CITY OF HARPER, KANSAS

DECEMBER 31, 2021

LINDBURG
VOGEL PIERCE FARIS
Chartered

CITY OF HARPER, KANSAS

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INDEPENDENT AUDITORS' REPORT

The Mayor and City Council
City of Harper, Kansas

Adverse and Unmodified Opinions

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on the Regulatory Basis of Accounting

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

Basis for Adverse and Unmodified Opinions

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

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

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

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Responsibilities of Management for the Financial Statement

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

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

Auditors' Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of receipts, expenditures, and unencumbered cash balance – regulatory basis (basic financial statement) as a whole. The summary of expenditures – regulatory basis – actual and budget, the individual fund schedules of receipts and expenditures – regulatory basis – actual and budget, the schedule of receipts and expenditures – regulatory basis – related municipal entities, and the agency fund schedule of receipts and disbursements – regulatory basis (Schedules 1 through 4, as listed in the table of contents) are presented for additional analysis and are not a required part of the basic financial statement; however, they are required to be presented under the provisions of KMAAG. Such information is the responsibility of management and the supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1—Summary of Significant Accounting Policies.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated May 24, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Certified Public Accountants

Hutchinson, Kansas
May 24, 2022

CITY OF HARPER, KANSAS

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

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND	$ 291,429	$ 838,587	$ 884,616	$ 245,400	$ 14,284	$ 259,684
SPECIAL PURPOSE FUNDS						
Airport	56,583	38,102	26,080	68,605	3,719	72,324
Employee Benefits	39,369	160,067	186,920	12,516	-	12,516
Library	1,912	59,315	59,950	1,277	-	1,277
Special Parks and Recreation	41,351	-	-	41,351	-	41,351
Recreation	1,906	46,674	47,000	1,580	-	1,580
Transient Guest Tax	30,524	27,356	34,668	23,212	-	23,212
Police and Fire Equipment	9,832	27,349	19,340	17,841	-	17,841
Special Street and Highway	53,427	45,454	-	98,881	-	98,881
Equipment Reserve	380,998	48,157	50,307	378,848	-	378,848
Fire Equipment Reserve	82,414	27,387	21,791	88,010	-	88,010
Capital Improvement Program	72,696	10,355	18,150	64,901	-	64,901
Street Reserve	105,663	23,569	32,723	96,509	-	96,509
Street Improvement Sales Tax	79,599	165,288	117,924	126,963	-	126,963
Infrastructure Sales Tax Revenue	187,140	209,552	127,666	269,026	8,341	277,367
Economic Development Incentives	61,183	41,500	3,180	99,503	140	99,643
Cobblestone CID	-	13,366	-	13,366	-	13,366
Firemen's Activity	5,503	850	1,075	5,278	-	5,278
Police Activity	4,347	-	488	3,859	-	3,859
VIN Inspection	4,391	1,220	4,373	1,238	-	1,238
Diversion	2,700	1,200	-	3,900	-	3,900
ARPA Grant	-	100,493	-	100,493	-	100,493
Community Development	59,047	27,415	37,620	48,842	-	48,842
Donations and Gifts	1,046	-	-	1,046	-	1,046
Future Community Center	2,709	13,678	-	16,387	-	16,387
Police Drug Seizure Trust	1,894	5	1,014	885	-	885
Cemetery Veteran's Memorial	2,116	125	-	2,241	-	2,241
TOTAL SPECIAL PURPOSE FUNDS	1,288,350	1,088,477	790,269	1,586,558	12,200	1,598,758
BOND AND INTEREST FUND						
Bond and Interest	77,022	86,426	92,111	71,337	1,103	72,440

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

CITY OF HARPER, KANSAS

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

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
BUSINESS FUNDS						
Water Utility						
Operating	$ 60,594	$ 529,641	$ 544,715	$ 45,520	$ 12,488	$ 58,008
Reserve	134,151	85,000	22,194	196,957	-	196,957
Sewer Utility						
Operating	48,685	243,476	247,962	44,199	1,750	45,949
Reserve	204,264	80,000	5,146	279,118	-	279,118
TOTAL BUSINESS FUNDS	447,694	938,117	820,017	565,794	14,238	580,032
CAPITAL PROJECT FUNDS						
Water Project	24,480	-	24,480	-	-	-
Street and Drainage Improvement	192,205	-	192,205	-	-	-
Harper Sports Complex Improvements	151,730	488,189	663,364	(23,445)	31,519	8,074
Public Facilities Improvement	300,000	8,371	8,270	300,101	-	300,101
TOTAL CAPITAL PROJECT FUNDS	668,415	496,560	888,319	276,656	31,519	308,175
TRUST FUNDS						
Health Insurance Savings	23,672	40,969	53,323	11,318	-	11,318
Cemetery Trust	27,762	3,428	3,800	27,390	-	27,390
Cemetery Endowment	62,569	550	-	63,119	-	63,119
TOTAL TRUST FUNDS	114,003	44,947	57,123	101,827	-	101,827
TOTAL CITY	2,886,913	3,493,114	3,532,455	2,847,572	73,344	2,920,916
RELATED MUNICIPAL ENTITIES						
Harper Public Library	62,724	95,202	86,181	71,745	1,350	73,095
Harper Recreation Commission	84,447	98,415	93,029	89,833	655	90,488
TOTAL RELATED MUNICIPAL ENTITIES	147,171	193,617	179,210	161,578	2,005	163,583
TOTAL FINANCIAL REPORTING ENTITY	$ 3,034,084	$ 3,686,731	$ 3,711,665	$ 3,009,150	$ 75,349	$ 3,084,499

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

CITY OF HARPER, KANSAS

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

COMPOSITION OF CASH AND INVESTMENTS	
Cash and cash items	$ 300
Checking accounts	21,268
Money Market accounts	2,643,810
Certificates of deposit	261,304
State Municipal Investment Pool	14,825
TOTAL PRIMARY GOVERNMENT	2,941,507
RELATED MUNICIPAL ENTITIES	
Harper Public Library	73,095
Harper Recreation Commission	90,488
TOTAL RELATED MUNICIPAL ENTITIES	163,583
TOTAL CASH	3,105,090
AGENCY FUNDS (Schedule 4)	(20,591)
TOTAL REPORTING ENTITY	$ 3,084,499

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

CITY OF HARPER, KANSAS

NOTES TO THE FINANCIAL STATEMENT
December 31, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Harper, Kansas (the City) is a municipal corporation governed by an elected mayor and council. This regulatory financial statement presents the City and includes its related municipal entities. The related municipal entities discussed below are included in the City's reporting entity because of their operational or financial relationship with the City:

Library Board

The Harper Public Library Board operates the City's public library. The Library is a related municipal entity of the City because of their fiscal dependency. The City budgets an appropriation for the Library. Acquisition or disposition of real property by the Library Board must be approved by the City. Bond issuances must also be approved by the City.

Recreation Commission

The Harper Recreation Commission operates the City's recreation activities. The Recreation Commission is a related municipal entity of the City because of their fiscal dependency. The City budgets an appropriation for the Recreation Commission. The Recreation Commission has only the powers granted by statute, K.S.A. 12-1928.

Fund Accounting

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

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

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

General Fund – used to account for all unrestricted 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 revenue sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

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

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

Business Funds – funds financed in whole or in part by fees charged to users of the goods and services.

Trust Funds – funds used to report assets held in trust for the benefit of the municipal financial reporting entity.

Agency Funds – funds used to account for assets held by a government as an agent or in a custodial capacity.

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

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

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

Related Party Transactions

The spouse of a Harper Recreation Commission board member is the owner of Superior Athletic Fields, a company that provides maintenance to the ball fields and other facilities used by the Harper Recreation Commission. For the year ended December 31, 2021, total payments to Superior Athletic Fields were $16,006.

Budgetary Information

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

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

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

The statutes allow for the governing body to increase the original 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 amended budgets for the year ended December 31, 2021.

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

All legal annual operating budgets are prepared using the 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 for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budget expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, and certain special purpose 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.

Tax Cycle

The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas are the responsibility of the County. The County Appraiser annually determines assessed valuations based on real property transactions as recorded by the Register of Deeds and personal property holdings reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls and the County Treasurer collects the taxes for all taxing entities within the County.

In accordance with state statutes, property taxes levied during the current year are a revenue 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 1 of each year. One half of the property taxes are due December 20 prior to the fiscal year for which they are budgeted, and the second half is due the following May 10. Delinquent taxes were assessed interest as prescribed by Kansas statute. The interest is retained by the County.

Taxes levied to finance the budget are made available to the City after January 1 and are distributed by the County Treasurer. Approximately 50% of the taxes levied are available in January. Delinquent tax collections are distributed throughout the year.

Estimates

The preparation of the financial statement requires management to make estimates and assumptions that affect: (1) the reported amounts of assets and liabilities, (2) disclosures such as contingencies, and (3) the reported amounts of revenues and expenses included in such financial statement. Actual results could differ from those estimates.

Deposits and Investments

Deposits include amounts in demand deposits, time deposits, and certificates of deposit with financial institutions. K.S.A. 12-1675, authorizes the City to invest monies in temporary notes or no-fund warrants of the governmental unit; in time deposits, open accounts, or certificates of deposit with maturities not exceeding two years; repurchase agreements consisting of obligations insured by the U.S. Government or any agency thereof; U.S. Treasury bills or notes with maturities not exceeding two years, and the Kansas Municipal Investment Pool.

Cemetery Endowment Fund

The Cemetery Endowment Fund was established to provide for perpetual care and maintenance of the cemetery. The funds were invested and only the interest earned on this may be used for maintenance and upkeep of the cemetery.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

At year end, the Harper Sports Complex Improvements Fund had a deficit balance of $23,445, with a grant reimbursement received in the subsequent year, a cash basis exception.

Management was not aware of any other material statutory violations.

NOTE 3—DEPOSITS AND INVESTMENTS

The City's policies relating to deposits and investments are governed by various Kansas statutes. Those statutes specify the type of deposits and investments as well as the securing of those deposits and investments.

K.S.A. 9-1401 establishes the depositories, which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Deposit Insurance Corporation (FDIC) coverage.

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 (KMIP). The City has no investment policy that would further limit its investment choices.

Interest Rate Risk

In accordance with K.S.A. 12-1675, the City manages its exposure to interest rate fluctuations by limiting all time investments to maturities of two years or less. The City has no other policies that would further limit interest rate risk.

Custodial Credit Risk – Deposits

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

At December 31, 2021, the City's carrying amount of deposits (including related municipal entities) was $3,066,465 and the bank balance was $3,076,680. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $901,818 was covered by FDIC insurance and $2,174,862 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes limit the amount of credit risk by restricting governments to specific investment types as listed in K.S.A. 12-1675. The City's practice is to invest funds in U.S. obligations and the KMIP.

As of December 31, 2021, the City had the following investments:

Investment Type	Carrying Value	Fair Value	Rating
Kansas Municipal Investment Pool	$ 14,825	$ 14,825	N/A

Investments of the Harper Public Library at December 31, 2021, consisted of the following:

Investment Type	Carrying Value	Fair Value	Rating
U.S. Savings Bonds Series HH	$ 23,500	$ 23,500	S&P AA+

At December 31, 2021, the City had invested $14,825 in the State's Municipal Investment Pool. The Kansas Municipal Investment Pool (KMIP) is under the oversight of the Pooled Money Investment Board (the board). The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than 10% of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. 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. The City manages this risk by placing funds with financial institutions only after contacting all eligible institutions in the taxing area and monies in the KMIP are diverse according to the policies of the investment pool.

NOTE 4—LONG-TERM DEBT

At year end, the City's long-term debt consisted of the following:

Issue	Date of Issue	Interest Rate	Amount of Issue	Year of Final Maturity
General Obligation Bonds				
Fire truck, Series 2010	10/20/10	3.75%	$ 183,600	2025
Street improvement, Series 2016A	11/15/16	1.25% - 2.50%	730,000	2032
Public facilities and street improvements, Series 2020	02/04/20	2.00% - 2.40%	1,300,000	2039
Refunding, Series 2021	07/06/21	0.20% - 1.30%	1,500,000	2034
Firemen's Relief Association Loan Warrants				
Loan dated February 1, 2013	02/01/13	3.00%	80,000	2022
Loan dated March 1, 2018	03/01/18	1.00%	50,000	2025

On July 6, 2021, the City issued $1,500,000 refunding general obligation bonds, series 2021 to refund the Public Water Supply Improvement, series 2011 general obligation bonds and pay-off the KDHE Kansas Water Pollution Control Revolving Loan and Kansas Public Water Supply Loan.

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

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
Fire truck	$ 72,700	$ -	$ 13,500	$ 59,200	$ 2,726
Public water storage improvements	840,000	-	840,000	-	33,678
Street improvement	610,000	-	45,000	565,000	13,130
Sewer extension refunding	50,000	-	50,000	-	650
Public facilities and street improvements	1,215,000	-	85,000	1,130,000	25,280
Refunding	-	1,500,000	-	1,500,000	-
	2,787,700	1,500,000	1,033,500	3,254,200	75,464
Kansas Pollution Control Revolving Loan	313,895	-	313,895	-	7,483
Kansas Public Water Supply Loan	438,486	-	438,486	-	8,970
Firemen's Relief Association Loan Warrants					
Loan dated February 1, 2013	17,815	-	8,776	9,039	534
Loan dated March 1, 2018	36,308	-	7,118	29,190	363
	54,123	-	15,894	38,229	897
	$ 3,594,204	$ 1,500,000	$ 1,801,775	$ 3,292,429	$ 92,814

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

General Obligation Bonds	Principal	Interest
2022	$ 329,000	$ 50,044
2023	329,500	45,128
2024	340,100	41,569
2025	300,600	37,555
2026	255,000	33,445
2027-2031	1,225,000	107,395
2032-2036	355,000	31,875
2037-2039	120,000	5,760
	$ 3,254,200	$ 352,771

Firemen's Relief Association Loan Warrants	Principal	Interest
2022	$ 16,228	$ 563
2023	7,261	220
2024	7,333	148
2025	7,407	74
2026	-	-
	$ 38,229	$ 1,005

NOTE 5—INTERFUND TRANSFERS

Operating transfers were made as follows:

From Fund	To Fund	Statutory Authority	Amount
General	Equipment Reserve	K.S.A. 12-1,117	$ 27,500
General	Fire Equipment Reserve	K.S.A. 12-1,117	26,367
General	Capital Improvement	K.S.A. 12-1,118	5,000
General	Street Reserve	K.S.A. 12-1,118	14,000
General	Economic Development Incentive	Ordinance	35,000
General	Cemetery Trust	Accounting	3,000
General	Community Development	Accounting	5,000
General	Employee Benefits	Accounting	5,000
Police and Fire Equipment	Equipment Reserve	K.S.A. 12-1,117	16,000
Water Utility	Water Reserve	K.S.A. 12-825d	80,000
Sewer Utility	Sewer Reserve	K.S.A. 12-825d	80,000

NOTE 6—DEFINED BENEFIT PENSION PLAN

Plan Description

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

Contributions

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

Kansas law provides that employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined annually based on the results of annual actuarial valuation. The actuarially determined employer contribution rate (excluding the contribution rate for the Death and Disability program) and the statutory contribution rate for KPERS was 8.87% for the year ended December 31, 2021. Contributions to the pension plan from the City for KPERS was $49,668 for the year ended December 31, 2021.

Net Pension Liability

At December 31, 2021, the City's proportionate share of the collective net pension liability reported by KPERS was $355,463. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City's share of the allocated net pension liability is based on the ratio of the City's employer contributions to KPERS, relative to the total employer contributions and nonemployer contributions of local subgroup within KPERS.

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 publically available on the website at www.kpers.org or can be obtained as described above.

NOTE 7—OTHER LONG-TERM OBLIGATIONS

Other Post-Employment Benefits – Group Health Insurance

As provided by K.S.A. 12-5040, the County allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government 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 government 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 government under this program.

Other Post-Employment Benefits – Death and Disability Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate was set at 1% for the year ended December 31, 2021.

Compensated Absences

Under City personnel policies in effect at year end, the City is liable for payments to employees for vacation and sick pay when taken in agreement with the policy. Under certain conditions employees may carry over limited credits and may be paid for unused time at termination. The City's estimated liability for compensated absences at December 31, 2021, was $28,063.

NOTE 8—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; and natural disasters. The City has been unable to obtain insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other municipalities to participate in the Midwest Public Risk (MPR) and Kansas Municipal Insurance Pool (KMIP), which are public entity risk pools operating as common risk management and insurance programs for participating members.

The City pays an annual premium to MPR for property and liability insurance coverage and to KMIP for workers' compensation insurance coverage. The agreements to participate in these public entity risk pools provide that they will be self-sustaining through member premiums, and that MPR and KMIP will reinsure through commercial companies for claims in excess of specified amounts for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated.

The City continues to carry commercial insurance for all other risks of loss. There were no significant reductions in coverage during the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years. Medical benefits were provided to employees and their eligible dependents through commercial insurance.

NOTE 9—CONCENTRATIONS

A substantial portion of the City's water and sewer sales are to one customer. During 2021, water and sewer sales to the customer were 11%.

NOTE 10—CAPITAL PROJECTS

On February 4, 2020, the City issued $1,300,000 general obligation bonds for Street and Drainage Improvements, Harper Sports Complex Improvements, and Public Building Improvements.

At year end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Street and Drainage Improvement	Harper Sports Complex Improvement	Public Facilities Improvement
Project authorization	$ 790,000	$ 775,000	$ 315,000
Approved change orders	246,586	141,881	8,371
Less: expenditures to date	(1,036,586)	(916,881)	(8,270)
Remaining project authorization	$ -	$ -	$ 315,101

NOTE 10—OTHER COMMITMENTS AND CONTINGENCIES

Grant Program Involvement

The City participates in various federal and state grant programs from year to year. These grants are often subject to grantor audit or review, the purpose of which is to ensure compliance with specific conditions of the grant. Any liability for reimbursement that may arise as a result of audit or review cannot be reasonably determined at this time; however, it is believed that the amount, if any, would not be material.

Litigation

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

Neighborhood Revitalization Program

The City participates in a neighborhood revitalization program as allowed by K.S.A. 12-17,114, et seq. Under the program participants are provided a rebate of ad valorem taxes paid based on the increase in assessed valuation attributable to improvements made by the taxpayer after being approved for participation in the neighborhood revitalization program. For the year ended December 31, 2021, the City's neighborhood revitalization tax rebates totaled $12,877.

In 2020, the City Council approved, by ordinance, an ad valorem tax rebate program. For the year ended December 31, 2021, the City's ad valorem tax rebate program rebates totaled $22,846.

NOTE 11—SUBSEQUENT EVENTS

On March 14, 2022, the City Council authorized the lease of a 2020 Global 3M street sweeper from Berry Tractor with the lease to be financed over five years with four annual payments of $33,700 and an optional $92,058 payment in the fifth year if the City chooses to own the street sweeper.

On April 25, 2022, the City Council committed $635,370 to the Harper County Growth Initiative Project to be funded with a $3,000,000 BASE grant awarded to the Harper County Community Foundation by the Kansas Department of Commerce with the City of Harper responsible for 47.6% of the matching costs of $635,370.

CITY OF HARPER, KANSAS

SUMMARY OF EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2021

Schedule 1

Funds	Certified Budget	Adjustment for Qualifying Budget Credit	Total for Comparison	Expenditures Chargeable to Current Year Budget	Over (Under) Budget
GENERAL FUND	$ 999,647	$ -	$ 999,647	$ 884,616	$ (115,031)
SPECIAL PURPOSE FUNDS					
Airport	133,000	-	133,000	26,080	(106,920)
Employee Benefits	202,242	-	202,242	186,920	(15,322)
Library	59,950	-	59,950	59,950	-
Special Parks and Recreation	21,447	-	21,447	-	(21,447)
Recreation	47,000	-	47,000	47,000	-
Transient Guest Tax	44,803	-	44,803	34,668	(10,135)
Police and Fire Equipment	27,500	-	27,500	19,340	(8,160)
Special Street and Highway	79,247	-	79,247	-	(79,247)
Equipment Reserve	361,774	-	361,774	50,307	(311,467)
Fire Equipment Reserve	106,315	-	106,315	21,791	(84,524)
Capital Improvement Program	60,712	-	60,712	18,150	(42,562)
Street Reserve	100,663	-	100,663	32,723	(67,940)
Street Improvement Sales Tax	231,082	-	231,082	117,924	(113,158)
Infrastructure Sales Tax Revenue	341,609	-	341,609	127,666	(213,943)
Economic Development Incentives	56,230	-	56,230	3,180	(53,050)
BOND AND INTEREST FUND					
Bond and Interest	160,976	-	160,976	92,111	(68,865)
BUSINESS FUNDS					
Water Utility					
Operating	575,207	-	575,207	544,715	(30,492)
Reserve	187,623	-	187,623	22,194	(165,429)
Sewer Utility					
Operating	276,028	-	276,028	247,962	(28,066)
Reserve	239,647	-	239,647	5,146	(234,501)

CITY OF HARPER, KANSAS

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

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Taxes and shared revenue			
Ad valorem property tax	$ 374,211	$ 374,785	$ (574)
Delinquent tax	11,600	3,500	8,100
Motor vehicle tax	46,869	49,141	(2,272)
Recreational vehicle tax	1,005	600	405
16/20M truck tax	186	470	(284)
Commercial vehicle registration fee	1,923	118	1,805
Local retail sales tax	160,517	122,000	38,517
Connecting links	21,782	17,500	4,282
Neighborhood revitalization	(6,626)	(6,308)	(318)
Ad valorem rebate program	(11,755)	(10,905)	(850)
Licenses, fees, and permits			
Franchise fees	127,002	105,000	22,002
Liquor and CMB licenses	880	445	435
Zoning fees	1,600	1,000	600
Animal impound fees	170	100	70
Miscellaneous licenses, fees, and permits	3,295	1,000	2,295
Fines and forfeitures			
Municipal Court	28,513	10,000	18,513
Uses of money and property			
Interest earned	7,140	7,500	(360)
Cemetery farm rent	6,260	6,260	-
Charges for services			
Swimming pool receipts	13,702	10,000	3,702
Rural fire contracts	28,200	26,100	2,100
Cemetery lots and fees	11,325	5,000	6,325
Other			
Grants and reimbursements	6,575	500	6,075
Sale of surplus equipment and material	659	500	159
Miscellaneous	3,554	-	3,554
TOTAL RECEIPTS	838,587	724,306	114,281

CITY OF HARPER, KANSAS

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

	Actual	Budget	Over (Under) Budget
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Administration			
Personal services	$ 68,811	$ 91,405	$ (22,594)
Contractual services	52,703	60,000	(7,297)
Commodities	5,701	12,000	(6,299)
Department total	127,215	163,405	(36,190)
Police department			
Personal services	161,154	158,159	2,995
Contractual services	6,020	5,000	1,020
Commodities	22,913	20,000	2,913
Emergency management	-	1,000	(1,000)
Training	5,776	2,000	3,776
Code abatement	6,145	3,000	3,145
Department total	202,008	189,159	12,849
Municipal Court			
Personal services	1,800	1,800	-
Contractual services	4,245	10,000	(5,755)
Commodities	189	500	(311)
Department total	6,234	12,300	(6,066)
Street department			
Personal services	153,143	128,279	24,864
Contractual services	8,590	16,000	(7,410)
Commodities	43,873	50,000	(6,127)
Storm drainage system	3,106	25,000	(21,894)
Code abatement	-	1,000	(1,000)
Department total	208,712	220,279	(11,567)
Fire department			
Personal services	3,564	4,200	(636)
Contractual services	1,740	7,000	(5,260)
Commodities	11,257	13,650	(2,393)
Transfer to:			
Equipment Reserve Fund	12,500	12,500	-
Fire Equipment Reserve Fund	26,367	26,367	-
Department total	55,428	63,717	(8,289)
Park department			
Contractual services	2,193	3,000	(807)
Commodities	4,572	7,000	(2,428)
Tree care	3,795	5,000	(1,205)
Department total	10,560	15,000	(4,440)

CITY OF HARPER, KANSAS

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

	Actual	Budget	Over (Under) Budget
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET (Continued)			
Cemetery department			
Personal services	$ 51,785	$ 62,677	$ (10,892)
Contractual services	5,901	5,000	901
Commodities	7,125	10,000	(2,875)
Road materials	-	3,000	(3,000)
Department total	64,811	80,677	(15,866)
Mechanic			
Personal services	-	40,000	(40,000)
Contractual services	-	5,000	(5,000)
Commodities	-	6,000	(6,000)
Department total	-	51,000	(51,000)
Swimming pool			
Personal services	30,587	29,835	752
Contractual services	6,942	6,500	442
Commodities	11,749	5,000	6,749
Capital outlay	2,763	5,000	(2,237)
Department total	52,041	46,335	5,706
Utility services			
Electric	54,159	57,750	(3,591)
Gas	5,615	5,250	365
Telephone	5,098	5,775	(677)
Department total	64,872	68,775	(3,903)
Planning and Zoning			
Contractual services	4,000	2,500	1,500
Comprehensive Development Plan	445	2,500	(2,055)
Department total	4,445	5,000	(555)
Other			
Condemnation	68	30,000	(29,932)
Community development	6,222	11,500	(5,278)
Transfer to:			
Equipment Reserve Fund	15,000	15,000	-
Community Development Fund	5,000	-	5,000
Capital Improvement Fund	5,000	5,000	-
Street Reserve Fund	14,000	7,500	6,500
Economic Development Incentives Fund	35,000	15,000	20,000
Employee Benefits Fund	5,000	-	5,000
Cemetery Trust Fund	3,000	-	3,000
Other total	88,290	84,000	4,290
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	884,616	999,647	(115,031)
RECEIPTS OVER (UNDER) EXPENDITURES	(46,029)	(275,341)	229,312
UNENCUMBERED CASH, JANUARY 1	291,429	275,341	16,088
UNENCUMBERED CASH, DECEMBER 31	$ 245,400	$ -	$ 245,400

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-2

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Taxes			
Ad valorem property tax	$ 7,385	$ 7,384	$ 1
Delinquent tax	257	20	237
Motor vehicle tax	1,020	1,069	(49)
Recreational vehicle tax	22	13	9
16/20M truck tax	4	10	(6)
Commercial vehicle registration fee	42	3	39
Neighborhood revitalization	(130)	(74)	(56)
Ad valorem rebate program	(232)	(267)	35
Aviation fuel reimbursements	5,302	7,000	(1,698)
Rentals	359	360	(1)
Grants and reimbursements	23,103	84,000	(60,897)
Miscellaneous	970	-	970
TOTAL RECEIPTS	38,102	99,518	(61,416)
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Contractual services	6,755	8,000	(1,245)
Commodities	13,045	20,000	(6,955)
Airport improvements	6,280	105,000	(98,720)
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	26,080	133,000	(106,920)
RECEIPTS OVER (UNDER) EXPENDITURES	12,022	(33,482)	45,504
UNENCUMBERED CASH, JANUARY 1	56,583	33,482	23,101
UNENCUMBERED CASH, DECEMBER 31	$ 68,605	$ -	$ 68,605

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-3

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Taxes			
Ad valorem property tax	$ 146,451	$ 147,584	$ (1,133)
Delinquent tax	3,904	700	3,204
Motor vehicle tax	11,166	11,708	(542)
Recreational vehicle tax	239	143	96
16/20M truck tax	79	112	(33)
Commercial vehicle registration fee	458	28	430
Neighborhood revitalization	(2,601)	(2,453)	(148)
Ad valorem rebate program	(4,629)	(4,062)	(567)
Transfer from - General Fund	5,000	-	5,000
TOTAL RECEIPTS	160,067	153,760	6,307
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Health insurance	64,703	75,000	(10,297)
Claims	28,230	26,091	2,139
Social Security	33,301	35,982	(2,681)
KPERS	37,087	39,519	(2,432)
Workers' compensation	22,826	25,000	(2,174)
Unemployment insurance	553	650	(97)
Other	220	-	220
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	186,920	202,242	(15,322)
RECEIPTS OVER (UNDER) EXPENDITURES	(26,853)	(48,482)	21,629
UNENCUMBERED CASH, JANUARY 1	39,369	48,483	(9,114)
UNENCUMBERED CASH, DECEMBER 31	$ 12,516	$ 1	$ 12,515

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-4

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Taxes			
Ad valorem property tax	$ 54,602	$ 54,848	$ (246)
Delinquent tax	1,456	500	956
Motor vehicle tax	5,574	5,844	(270)
Recreational vehicle tax	119	71	48
16/20M truck tax	25	56	(31)
Commercial vehicle registration fee	229	14	215
Neighborhood revitalization	(970)	(910)	(60)
Ad valorem rebate program	(1,720)	(1,507)	(213)
TOTAL RECEIPTS	59,315	58,916	399
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Appropriation to library	59,950	59,950	-
RECEIPTS OVER (UNDER) EXPENDITURES	(635)	(1,034)	399
UNENCUMBERED CASH, JANUARY 1	1,912	1,034	878
UNENCUMBERED CASH, DECEMBER 31	$ 1,277	$ -	$ 1,277

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-5

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Local alcoholic liquor tax	$ -	$ -	$ -
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Culture and recreation	-	21,447	(21,447)
RECEIPTS OVER (UNDER) EXPENDITURES	-	(21,447)	21,447
UNENCUMBERED CASH, JANUARY 1	41,351	21,447	19,904
UNENCUMBERED CASH, DECEMBER 31	$ 41,351	$ -	$ 41,351

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-6

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Taxes			
Ad valorem property tax	$ 43,222	$ 43,448	$ (226)
Delinquent tax	1,134	250	884
Motor vehicle tax	4,169	4,371	(202)
Recreational vehicle tax	89	53	36
16/20M truck tax	19	42	(23)
Commercial vehicle registration fee	171	11	160
Neighborhood revitalization	(768)	(734)	(34)
Ad valorem rebate program	(1,362)	(1,194)	(168)
TOTAL RECEIPTS	46,674	46,247	427
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Appropriation to Recreation Commission	47,000	47,000	-
RECEIPTS OVER (UNDER) EXPENDITURES	(326)	(753)	427
UNENCUMBERED CASH, JANUARY 1	1,906	753	1,153
UNENCUMBERED CASH, DECEMBER 31	$ 1,580	$ -	$ 1,580

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-7

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Transient Guest Tax	$ 27,356	$ 20,000	$ 7,356
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Promotion and tourism	34,668	44,803	(10,135)
RECEIPTS OVER (UNDER) EXPENDITURES	(7,312)	(24,803)	17,491
UNENCUMBERED CASH, JANUARY 1	30,524	24,803	5,721
UNENCUMBERED CASH, DECEMBER 31	$ 23,212	$ -	$ 23,212

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-8

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Taxes			
Ad valorem property tax	$ 25,106	$ 25,193	$ (87)
Delinquent tax	501	250	251
Motor vehicle tax	2,796	2,931	(135)
Recreational vehicle tax	60	36	24
16/20M truck tax	7	28	(21)
Commercial vehicle registration fee	114	7	107
Neighborhood revitalization	(445)	(418)	(27)
Ad valorem rebate program	(790)	(692)	(98)
TOTAL RECEIPTS	27,349	27,335	14
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Capital outlay	3,340	11,500	(8,160)
Transfer to - Equipment Reserve Fund	16,000	16,000	-
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	19,340	27,500	(8,160)
RECEIPTS OVER (UNDER) EXPENDITURES	8,009	(165)	8,174
UNENCUMBERED CASH, JANUARY 1	9,832	165	9,667
UNENCUMBERED CASH, DECEMBER 31	$ 17,841	$ -	$ 17,841

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-9

	Actual	Budget	Over (Under) Budget
RECEIPTS			
State fuel tax	$ 37,885	$ 30,630	$ 7,255
Connecting links	7,347	11,000	(3,653)
Interest earned	222	-	222
TOTAL RECEIPTS	45,454	41,630	3,824
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Streets and highway	-	79,247	(79,247)
RECEIPTS OVER (UNDER) EXPENDITURES	45,454	(37,617)	83,071
UNENCUMBERED CASH, JANUARY 1	53,427	37,617	15,810
UNENCUMBERED CASH, DECEMBER 31	$ 98,881	$ -	$ 98,881

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-10

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Transfer from:			
General Fund	$ 27,500	$ 37,500	$ (10,000)
Police and Fire Equipment Fund	16,000	16,000	-
Interest earned	1,147	-	1,147
Sale of surplus equipment	3,510	1,000	2,510
TOTAL RECEIPTS	48,157	54,500	(6,343)
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Capital outlay	50,307	296,374	(246,067)
Equipment replacement	-	65,400	(65,400)
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	50,307	361,774	(311,467)
RECEIPTS OVER (UNDER) EXPENDITURES	(2,150)	(307,274)	305,124
UNENCUMBERED CASH, JANUARY 1	380,998	307,274	73,724
UNENCUMBERED CASH, DECEMBER 31	$ 378,848	$ -	$ 378,848

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-11

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Transfer from - General Fund	$ 26,367	$ 26,367	$ -
Miscellaneous	1,020	-	1,020
TOTAL RECEIPTS	27,387	26,367	1,020
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Capital outlay	5,000	79,524	(74,524)
FRA loan payments	16,791	16,791	-
Hydrant replacement	-	10,000	(10,000)
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	21,791	106,315	(84,524)
RECEIPTS OVER (UNDER) EXPENDITURES	5,596	(79,948)	85,544
UNENCUMBERED CASH, JANUARY 1	82,414	79,949	2,465
UNENCUMBERED CASH, DECEMBER 31	$ 88,010	$ 1	$ 88,009

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-12

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Transfer from - General Fund	$ 5,000	$ 5,000	$ -
Reimbursements	5,355	-	5,355
TOTAL RECEIPTS	10,355	5,000	5,355
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Capital improvements	18,150	60,712	(42,562)
RECEIPTS OVER (UNDER) EXPENDITURES	(7,795)	(55,712)	47,917
UNENCUMBERED CASH, JANUARY 1	72,696	58,212	14,484
UNENCUMBERED CASH, DECEMBER 31	$ 64,901	$ 2,500	$ 62,401

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-13

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Transfer from - General Fund	$ 14,000	$ 7,500	$ 6,500
Reimbursements	9,569	-	9,569
TOTAL RECEIPTS	23,569	7,500	16,069
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Street improvement and repair	11,723	79,663	(67,940)
Equipment	21,000	21,000	-
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	32,723	100,663	(67,940)
RECEIPTS OVER (UNDER) EXPENDITURES	(9,154)	(93,163)	84,009
UNENCUMBERED CASH, JANUARY 1	105,663	88,163	17,500
UNENCUMBERED CASH, DECEMBER 31	$ 96,509	$ (5,000)	$ 101,509

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-14

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Local sales tax	$ 160,469	$ 150,000	$ 10,469
Reimbursements	4,819	-	4,819
TOTAL RECEIPTS	165,288	150,000	15,288
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Street improvements	28,183	115,182	(86,999)
Infrastructure improvements	23,841	50,000	(26,159)
Pine/21st project			
Bond principal	55,000	55,000	-
Bond interest	10,900	10,900	-
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	117,924	231,082	(113,158)
RECEIPTS OVER (UNDER) EXPENDITURES	47,364	(81,082)	128,446
UNENCUMBERED CASH, JANUARY 1	79,599	81,082	(1,483)
UNENCUMBERED CASH, DECEMBER 31	$ 126,963	$ -	$ 126,963

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-15

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Local sales tax	$ 160,469	$ 150,000	$ 10,469
Reimbursements	48,861	5,000	43,861
Interest earned	222	400	(178)
TOTAL RECEIPTS	209,552	155,400	54,152
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Infrastructure improvements	57,796	249,099	(191,303)
Sidewalk CID	11,740	20,000	(8,260)
Principal	45,000	45,000	-
Interest	13,130	27,510	(14,380)
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	127,666	341,609	(213,943)
RECEIPTS OVER (UNDER) EXPENDITURES	81,886	(186,209)	268,095
UNENCUMBERED CASH, JANUARY 1	187,140	186,209	931
UNENCUMBERED CASH, DECEMBER 31	$ 269,026	$ -	$ 269,026

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

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

Schedule 2-16

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Transfer from - General Fund	$ 35,000	$ 15,000	$ 20,000
Grants	6,500	-	6,500
TOTAL RECEIPTS	41,500	15,000	26,500
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Business incentives	3,180	31,230	(28,050)
Transfer to - CDBG-CV Project	-	25,000	(25,000)
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	3,180	56,230	(53,050)
RECEIPTS OVER (UNDER) EXPENDITURES	38,320	(41,230)	79,550
UNENCUMBERED CASH, JANUARY 1	61,183	54,230	6,953
UNENCUMBERED CASH, DECEMBER 31	$ 99,503	$ 13,000	$ 86,503

CITY OF HARPER, KANSAS

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

Schedule 2-17
Page 1 of 2

	Cobblestone CID	Firemen's Activity	Police Activity	VIN Inspection	Diversion
RECEIPTS					
Donations and gifts	$ -	$ 850	$ -	$ -	$ -
Grants	-	-	-	-	-
Fees	-	-	-	1,220	1,200
Local sales tax	13,366	-	-	-	-
Reimbursements	-	-	-	-	-
Transfer from:					
Transient Guest Tax	-	-	-	-	-
General Fund	-	-	-	-	-
TOTAL RECEIPTS	13,366	850	-	1,220	1,200
EXPENDITURES					
Supplies and services	-	1,075	488	4,373	-
Capital improvements	-	-	-	-	-
Improvement loans and grants	-	-	-	-	-
Program expenditures	-	-	-	-	-
TOTAL EXPENDITURES	-	1,075	488	4,373	-
RECEIPTS OVER (UNDER) EXPENDITURES	13,366	(225)	(488)	(3,153)	1,200
UNENCUMBERED CASH, JANUARY 1	-	5,503	4,347	4,391	2,700
UNENCUMBERED CASH, DECEMBER 31	$ 13,366	$ 5,278	$ 3,859	$ 1,238	$ 3,900

CITY OF HARPER, KANSAS

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

Schedule 2-17
Page 2 of 2

	ARPA Grant	Community Development	Donations and Gifts	Future Community Center	Police Drug Seizure Trust	Cemetery Veteran's Memorial
RECEIPTS						
Donations and gifts	$ -	$ -	$ -	$ -	$ -	$ 125
Grants	100,493	20,205	-	-	-	-
Fees	-	-	-	-	-	-
Local sales tax	-	-	-	-	-	-
Reimbursements	-	2,210	-	-	5	-
Transfer from:						
Transient Guest Tax	-	-	-	13,678	-	-
General Fund	-	5,000	-	-	-	-
TOTAL RECEIPTS	100,493	27,415	-	13,678	5	125
EXPENDITURES						
Supplies and services	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-
Improvement loans and grants	-	17,382	-	-	-	-
Program expenditures	-	20,238	-	-	1,014	-
TOTAL EXPENDITURES	-	37,620	-	-	1,014	-
RECEIPTS OVER (UNDER) EXPENDITURES	100,493	(10,205)	-	13,678	(1,009)	125
UNENCUMBERED CASH, JANUARY 1	-	59,047	1,046	2,709	1,894	2,116
UNENCUMBERED CASH, DECEMBER 31	$ 100,493	$ 48,842	$ 1,046	$ 16,387	$ 885	$ 2,241

CITY OF HARPER, KANSAS

BOND AND INTEREST FUND

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

Schedule 2-18

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Taxes			
Ad valorem property tax	$ 75,345	$ 75,155	$ 190
Delinquent tax	2,075	500	1,575
Motor vehicle tax	11,916	12,494	(578)
Recreational vehicle tax	256	153	103
16/20M truck tax	31	119	(88)
Commercial vehicle registration fee	489	30	459
Neighborhood revitalization	(1,329)	(1,241)	(88)
Ad valorem rebate program	(2,357)	(2,055)	(302)
TOTAL RECEIPTS	86,426	85,155	1,271
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Water and sewer improvement			
Principal	39,000	39,000	-
Interest	650	650	-
Fire truck			
Principal	13,500	13,500	-
Interest	2,726	2,726	-
Commissions	-	100	(100)
Ballfield improvements			
Principal	30,000	30,000	-
Cost of issuance	6,235	-	6,235
Reserve for temporary improvement note	-	55,000	(55,000)
Cash basis requirement	-	20,000	(20,000)
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	92,111	160,976	(68,865)
RECEIPTS OVER (UNDER) EXPENDITURES	(5,685)	(75,821)	70,136
UNENCUMBERED CASH, JANUARY 1	77,022	75,821	1,201
UNENCUMBERED CASH, DECEMBER 31	$ 71,337	$ -	$ 71,337

CITY OF HARPER, KANSAS

BUSINESS FUNDS

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

Schedule 2-19

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Sales to consumers	$ 516,569	$ 515,000	$ 1,569
Reimbursements and other	13,072	10,000	3,072
TOTAL RECEIPTS	529,641	525,000	4,641
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Administration			
Salaries	69,456	90,076	(20,620)
Health insurance	24,763	30,399	(5,636)
Self-insurance expense	9,039	9,345	(306)
Social Security	9,397	11,818	(2,421)
KPERS	11,010	15,248	(4,238)
Workers' compensation	2,751	4,300	(1,549)
Contractual services	40,299	40,000	299
Commodities	3,813	6,500	(2,687)
Production			
Salaries	20,354	27,328	(6,974)
Contractual services	14,938	10,000	4,938
Commodities	25,372	20,000	5,372
Distribution			
Salaries	36,714	37,085	(371)
Contractual services	3,298	7,000	(3,702)
Commodities	23,675	25,000	(1,325)
Nonoperating expenses			
Clean water drinking fee	1,375	1,700	(325)
Water protection fee	1,466	2,000	(534)
Utilities			
Electric service	32,275	38,000	(5,725)
Gas service	2,251	2,000	251
Telephone service	2,953	3,200	(247)
Debt service			
General obligation bond principal and interest	11,000	11,000	-
Revenue bond principal and interest	67,465	93,678	(26,213)
KPWS loan principal and interest	36,636	36,637	(1)
Cost of issuance	14,415	-	14,415
Transfer to - Water Reserve Fund	80,000	52,893	27,107
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	544,715	575,207	(30,492)
RECEIPTS OVER (UNDER) EXPENDITURES	(15,074)	(50,207)	35,133
UNENCUMBERED CASH, JANUARY 1	60,594	53,086	7,508
UNENCUMBERED CASH, DECEMBER 31	$ 45,520	$ 2,879	$ 42,641

CITY OF HARPER, KANSAS

BUSINESS FUNDS

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

Schedule 2-20

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Transfer from - Water Utility Fund	$ 80,000	$ 52,893	$ 27,107
Miscellaneous	5,000	-	5,000
TOTAL RECEIPTS	85,000	52,893	32,107
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Capital outlay	18,444	148,873	(130,429)
Equipment replacement	3,750	38,750	(35,000)
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	22,194	187,623	(165,429)
RECEIPTS OVER (UNDER) EXPENDITURES	62,806	(134,730)	197,536
UNENCUMBERED CASH, JANUARY 1	134,151	134,730	(579)
UNENCUMBERED CASH, DECEMBER 31	$ 196,957	$ -	$ 196,957

CITY OF HARPER, KANSAS

BUSINESS FUNDS

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

Schedule 2-21

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Charges for services	$ 243,476	$ 231,500	$ 11,976
Reimbursements and other	-	500	(500)
TOTAL RECEIPTS	243,476	232,000	11,476
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Administration			
Salaries	29,297	42,231	(12,934)
Health insurance	9,986	12,464	(2,478)
Self-insurance expense	3,672	3,838	(166)
Social Security	3,447	4,873	(1,426)
KPERS	4,418	6,287	(1,869)
Workers' compensation	776	2,500	(1,724)
Contractual services	13,542	15,000	(1,458)
Commodities	1,714	5,000	(3,286)
Collection			
Salaries	12,766	12,362	404
Contractual services	2,993	8,000	(5,007)
Commodities	4,332	10,000	(5,668)
Treatment			
Salaries	6,785	9,109	(2,324)
Contractual services	3,847	10,000	(6,153)
Commodities	3,222	7,500	(4,278)
Utilities			
Electric service	5,855	9,300	(3,445)
Gas service	1,150	1,300	(150)
Telephone service	768	900	(132)
KDHE loan payment			
Principal and interest	51,612	74,981	(23,369)
Cost of issuance	7,780	-	7,780
Transfer to:			
Sewer Reserve Fund	80,000	10,000	70,000
Sewer Reserve Fund - Lagoon improvement	-	30,383	(30,383)
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	247,962	276,028	(28,066)
RECEIPTS OVER (UNDER) EXPENDITURES	(4,486)	(44,028)	39,542
UNENCUMBERED CASH, JANUARY 1	48,685	44,749	3,936
UNENCUMBERED CASH, DECEMBER 31	$ 44,199	$ 721	$ 43,478

CITY OF HARPER, KANSAS

BUSINESS FUNDS

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

Schedule 2-22

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Transfer from - Sewer Utility Fund	$ 80,000	$ 40,383	$ 39,617
Interest earned	-	-	-
TOTAL RECEIPTS	80,000	40,383	39,617
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Capital outlay	1,396	139,297	(137,901)
Lagoon improvement	-	75,000	(75,000)
Equipment replacement	3,750	25,350	(21,600)
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	5,146	239,647	(234,501)
RECEIPTS OVER (UNDER) EXPENDITURES	74,854	(199,264)	274,118
UNENCUMBERED CASH, JANUARY 1	204,264	199,264	5,000
UNENCUMBERED CASH, DECEMBER 31	$ 279,118	$ -	$ 279,118

CITY OF HARPER, KANSAS

CAPITAL PROJECT FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2021

Schedule 2-23

	Water Project	Street and Drainage Improvement Project	Harper Sports Complex Improvements	Public Facilities Improvements
RECEIPTS				
Grant proceeds	$ -	$ -	$ 488,189	$ -
Interest	-	-	-	8,371
TOTAL RECEIPTS	-	-	488,189	8,371
EXPENDITURES AND TRANSFERS				
Construction	24,480	192,205	663,364	8,000
Miscellaneous	-	-	-	270
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	24,480	192,205	663,364	8,270
RECEIPTS OVER (UNDER) EXPENDITURES	(24,480)	(192,205)	(175,175)	101
UNENCUMBERED CASH, JANUARY 1	24,480	192,205	151,730	300,000
UNENCUMBERED CASH, DECEMBER 31	$ -	$ -	$ (23,445)	$ 300,101

CITY OF HARPER, KANSAS

TRUST FUNDS
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2021

Schedule 2-24

	Health Insurance Savings	Cemetery Trust	Cemetery Endowment
RECEIPTS			
Premium savings	$ 40,941	$ -	$ -
Donations and other	-	-	550
Interest earned	28	428	
Transfer from - General Fund	-	3,000	-
TOTAL RECEIPTS	40,969	3,428	550
EXPENDITURES			
Capital improvements	-	3,800	-
Claims paid	53,323	-	-
TOTAL EXPENDITURES	53,323	3,800	-
RECEIPTS OVER (UNDER) EXPENDITURES	(12,354)	(372)	550
UNENCUMBERED CASH, JANUARY 1	23,672	27,762	62,569
UNENCUMBERED CASH, DECEMBER 31	$ 11,318	$ 27,390	$ 63,119

CITY OF HARPER, KANSAS

RELATED MUNICIPAL ENTITIES

HARPER PUBLIC LIBRARY
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2021

Schedule 3-1

RECEIPTS		
Appropriation from the City	$	64,950
South Central Kansas Library		11,035
State aid		1,542
Interest earned		122
Grants and donations		14,500
Fines, copies, and miscellaneous		3,053
TOTAL RECEIPTS		95,202
EXPENDITURES		
Payroll expense		42,298
Books and periodicals		4,955
Supplies		1,048
Professional fees		1,950
Utilities, telephone, and internet		9,122
Insurance		1,696
Maintenance		931
Technology expense		3,297
Improvements		18,237
Miscellaneous		2,647
TOTAL EXPENDITURES		86,181
RECEIPTS OVER (UNDER) EXPENDITURES		9,021
UNENCUMBERED CASH, JANUARY 1		62,724
UNENCUMBERED CASH, DECEMBER 31	$	71,745
ANALYSIS OF AVAILABLE CASH		
Checking account	$	21,046
Money Market account		19,588
Savings account		8,961
Series HH - U.S. Savings Bonds		23,500
TOTAL CASH		73,095
ACCOUNTS PAYABLE, DECEMBER 31		(1,350)
UNENCUMBERED CASH, DECEMBER 31	$	71,745

CITY OF HARPER, KANSAS

RELATED MUNICIPAL ENTITIES

HARPER RECREATION COMMISSION
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2021

Schedule 3-2

	General Fund	Capital Improvement Fund	Total
RECEIPTS			
Appropriation from the City	$ 47,000	$ -	$ 47,000
Entry fees	10,635	-	10,635
Event revenue	9,135	-	9,135
Donations and other	790	855	1,645
Signage	-	13,800	13,800
Transfers in	-	16,200	16,200
TOTAL RECEIPTS	67,560	30,855	98,415
EXPENDITURES			
Advertising	100	-	100
Equipment and materials	1,208	-	1,208
Field improvements	-	25,206	25,206
Utilities and telephone	2,824	-	2,824
Insurance	4,655	-	4,655
Director fees	13,367	-	13,367
Repairs, maintenance, and labor	13,276	-	13,276
Dues and membership fees	2,250	-	2,250
Tournaments and events	3,461	704	4,165
Uniforms, banners, etc.	507	-	507
Umpires, referees, and scorekeepers	9,083	-	9,083
Miscellaneous	40	148	188
Transfers out	16,200	-	16,200
TOTAL EXPENDITURES	66,971	26,058	93,029
RECEIPTS OVER (UNDER) EXPENDITURES	589	4,797	5,386
UNENCUMBERED CASH, JANUARY 1	13,534	70,913	84,447
UNENCUMBERED CASH, DECEMBER 31	$ 14,123	$ 75,710	$ 89,833

ANALYSIS OF AVAILABLE CASH	
Checking account	$ 14,778
Money Market account	75,710
TOTAL CASH	90,488
ACCOUNTS PAYABLE, DECEMBER 31	(655)
UNENCUMBERED CASH, DECEMBER 31	$ 89,833

CITY OF HARPER, KANSAS

AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
(ACTUAL)
For Year Ended December 31, 2021

Schedule 4

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Security Deposit	$ 20,590	$ 8,010	$ 8,009	$ 20,591

LINDBURG
VOGEL PIERCE FARIS
Chartered

Gregory D. Daughhetee, CPA
Kenneth D. Hamby, CPA
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mayor and City Council
City of Harper, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting Guide, the regulatory basis summary statement of receipts, expenditures, and unencumbered cash of City of Harper, Kansas (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statement, which collectively comprise the City's basic financial statement, and have issued our report thereon dated May 24, 2022, which was modified because the financial statement is prepared on the regulatory basis of accounting.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) as a basis for designing our 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, which is identified as 2021-1.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Hutchinson, Kansas
May 24, 2022

CITY OF HARPER, KANSAS

SCHEDULE OF FINDINGS AND RESPONSES
For Year Ended December 31, 2021

2021-1 Significant Deficiency – Segregation of Duties

Condition

Because of the limited staff size at the City office, duties within the office are not designed in such a manner to provide segregation of duties over authorizing, recording, and custody of an asset; such as, the City Clerk's responsibilities with payroll processing and the City Treasurer's role in billing, collecting, recording, and depositing receipts resulting from the utility transactions. This situation also exists with the Harper Public Library and the Harper Recreation Commission.

Criteria

No single individual should be able to authorize a transaction, record the transaction, and ensure custody of the asset resulting from the transaction.

Effect

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

Recommendation

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

- Review of budget comparison reports and investigating unexpected variances or results, including comparison with previous periods, to ensure that reported results do not vary from anticipated results.

- Examining bank reconciliations prepared by the City's office, including comparing a sample of the checks that clear the bank statement with check registers or appropriation ordinances.

- Reviewing utility customer charges, collections, adjustments, write-offs, and balances.

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

Management Response

We agree with the auditors' findings. We understand that the design of appropriate separation of duties is important and will continue to separate duties to the extent possible.