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AUDITOR'S COMMENTS TO MANAGEMENT

Mayor and City Council
City of Overbrook, Kansas

In planning and performing our audit of the financial statements of the City of Overbrook, Kansas, as of and for the year ended December 31, 2023, we considered the City's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on internal control.

However, during our audit, we became aware of certain matters that are an opportunity for strengthening internal controls and operating efficiency. This letter does not affect our report dated September 6, 2024, on the financial statements of the City of Overbrook.

We will review the status of this comment during our next audit engagement. We have already discussed the comment with various City personnel, and we will be pleased to discuss the comment in further detail at your convenience, to perform an additional study of these matters, or to assist you in implementing the recommendations. Our comment is summarized as follows:

> During the audit, we noted that bank reconciliations for December 31, 2023, were not retained by City staff and could not be regenerated in the accounting system. We also noted that bank reconciliations did not completely reconcile as of December 31, 2023. We recommend that all bank reconciliations accurately reconcile and that they be retained at City Hall until the appropriate retention time has passed.

This communication is intended solely for the information and use of the mayor, city council and management of the City of Overbook, Kansas and is not intended to be and should not be used by anyone other than these specified parties.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

September 6, 2024

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AUDITOR'S COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE AT THE CONCLUSION OF THE AUDIT

Mayor and City Council
City of Overbrook, Kansas

We have audited the financial statements of the City of Overbrook, Kansas for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, (and, if applicable, *Government Auditing Standards* and the Uniform Guidance) as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2023. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 6, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We were engaged to report on supplementary information, including combining financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction of Use

This information is intended solely for the use of the mayor, city council and management of the City of Overbrook, Kansas, and is not intended to be, and should not be, used by anyone other than these specified parties.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

September 6, 2024

CITY OF OVERBROOK, KANSAS

FINANCIAL STATEMENTS

Year ended December 31, 2023

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CITY OF OVERBROOK, KANSAS

FINANCIAL STATEMENTS
Year ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Overbrook, Kansas

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Overbrook, Kansas, (the City), as of and for the year ended December 31, 2023 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 of 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 as of December 31, 2023, or the changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), 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*. 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 opinions.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government 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 regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

September 6, 2024

CITY OF OVERBROOK, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2023

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustment	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:							
General	$ 407,273	$ -	$ 878,151	$ 827,152	$ 458,272	$ 11,308	$ 469,580
Special Purpose Funds:							
Public Safety	20,987	-	193,072	214,856	[797]	1,288	491
Street Maintenance	80,303	-	83,214	62,817	100,700	9	100,709
Library	-	-	100,980	100,980	-	-	-
Parks and Recreation	33,921	-	87,183	107,132	13,972	435	14,407
Special Highway	180,678	-	33,072	76,605	137,145	-	137,145
Water Reserve	110,117	-	29,868	66,395	73,590	-	73,590
Sewer Reserve	12,497	-	3,393	-	15,890	-	15,890
Law Equipment Reserve	19,750	-	6,500	16,358	9,892	-	9,892
Employee Benefit Reserve	22,671	-	-	-	22,671	-	22,671
Water/Sewer Debt Reserve	38,607	-	92,294	80,341	50,560	-	50,560
Equipment Reserve	38,699	-	42,307	24,825	56,181	-	56,181
Bond and Interest Funds:							
Bond and Interest	22,765	-	-	144,911	[122,146]	-	[122,146]
Capital Projects Funds:							
Park/Lake	22,219	-	26,302	26,103	22,418	-	22,418
Water Distribution Project	11,299	-	7,099,241	7,097,520	13,020	-	13,020
Business Funds:							
Water Utility	159,344	-	450,111	355,486	253,969	6,068	260,037
Sewer Utility	30,347	-	184,558	123,602	91,303	7	91,310
Pool	6,188	-	53,036	55,657	3,567	18	3,585
Total Primary Government	1,217,665	-	9,363,282	9,380,740	1,200,207	19,133	1,219,340
Related Municipal Entity:							
Overbrook Public Library	67,593	-	155,305	145,232	77,666	2,105	79,771
Total Reporting Entity	$ 1,285,258	$ -	$ 9,518,587	$ 9,525,972	$ 1,277,873	$ 21,238	$ 1,299,111

Composition of Cash:

Checking	$ 652,131
Savings	418,458
Certificates of deposit	148,751
Checking - Library	51,619
Savings - Library	21,910
Certificates of deposit - Library	6,242
Total	$ 1,299,111

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

CITY OF OVERBROOK, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

The City of Overbrook (the City) is a municipal corporation governed by a mayor and a five-member council. This financial statement presents the City (the primary government) and the Overbrook Public Library (the related municipal entity), for which it is considered to be financially accountable. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and/or its constituents.

> Library Board - The Overbrook Public Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Bond issuances must also be approved by the City.

Basis of Accounting

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

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

Regulatory Basis Fund Types

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

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

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

Capital Projects Fund - used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

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

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:

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

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

If the City 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 did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in 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 the prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital projects funds and Water Reserve, Sewer Reserve, Law Equipment Reserve, Employee Benefit Reserve, Water/Sewer Debt Reserve and Equipment Reserve.

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 City Council.

NOTE 2 - Deposits and Investments

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

Investments. K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices. As of December 31, 2023, the City held no such investments.

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

NOTE 2 - Deposits and Investments (Continued)

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods."

As of December 31, 2023, the City's carrying amount of deposits was $1,219,340 and the bank balance was $1,437,337. The bank balance was held by two banks, resulting in a concentration of credit risk. Of the bank balance, $363,798 was covered by federal depository insurance and the remaining $1,073,539 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

As of December 31, 2023, the Library's carrying amount of deposits was $79,771 and the bank balance was $93,727. The bank balance was held by one bank, resulting in a concentration of credit risk. The bank balance was covered by federal depository insurance.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no such investments as of December 31, 2023.

NOTE 3 - Retirement Plan

Plan Description. The City and the Library participate 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 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. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.43% for KPERS and 22.86% for KP&F for the fiscal year ended December 31, 2023. Contributions to the pension plan from the City $21,578 for KPERS and $14,226 for KP&F for the year ended December 31, 2023. Contributions to the pension plan from the Library were $4,339 for the year ended December 31, 2023.

Net Pension Liability. As of December 31, 2023, the City's proportionate share of the collective net pension liability reported by KPERS was $238,637 and $133,531 for KP&F. As of December 31, 2023, the Library's proportionate share of the collective net pension liability reported by KPERS was $49,049. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. The City's and Library's

NOTE 3 - Retirement Plan (Continued)

proportion of the net pension liability was based on the ratio of the City's and Library's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup of KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report, including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the KPERS website at www.kpers.org or can be obtained as described above.

NOTE 4 - Long-Term Debt

Changes in Long-term Debt. During the year ended December 31, 2023, the following changes occurred in long-term debt:

Type of Issue	Beginning Principal Outstanding	Additions to Principal	Reductions of Principal	Ending Principal Outstanding	Interest Paid
General Obligation Bonds	$ 45,000	$ 4,332,000	$ 15,000	$ 4,362,000	$ 1,913
State Revolving Loans	5,645,143	846,542	6,266,301	225,384	85,088
Finance Leases	106,215	-	20,215	86,000	4,609
	$5,796,358	$ 5,178,542	$ 6,301,516	$ 4,673,384	$ 91,610

General Obligation Bonds. General obligation bonds currently outstanding are as follows:

General Obligation Bonds	Interest Rate	Amount Outstanding	Original Amount	Date of Issue	Final Maturity
Series 2010	1.50 - 4.25%	$ 4,362,000	$ 775,000	9/1/2010	9/1/2025
Series 2023-1	1.375%	4,152,000	4,152,000	10/19/2023	10/19/2063
Series 2023-2	1.375%	180,000	180,000	10/19/2023	10/19/2063
		$ 8,694,000	$5,107,000		

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

Year Ending December 31,	Principal Due	Interest Due	Total Due
2024	$ 96,962	$ 60,841	$ 157,803
2025	98,089	59,075	157,164
2026	84,231	57,296	141,527
2027	85,389	56,138	141,527
2028	86,564	54,963	141,527
2029 - 2033	451,003	256,632	707,635
2034 - 2038	482,875	224,760	707,635
2039 - 2043	516,998	190,638	707,636
2044 - 2048	553,533	154,102	707,635
2049 - 2053	592,649	114,986	707,635
2054 - 2058	634,530	73,105	707,635
2059 - 2063	679,177	28,267	707,444
	$ 4,362,000	$ 1,330,803	$ 5,692,803

NOTE 4 - Long-Term Debt (Continued)

Revolving Loans. State revolving loans currently outstanding are as follows:

State Revolving Loans	Interest Rate	Amount Outstanding	Original Amount	Date of Issue	Final Maturity
KS PWSLF #2989	1.50%	$ 120,988	$6,175,300	2/1/2023	2/1/2042
KS WPCRF #C20 1587 01	3.56%	104,396	1,054,662	10/22/2004	10/22/2024
		$ 225,384	$7,229,962		

The annual debt service requirements to maturity for the revolving loans are as follows:

Year Ending December 31,	Principal Due	Interest Due	Total Due
2024	$ 95,584	$ 9,047	$ 104,631
2025	17,791	2,413	20,204
2026	6,031	823	6,854
2027	6,122	1,201	7,323
2028	6,214	1,131	7,345
2029 - 2033	32,501	4,555	37,056
2034 - 2038	35,022	2,622	37,644
2039 - 2042	26,120	605	26,725
	$ 225,385	$ 22,397	$ 247,782

Finance Leases. Finance leases currently outstanding are as follows:

Finance Leases	Interest Rate	Amount Outstanding	Original Amount	Date of Issue	Final Maturity
2021 Skid Steer	3.75%	$ 44,065	$ 63,782	11/4/2021	11/4/2027
2011 Ford F350	3.75%	5,276	20,350	4/6/2021	4/6/2024
2019 Ford F150	5.25%	36,659	41,749	12/21/2022	12/21/2029
		$ 86,000	$125,881		

The annual debt service requirements to maturity for the finance leases are as follows:

Year Ending December 31,	Principal Due	Interest Due	Total Due
2024	$ 21,040	$ 3,785	$ 24,825
2025	16,445	2,906	19,351
2026	17,146	2,205	19,351
2027	17,880	1,472	19,352
2028	6,572	710	7,282
2029	6,917	363	7,280
	$ 86,000	$ 11,441	$ 97,441

NOTE 5 - Compensated Absences

City employees receive vacation and sick leave benefits. Vacation benefits accrue on a monthly basis and an annual carryover caps the number of days transferred from year to year. Upon termination, employees are compensated for any unused vacation leave. Sick leave accrues on a monthly basis up to a maximum. Upon termination, employees are not compensated for any unused sick leave. It is the City's policy to recognize the costs of compensated absences when actually paid.

NOTE 6 - Commitments and Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the City as of December 31, 2023.

NOTE 7 - Interfund Transfers

Operating transfers during the year ended December 31, 2023, were as follows:

From	To	Amount	Regulatory Authority
General	Pool	$ 30,000	Council Motion
General	Equipment Reserve	14,988	K.S.A. 12-1,117
General	Water Reserve	24,036	K.S.A. 12-631o
General	Park/Lake	24,960	K.S.A. 12-1,118
Public Safety	Law Equipment Reserve	6,500	K.S.A. 12-1,118
Water Utility	Equipment Reserve	4,980	K.S.A. 12-825d
Water Utility	Water Reserve	5,832	K.S.A. 12-825d
Water Utility	Water/Sewer Debt Reserve	13,704	K.S.A. 12-825d
Street Maintenance	Equipment Reserve	4,565	K.S.A. 12-1,117
Sewer Utility	Equipment Reserve	4,980	K.S.A. 12-825d
Sewer Utility	Sewer Reserve	3,132	K.S.A. 12-825d
Sewer Utility	Water/Sewer Debt Reserve	71,352	K.S.A. 12-825d
		$ 209,029	

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, for which the City has carried commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

NOTE 9 - 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, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2023.

NOTE 10 - Statutory Violations

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

The Bond and Interest Fund had negative ending unencumbered cash as of December 31, 2023, which is a violation of K.S.A. 10-1113.

SCHEDULE 1

CITY OF OVERBROOK, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over [Under]
General Funds:					
General	$ 855,984	$ 2,395	$ 858,379	$ 827,152	$ [31,227]
Special Purpose Funds:					
Public Safety	217,000	-	217,000	214,856	[2,144]
Street Maintenance	184,980	-	184,980	62,817	[122,163]
Library	107,500	-	107,500	100,980	[6,520]
Parks and Recreation	115,000	-	115,000	107,132	[7,868]
Special Highway	190,581	-	190,581	76,605	[113,976]
Bond and Interest Funds:					
Bond and Interest	19,912	-	19,912	144,911	124,999
Business Funds:					
Water Utility	508,475	-	508,475	355,486	[152,989]
Sewer Utility	190,509	-	190,509	123,602	[66,907]
Pool	84,705	-	84,705	55,657	[29,048]

See independent auditor's report on the financial statements.

CITY OF OVERBROOK, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes and shared revenue			
Ad valorem property tax	$ 204,542	$ 204,222	$ 320
Delinquent tax	4,958	2,000	2,958
Motor vehicle tax	9,881	24,709	[14,828]
RV tax	6	442	[436]
Commercial vehicle taxes	5,877	396	5,481
Franchise fees	76,638	70,000	6,638
Intergovernmental	3,537	4,000	[463]
Sales tax	262,940	250,000	12,940
Licenses, rent, permits	7,830	10,000	[2,170]
Municipal court	48,794	20,000	28,794
Interest income	3,206	4,000	[794]
Miscellaneous revenues	107,171	30,000	77,171
Donations	140,375	-	140,375
Federal grants	2,395	-	2,395
Total Receipts	878,151	$ 619,769	$ 258,382
Expenditures			
Personnel services	212,426	$ 610,000	$ [397,574]
Commodities	55,577	-	55,577
Contractual services	412,741	-	412,741
Capital outlay	16,186	120,000	[103,814]
Debt service	36,238	-	36,238
Operating transfers	93,984	125,984	[32,000]
Adjustment for qualifying budget credits	-	2,395	[2,395]
Total Expenditures	827,152	$ 858,379	$ [31,227]
Receipts Over [Under] Expenditures	50,999		
Unencumbered Cash, Beginning	407,273		
Unencumbered Cash, Ending	$ 458,272		

SCHEDULE 2 - 2

CITY OF OVERBROOK, KANSAS
PUBLIC SAFETY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes and shared revenue			
Ad valorem property tax	$ 171,521	$ 175,842	$ [4,321]
Delinquent tax	4,862	1,000	3,862
Motor vehicle tax	7,630	21,307	[13,677]
RV tax	6	380	[374]
Commercial vehicle tax	6,403	341	6,062
Miscellaneous revenue	2,651	-	2,651
Total Receipts	193,072	198,870	[5,798]
Expenditures			
Personnel services	166,145	$ 160,000	$ 6,145
Commodities	24,615	20,000	4,615
Contractual	15,089	5,000	10,089
Capital outlay	2,507	26,000	[23,493]
Operating transfers	6,500	6,000	500
Total Expenditures	214,856	$ 217,000	$ [2,144]
Receipts Over [Under] Expenditures	[21,784]		
Unencumbered Cash, Beginning	20,987		
Unencumbered Cash, Ending	$ [797]		

See independent auditor's report on the financial statements.

CITY OF OVERBROOK, KANSAS
STREET MAINTENANCE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes and shared revenue			
Ad valorem property tax	$ 75,099	$ 77,722	$ [2,624]
Delinquent tax	1,713	250	1,463
Motor vehicle tax	3,480	8,982	[5,502]
RV tax	3	160	[157]
Commercial vehicle tax	2,920	143	2,777
Total Receipts	83,214	$ 87,257	$ [4,043]
Expenditures			
Streets	58,252	$ 180,000	$ [121,748]
Operating transfers	4,565	4,980	[415]
Total Expenditures	62,817	$ 184,980	$ [122,163]
Receipts Over [Under] Expenditures	20,397		
Unencumbered Cash, Beginning	80,303		
Unencumbered Cash, Ending	$ 100,700		

CITY OF OVERBROOK, KANSAS
LIBRARY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes and Shared Revenue			
Ad valorem property tax	$ 90,792	$ 95,251	$ [4,459]
Delinquent tax	2,562	800	1,762
Motor vehicle tax	4,145	11,074	[6,929]
RV tax	3	198	[195]
Commercial vehicle tax	3,478	177	3,301
Total Receipts	100,980	$ 107,500	$ [6,520]
Expenditures			
Appropriation to Library Board	100,980	$ 107,500	$ [6,520]
Total Expenditures	100,980	$ 107,500	$ [6,520]
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	$ -		

CITY OF OVERBROOK, KANSAS
PARKS AND RECREATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes and Shared Revenue			
Ad valorem property tax	$ 52,407	$ 44,890	$ 7,517
Delinquent tax	706	200	506
Motor vehicle tax	1,132	3,928	[2,796]
RV tax	1	70	[69]
Commercial vehicle tax	950	63	887
Charges for services	30,812	35,000	[4,188]
State aid/grants	-	6,000	[6,000]
Miscellaneous revenues	1,175	-	1,175
Total Receipts	87,183	$ 90,151	$ [2,968]
Expenditures			
General government	107,132	$ 115,000	$ [7,868]
Total Expenditures	107,132	$ 115,000	$ [7,868]
Receipts Over [Under] Expenditures	[19,949]		
Unencumbered Cash, Beginning	33,921		
Unencumbered Cash, Ending	$ 13,972		

SCHEDULE 2 - 6

CITY OF OVERBROOK, KANSAS
SPECIAL HIGHWAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Intergovernmental revenues	$ 33,072	$ 32,000	$ 1,072
Total Receipts	33,072	$ 32,000	$ 1,072
Expenditures			
Contractual	76,605	$ 190,581	$ [113,976]
Total Expenditures	76,605	$ 190,581	$ [113,976]
Receipts Over [Under] Expenditures	[43,533]		
Unencumbered Cash, Beginning	180,678		
Unencumbered Cash, Ending	$ 137,145		

See independent auditor's report on the financial statements.

CITY OF OVERBROOK, KANSAS
NON-BUDGETED SPECIAL PURPOSE FUNDS
Schedule of Receipts and Expenditures - Actual *
Regulatory Basis
For the Year Ended December 31, 2023

	Water Reserve	Sewer Reserve	Law Equipment Reserve	Employee Benefit Reserve	Water/Sewer Debt Reserve	Equipment Reserve
Receipts						
Operating transfers	$ 29,868	$ 3,132	$ 6,500	$ -	$ 85,056	$ 29,513
Miscellaneous revenues	-	261	-	-	7,238	12,794
Total Receipts	29,868	3,393	6,500	-	92,294	42,307
Expenditures						
Capital outlay	66,395	-	16,358	-	-	24,825
Debt service	-	-	-	-	80,341	-
Total Expenditures	66,395	-	16,358	-	80,341	24,825
Receipts Over [Under] Expenditures	[36,527]	3,393	[9,858]	-	11,953	17,482
Unencumbered Cash, Beginning	110,117	12,497	19,750	22,671	38,607	38,699
Unencumbered Cash, Ending	$ 73,590	$ 15,890	$ 9,892	$ 22,671	$ 50,560	$ 56,181

* These funds are not required to be budgeted.

SCHEDULE 2 - 8

CITY OF OVERBROOK, KANSAS
BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Taxes and Shared Revenue			
Delinquent tax	$ -	$ 500	$ [500]
Intergovernmental revenues	-	15,000	[15,000]
Total Receipts	-	$ 15,500	$ [15,500]
Expenditures			
Debt service	144,911	$ 19,912	$ 124,999
Total Expenditures	144,911	$ 19,912	$ 124,999
Receipts Over [Under] Expenditures	[144,911]		
Unencumbered Cash, Beginning	22,765		
Unencumbered Cash, Ending	$ [122,146]		

CITY OF OVERBROOK, KANSAS
CAPITAL PROJECTS FUNDS
Schedule of Receipts and Expenditures - Actual *
Regulatory Basis
For the Year Ended December 31, 2023

	Park/ Lake	Water Distribution Project
Receipts		
Charges for services	$ 1,342	-
Miscellaneous revenues	-	10,651
Loan/grant/bond proceeds	-	7,088,590
Operating transfers	24,960	-
Total Receipts	26,302	7,099,241
Expenditures		
Personnel services	365	-
Commodities	5,453	-
Contractual	18,134	-
Capital outlay	-	898,520
Miscellaneous expense	2,151	-
Debt service	-	6,199,000
Total Expenditures	26,103	7,097,520
Receipts Over [Under] Expenditures	199	1,721
Unencumbered Cash, Beginning	22,219	11,299
Unencumbered Cash, Ending	$ 22,418	$ 13,020

* These funds are not required to be budgeted.

SCHEDULE 2 - 10

CITY OF OVERBROOK, KANSAS
WATER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Charges for services	$ 450,111	$ 390,000	$ 60,111
Total Receipts	450,111	390,000	60,111
Expenditures			
Personnel services	$ 126,108	$ 120,000	$ 6,108
Commodities	72,497	90,000	[17,503]
Contractual	68,287	25,000	43,287
Capital outlay	450	127,669	[127,219]
Refuse collection	63,628	120,000	[56,372]
Debt service	-	290	[290]
Operating transfers	24,516	25,516	[1,000]
Total Expenditures	355,486	$ 508,475	$ [152,989]
Receipts Over [Under] Expenditures	94,625		
Unencumbered Cash, Beginning	159,344		
Unencumbered Cash, Ending	$ 253,969		

CITY OF OVERBROOK, KANSAS
SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Charges for services	$ 184,558	$ 165,000	$ 19,558
Total Receipts	184,558	$ 165,000	$ 19,558
Expenditures			
Personnel services	$ 7,072	$ 55,000	$ [47,928]
Commodities	1,860	20,000	[18,140]
Contractual	35,206	36,045	[839]
Operating transfers	79,464	79,464	-
Total Expenditures	123,602	$ 190,509	$ [66,907]
Receipts Over [Under] Expenditures	60,956		
Unencumbered Cash, Beginning	30,347		
Unencumbered Cash, Ending	$ 91,303		

CITY OF OVERBROOK, KANSAS
POOL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance Over [Under]
Receipts			
Charges for services	$ 23,036	$ 29,000	$ [5,964]
Operating transfers	30,000	47,000	[17,000]
Total Receipts	53,036	$ 76,000	$ [22,964]
Expenditures			
Personnel services	38,359	$ 50,000	$ [11,641]
Commodities	13,148	22,500	[9,352]
Contractual	4,150	12,205	[8,055]
Total Expenditures	55,657	$ 84,705	$ [29,048]
Receipts Over [Under] Expenditures	[2,621]		
Unencumbered Cash, Beginning	6,188		
Unencumbered Cash, Ending	$ 3,567		

CITY OF OVERBROOK, KANSAS
OVERBROOK PUBLIC LIBRARY - RELATED MUNICIPAL ENTITY
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
City appropriation	$ 102,268
Interest	110
Donations and grants	43,443
Room rentals	4,864
Miscellaneous	4,620
Total Receipts	155,305
Expenditures	
Personnel services	89,518
Contractual	37,046
Collection	18,367
Capital outlay	301
Total Expenditures	145,232
Receipts Over [Under] Expenditures	10,073
Unencumbered Cash, Beginning	67,593
Unencumbered Cash, Ending	$ 77,666

CITY OF OVERBROOK, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	Expenditures
U.S. Department of Housing and Urban Development		
Passed Through Kansas Department of Commerce:		
Community Development Block Grants	14.228	$ 2,000
Total U.S. Department of Housing and Urban Development		2,000
U.S. Department of the Treasury		
Passed Through Kansas Governor's Office:		
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	20,355
Total U.S. Department of the Treasury		20,355
U.S. Department of Agriculture		
Water and Waste Disposal Systems for Rural Communities	10.760	6,232,000
Total U.S. Department of Agriculture		6,232,000
Total Expenditures of Federal Awards		$ 6,254,355

The accompanying notes are an integral part of this schedule.

CITY OF OVERBROOK, KANSAS
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

1. Organization

The City of Overbrook, Kansas, (the City), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The City elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position as of December 31, 2023.

5. Outstanding Loans

The City did not have any outstanding loans under any federal grants as of December 31, 2023.

6. Pass Through Numbers

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

CITY OF OVERBROOK, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes	X	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance?		Yes	X	No

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?		Yes	X	No

CITY OF OVERBROOK, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2023

Section II - Financial Statement Findings

Current Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted.

CITY OF OVERBROOK, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2023

Section II - Financial Statement Findings

Prior Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Prior Year Findings

None Noted.

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

Mayor and City Council
City of Overbrook, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statements of the City of Overbrook, Kansas (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 6, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.*

Purpose of this Report

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

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

September 6, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Mayor and City Council
City of Overbrook, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the City of Overbrook, Kansas (the City), with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirement referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grants agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion of the City's compliance based on our audit. 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, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgement and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 Example Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies, and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City as of and for the year ended December 31, 2023, and have issued our report thereon dated September 6, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

September 6, 2024