subject to review and audit by Federal and State agencies. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of City management, such disallowances, if any, would be insignificant.

L. COMPLIANCE WITH KANSAS STATUTES

Reference made herin to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports, Kansas Department of Administration, and interpretation by legal representatives of the City.

The cash basis law provided by K.S.A. 10-1113 prohibits the creation of indebtedness in any fund in excess of monies available in the fund. At year end, the Grant fund had an unencumbered cash deficit of $5,320. According to K.S.A. 12-1664, the City is not prohibited from financing the State share of a local program from current funds if available.

M. SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through June 21, 2025 and does not believe any events have occurred which affect the financial statement as presented.

REGULATORY–REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

CITY OF ASHLAND, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2024

Fund	Certified budget	Adjustment for qualifying budget credits	Total budget for comparison	Expenditures chargeable to current year	Variance favorable (unfavorable)
General fund:					
General	$ 552,500	$ -	$ 552,500	$ 425,413	$ 127,087
Special purpose funds:					
Library	20,000	-	20,000	19,398	602
Special highway	33,193	-	33,193	32,321	872
Special parks and recreation	8,269	-	8,269	-	8,269
Business funds:					
Water utility	331,537	-	331,537	280,980	50,557
Electric utility	2,091,781	-	2,091,781	1,648,538	443,243
Sewer utility	123,000	-	123,000	117,702	5,298
Total	$ 3,160,280	$ -	$ 3,160,280	$ 2,524,352	$ 635,928

See Independent Auditor's Report

CITY OF ASHLAND, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	$ 188,061	$ 187,781	$ 185,067	$ 2,714
Delinquent tax	13,871	8,090	-	8,090
Motor vehicle tax	45,285	52,966	45,965	7,001
Recreational vehicle tax	417	470	464	6
16/20M truck tax	741	586	824	(238)
Local alcoholic liquor	1,071	1,011	958	53
Interconnecting links	21,340	21,355	21,355	-
Licenses, fees, fines and permits:				
Franchise fees	17,513	12,432	13,200	(768)
Fines	48	109	150	(41)
Licenses and permits	660	460	500	(40)
Charges for services:				
Cemetery	1,020	1,580	1,500	80
Swimming pool	4,291	3,588	4,200	(612)
Use of money and property:				
Farm income	12,387	18,112	12,000	6,112
Airport receipts	14,842	17,683	10,000	7,683
Miscellaneous	43,353	84,077	-	84,077
Transfer from electric utility	50,000	125,000	125,000	-
Transfer from water utility	10,000	10,000	60,000	(50,000)
Transfer from sewer utility	-	-	12,000	(12,000)
Neighborhood revitalization rebate	(6,446)	(4,957)	(13,158)	8,201
Total receipts	418,454	540,343	$ 480,025	$ 60,318
Expenditures:				
General government:				
General operations	155,699	131,761	$ 170,000	$ 38,239
Cemetery	11,184	6,991	13,000	6,009
Employee benefits	36,863	38,142	60,000	21,858
Nuisance abatement	419	65	10,000	9,935
Subtotal	204,165	176,959	253,000	76,041

CITY OF ASHLAND, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023	Actual	Budget	Variance favorable (unfavorable)
Public safety:				
Fire department	$ 15,000	$ 13,354	$ 15,000	$ 1,646
Highways and streets:				
Streets and alleys	168,107	173,199	220,000	46,801
Spraying	-	-	1,000	1,000
Subtotal	168,107	173,199	221,000	47,801
Culture and recreation:				
Park department	4,536	1,933	2,500	567
Swimming pool	30,068	40,920	35,000	(5,920)
Airport	22,234	13,048	20,000	6,952
Subtotal	56,838	55,901	57,500	1,599
Transfer to equipment reserve	-	6,000	6,000	-
Total expenditures	444,110	425,413	$ 552,500	$ 127,087
Receipts over (under) expenditures	(25,656)	114,930		
Unencumbered cash, beginning of year	91,224	65,568	$ 72,475	$ (6,907)
Unencumbered cash, end of year	$ 65,568	$ 180,498		

See Independent Auditor's Report

CITY OF ASHLAND, KANSAS

LIBRARY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	$ 15,852	$ 14,513	$ 14,302	$ 211
Delinquent tax	1,219	688	-	688
Motor vehicle tax	3,972	4,489	3,874	615
Recreational vehicle tax	37	40	39	1
16/20M truck tax	67	51	69	(18)
Neighborhood revitalization rebate	(543)	(383)	(1,017)	634
Total receipts	20,604	19,398	$ 17,267	$ 2,131
Expenditures:				
Library appropriation	20,000	19,398	$ 20,000	$ 602
Receipts over (under) expenditures	604	-		
Unencumbered cash, beginning of year	4,928	5,532	$ 2,733	$ 2,799
Unencumbered cash, end of year	$ 5,532	$ 5,532		

See Independent Auditor's Report

CITY OF ASHLAND, KANSAS

SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Gasoline tax	$ 20,672	$ 20,135	$ 20,970	$ (835)
Expenditures:				
Highways and streets:				
Contractual services	-	15,000	$ -	$ (15,000)
Commodities	-	17,321	33,193	15,872
Total expenditures	-	32,321	$ 33,193	$ 872
Receipts over (under) expenditures	20,672	(12,186)		
Unencumbered cash, beginning of year	13,382	34,054	$ 12,223	$ 21,831
Unencumbered cash, end of year	$ 34,054	$ 21,868		

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CITY OF ASHLAND, KANSAS

SPECIAL PARKS AND RECREATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Local alcoholic liquor	$ 1,571	$ 1,011	$ 958	$ 53
Expenditures:				
Culture and recreation:				
Contractual services	4,806	-	$ -	$ -
Commodities	2,250	-	8,269	8,269
Total expenditures	7,056	-	$ 8,269	$ 8,269
Receipts over (under) expenditures	(5,485)	1,011		
Unencumbered cash, beginning of year	6,418	933	$ 7,311	$ (6,378)
Unencumbered cash, end of year	$ 933	$ 1,944		

See Independent Auditor's Report

CITY OF ASHLAND, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2024

	GS little house grant	Special equipment	Gifts and grants
Receipts:			
Federal aid	$ -	$ -	$ -
Transfer from general	-	6,000	-
Transfer from electric utility	-	60,000	-
Miscellaneous	-	-	119,297
Total receipts	-	66,000	119,297
Expenditures:			
Contractual services	263	19,355	-
Commodities	-	5,345	-
Capital outlay	-	-	117,706
Total expenditures	263	24,700	117,706
Receipts over (under) expenditures	(263)	41,300	1,591
Unencumbered cash, beginning of year	5,635	115,485	12,877
Unencumbered cash, end of year	$ 5,372	$ 156,785	$ 14,468

See Independent Auditor's Report

George Theis, Jr. memorial	Fire reserve	Grant fund	Total
$ -	$ -	$ 7,980	$ 7,980
-	-	-	6,000
-	-	-	60,000
-	-	-	119,297
-	-	7,980	193,277
-	-	13,300	32,918
-	11,756	-	17,101
-	-	-	117,706
-	11,756	13,300	167,725
-	(11,756)	(5,320)	25,552
453	24,280	-	158,730
$ 453	$ 12,524	$ (5,320)	$ 184,282

CITY OF ASHLAND, KANSAS

CAPITAL PROJECT FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2024

	CDBG water grant	CCLIP highway project	Total
Receipts:			
Contribution of matching funds	$ -	$ -	$ -
Expenditures:			
Contractual services	-	-	-
Miscellaneous	-	-	-
Total expenditures	-	-	-
Receipts over (under) expenditures	-	-	-
Unencumbered cash (deficit), beginning of year	93	2,226	2,319
Unencumbered cash, end of year	$ 93	$ 2,226	$ 2,319

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CITY OF ASHLAND, KANSAS

WATER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Customer charges	$ 253,025	$ 243,872	$ 290,000	$ (46,128)
Interest	6,779	9,095	500	8,595
Insurance proceeds and other	26,342	325	-	325
Total receipts	286,146	253,292	$ 290,500	$ (37,208)
Expenditures:				
Production	72,242	36,090	$ 55,000	$ 18,910
Transmission and distribution	63,849	103,531	80,000	(23,531)
General and administrative	108,799	85,968	90,000	4,032
Debt service	32,891	32,891	34,037	1,146
Transfer to water equipment reserve	-	12,500	12,500	-
Transfer to general	10,000	10,000	60,000	50,000
Total expenditures	287,781	280,980	$ 331,537	$ 50,557
Receipts over (under) expenditures	(1,635)	(27,688)		
Unencumbered cash, beginning of year	46,354	44,719	$ 45,318	$ (599)
Unencumbered cash, end of year	$ 44,719	$ 17,031	$ 4,281	$ 12,750

See Independent Auditor's Report

CITY OF ASHLAND, KANSAS

ELECTRIC UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Customer charges	$ 1,615,543	$ 1,604,043	$ 1,900,000	$ (295,957)
Electricity production and other	504	4,464	-	4,464
Transfer from electric reserve	50,000	-	-	-
Total receipts	1,666,047	1,608,507	$ 1,900,000	$ (291,493)
Expenditures:				
Production	1,006,616	989,359	$ 1,230,000	$ 240,641
Transmission and distribution	218,024	142,529	320,000	177,471
General and administrative	131,417	139,868	160,000	20,132
Debt service	131,782	131,782	131,781	(1)
Transfer to general	50,000	125,000	125,000	-
Transfer to special equipment	30,000	60,000	60,000	-
Transfer to electric reserve	30,000	60,000	65,000	5,000
Total expenditures	1,597,839	1,648,538	$ 2,091,781	$ 443,243
Receipts over (under) expenditures	68,208	(40,031)		
Unencumbered cash, beginning of year	161,406	229,614	$ 194,626	$ 34,988
Unencumbered cash, end of year	$ 229,614	$ 189,583	$ 2,845	$ 186,738

See Independent Auditor's Report

CITY OF ASHLAND, KANSAS

SEWER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Customer charges	$ 107,672	$ 112,562	$ 103,000	$ 9,562
Interest	6,423	8,210	3,000	5,210
Other	-	10,584	-	10,584
Total receipts	114,095	131,356	$ 106,000	$ 25,356
Expenditures:				
Production	18,775	49,857	$ 25,000	$ (24,857)
Transmission and distribution	5,267	1,815	16,000	14,185
General and administrative	66,799	66,030	50,000	(16,030)
Transfer to general	-	-	12,000	12,000
Transfer to special equipment	-	-	20,000	20,000
Total expenditures	90,841	117,702	$ 123,000	$ 5,298
Receipts over (under) expenditures	23,254	13,654		
Unencumbered cash, beginning of year	35,176	58,430	$ 48,176	$ 10,254
Unencumbered cash, end of year	$ 58,430	$ 72,084	$ 31,176	$ 40,908

See Independent Auditor's Report

CITY OF ASHLAND, KANSAS

NON-BUDGETED BUSINESS FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2024

	Water equipment reserve	Electric reserve	Total
Receipts:			
Transfer from electric utility	$ -	$ 60,000	$ 60,000
Transfer from water utility	12,500	-	12,500
Other	-	21,407	21,407
Total receipts	12,500	81,407	93,907
Expenditures:			
Repairs and maintenance	-	20,090	20,090
Supplies	-	21,268	21,268
Contractual services	-	24,346	24,346
Total expenditures	-	65,704	65,704
Receipts over (under) expenditures	12,500	15,703	28,203
Unencumbered cash, beginning of year	67,127	76,453	143,580
Unencumbered cash, end of year	$ 79,627	$ 92,156	$ 171,783

See Independent Auditor's Report

CITY OF ASHLAND, KANSAS

AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the Year Ended December 31, 2024

Fund	Beginning cash balance	Receipts	Disbursements	Ending cash balance
Sanitation fund	$ -	$ 133,895	$ 133,895	$ -
Customer deposits fund	28,590	3,800	9,081	23,309
City sales tax	-	149,333	149,333	-
	$ 28,590	$ 287,028	$ 292,309	$ 23,309

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