CITY OF GAS, KANSAS

Independent Auditor's Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2023

CITY OF GAS, KANSAS

For the Year Ended December 31, 2023
TABLE OF CONTENTS

	Page Number
Independent Auditor's Report	1-3
Statement 1	
Summary Statement of Receipts, Expenditures, and Unencumbered Cash Regulatory Basis	4
Notes to the Financial Statement	5-11
SUPPLEMENTARY INFORMATION	
Schedule 1	
Summary of Expenditures – Actual and Budget (Budgeted Funds Only) Regulatory Basis	12
Schedule 2	
Schedules of Receipts and Expenditures - Actual and Budget Regulatory Basis - (With Comparative Actual Amounts for the Prior Year):	
General Fund	13-14
ARPA Fund	15
Employee Benefits Fund	16
Equipment Reserve Fund	17
Special Highway Fund	18
Capital Improvements Fund	19
Water Utility Fund	20
Sewer Utility Fund	21
Refuse Utility Fund	22
Cemetery Fund	23

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Gas, Kansas

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Gas, Kansas, 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 for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Gas as of December 31, 2023, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Gas 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) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and the schedule of receipts and expenditures – actual and budget regulatory basis, for each individual fund (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself,

and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Gas as of and for the year ended December 31, 2022 (not presented herein), and have issued our report thereon dated May 19, 2023, which contained an unmodified opinion on the basic financial statement. The 2022 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2023 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2022 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 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 2022 basic financial statement or to the 2022 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 2022 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2022, on the basis of accounting described in Note 1.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

May 17, 2024
Chanute, Kansas

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

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Encumbrances and Accounts Payable	Cash Balance December 31, 2023
General	$ 98,075.57	$ 230,249.95	$ 163,157.50	$ 165,168.02	$ 1,740.27	$ 166,908.29
Special Purpose Funds:						
ARPA	58,306.20	-	57,748.90	557.30	-	557.30
Employee Benefits	30,235.31	23,649.04	12,585.13	41,299.22	39.18	41,338.40
Equipment Reserve	40,998.77	11,145.08	13,333.33	38,810.52	-	38,810.52
Special Highway	16,134.69	13,239.98	2,574.50	26,800.17	58.99	26,859.16
Capital Improvements	69,827.83	10,000.00	-	79,827.83	-	79,827.83
Business Funds:						
Water Utility	78,898.29	227,700.25	209,247.74	97,350.80	14,566.24	111,917.04
Sewer Utility	64,307.31	64,396.76	42,918.00	85,786.07	574.02	86,360.09
Refuse Utility	18,239.28	38,385.94	41,326.00	15,299.22	2,940.00	18,239.22
Trust Funds:						
Cemetery	23,047.85	4,200.00	-	27,247.85	-	27,247.85
Total Reporting Entity	$ 498,071.10	$ 622,967.00	$ 542,891.10	$ 578,147.00	$ 19,918.70	$ 598,065.70

Composition of Cash:	
Cash on Hand	$ 200.00
Checking Accounts	
General	377,817.04
Certificates of Deposit	188,912.38
Trust Accounts:	
Investments	31,136.28
Total Reporting Entity	$ 598,065.70

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity
The City of Gas, Kansas, is a municipal corporation governed by an elected six-member council.

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

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

Regulatory Basis Fund Types
A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Gas, Kansas, for the year of 2023:

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 proceeds of specific tax levies and other specific receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

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.)

Trust fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pensions funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 municipality 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.

Pension Plan

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

Property Taxes

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

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as regulatory receipts. In the financial statement and budget comparisons schedules presented in this report, reimbursements and refunds are recorded as regulatory receipts. The reimbursements are recorded as cash receipts when received by the City Treasurer and it is often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following 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 1st.
2. Publication in local newspaper, on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

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 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 project funds and trust funds, and the following special purpose funds:

- ARPA Fund
- Capital Improvements Fund

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

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

3. DEPOSITS AND INVESTMENTS

As of December 31, 2023, the City has the following investments:

Investment Type	Cost	Fair Value	Rating
Kansas Investment Pool			
Less than one year maturity	$ 31,136.28	$ 31,136.28	S&P AAAf/S1+
Total Investment	$ 31,136.28	$ 31,136.28	

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.

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. The rating of the City's investments is noted above.

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. The City's allocation of investments as of December 31, 2023, is as follows:

Investments	Percentage of Investments
Kansas Municipal Investment Pool	100.00%

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 the 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 Bank of Topeka. All deposits were legally secured at December 31, 2023.

At year-end the City's carrying amount of deposits, including certificates of deposits, was $566,729.42 and the bank balance was $577,540.90. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $340,000.00 was covered by federal depository insurance and $237,540.90 was collateralized with securities held by the pledging financial institution's 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 require investments to be adequately secured.

3. DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2023, the City has invested $31,136.28 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment 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 insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent 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.

4. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate (for the Death and Disability Program) and the statutory contribution rate was 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from the City were $13,213.13 for the year ended December 31, 2023.

Net Pension Liability

At December 31, 2023, the City's proportionate share of the collective net pension liability reported by KPERS was $152,098.00. 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 proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and nonemployer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statement.

4. DEFINED BENEFIT PENSION PLAN (Continued)

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

5. RISK MANAGEMENT

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

6. ECONOMIC DEPENDENCY

The City purchases its water, which it then distributes to its customers, from the City of Iola. The loss of this source of water purchases could have an adverse economic effect on the City.

7. OTHER COMMITMENTS AND CONCENTRATIONS

On the 14th day of April 1999, the City of Gas, the City of LaHarpe, and the Allen County Commissioners agreed to the following:

The City of LaHarpe owns a sewer treatment system and provides sewer service to the City of Gas.

The Kansas Department of Commerce would provide funds to build a replacement lagoon system that will be jointly owned by the City of LaHarpe and City of Gas.

A contract and agreement was entered into between City of Gas and City of LaHarpe and the cities entered into an interlocal agreement to establish a joint sewer board.

The original agreement was extended on August 14, 2019 and will now terminate on September 30, 2029.

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences:
All full-time employees of the City are eligible for vacation benefits in varying annual amounts. Part-time employees earn vacation at the rate of one hour for each 25 hours actual working time. Seasonal, volunteer, and on-call employees shall not earn vacation leave. In the event of termination, unused accrued vacation time is paid.

Sick leave accrues to all full-time employees at the rate of eight hours per month and is limited to 240 hours. Any unused sick leave at date of termination is lost.

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

1. The City's obligation relating to employees rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.

8. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (Continued)

3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and, is material.

In accordance with the above criteria, the City has estimated a liability for annual leave which has been earned, but not taken, by City at December 31, 2023 to be $4,588.75. The City has not estimated a liability for sick leave earned, but not taken, by City employees, as the amounts cannot be reasonably estimated.

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

Under the Consolidated Omnibus Budget Reconciliat8ion Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

9. INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund:	To Fund:	Statutory Authority	Amount
Water Utility	Capital Improvement	K.S.A. 12-825d	$ 10,000.00
Water Utility	Equipment Reserve	K.S.A. 12-825d	5,000.00
Sewer Utility	Equipment Reserve	K.S.A. 12-825d	5,000.00
Refuse Utility	General	K.S.A. 12-825d	5,000.00

10. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent to year end, and there were no subsequent events requiring recognition in the financial statement. Additionally, there were no non-recognized subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

Schedule 1

CITY OF GAS, KANSAS
Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)
Regulatory Basis
For the Year Ended December 31, 2023

Funds	Total Certified Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General	$ 324,366.00	$ 163,157.50	$ (161,208.50)
Special Purpose Funds:			
Employee Benefits	53,924.00	12,585.13	(41,338.87)
Equipment Reserve	45,833.00	13,333.33	(32,499.67)
Special Highway	30,755.00	2,574.50	(28,180.50)
Business Funds:			
Water Utility	255,586.00	209,247.74	(46,338.26)
Sewer Utility	121,960.00	42,918.00	(79,042.00)
Refuse Utility	46,344.00	41,326.00	(5,018.00)

CITY OF GAS, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 61,449.32	$ 67,379.43	$ 70,170.00	$ (2,790.57)
Delinquent Tax	2,278.30	4,438.43	2,417.00	2,021.43
Motor Vehicle Tax	13,842.94	14,063.02	15,915.00	(1,851.98)
Recreational Vehicle Tax	333.39	287.14	538.00	(250.86)
16/20M Tax	183.81	130.70	180.00	(49.30)
Commercial Vehicle Tax	861.48	848.05	1,223.00	(374.95)
Watercraft Tax	-	-	11.00	(11.00)
Neighborhood Revitalization Rebate	(1,160.14)	(878.51)	(779.00)	(99.51)
Sales Tax	93,073.25	112,236.64	87,161.00	25,075.64
Franchise Tax	12,506.42	13,692.05	12,004.00	1,688.05
Licenses and Permits				
Other Licenses and Permits	190.00	180.00	215.00	(35.00)
Use of Money and Property				
Interest	312.72	1,207.72	149.00	1,058.72
Rental Fees	1,075.00	850.00	500.00	350.00
Other Receipts				
Miscellaneous	2,270.98	4,744.88	-	4,744.88
Reimbursed Expense	3,749.67	3,874.60	-	3,874.60
Donations	642.37	2,195.80	-	2,195.80
Operating Transfers from:				
Sewer Utility Fund	-	-	10,000.00	(10,000.00)
Water Utility Fund	10,000.00	-	15,000.00	(15,000.00)
Refuse Utility Fund	5,000.00	5,000.00	5,000.00	-
Total Receipts	206,609.51	230,249.95	$ 219,704.00	$ 10,545.95

CITY OF GAS, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures				
General Government				
Personal Services	$ 132,585.22	$ 95,603.61	$ 129,551.00	$ (33,947.39)
Contractual Services	52,050.78	61,687.60	60,000.00	1,687.60
Commodities	4,849.62	1,888.46	30,000.00	(28,111.54)
Capital Outlay	-	-	87,815.00	(87,815.00)
Highways and Street				
Contractual Services	3,095.25	3,636.75	12,000.00	(8,363.25)
Community Center				
Contractual Services	473.24	3.18	-	3.18
Parks Development				
Contractual Services	732.95	337.90	5,000.00	(4,662.10)
Total Expenditures	193,787.06	163,157.50	$ 324,366.00	$ (161,208.50)
Receipts Over (Under) Expenditures	12,822.45	67,092.45		
Unencumbered Cash, Beginning	85,253.12	98,075.57		
Unencumbered Cash, Ending	$ 98,075.57	$ 165,168.02		

CITY OF GAS, KANSAS
ARPA FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
ARPA Grant Proceeds	$ 38,228.60	$ -
Total Receipts	38,228.60	-
Expenditures		
General Government		
Personal Services	12,855.61	23,862.17
Capital Outlay	5,295.39	33,886.73
Total Expenditures	18,151.00	57,748.90
Receipts Over (Under) Expenditures	20,077.60	(57,748.90)
Unencumbered Cash, Beginning	38,228.60	58,306.20
Unencumbered Cash, Ending	$ 58,306.20	$ 557.30

CITY OF GAS, KANSAS
EMPLOYEE BENEFITS FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 17,355.28	$ 18,923.80	$ 19,706.00	$ (782.20)
Delinquent Tax	684.40	640.91	758.00	(117.09)
Motor Vehicle Tax	4,087.96	3,971.85	4,495.00	(523.15)
Recreational Vehicle Tax	98.45	81.11	152.00	(70.89)
Commercial Truck Tax	254.40	239.51	346.00	(106.49)
Watercraft Tax	-	-	3.00	(3.00)
16/20M Tax	55.35	38.59	51.00	(12.41)
Neighborhood Revitalization Rebate	(327.65)	(246.73)	(244.00)	(2.73)
Total Receipts	22,208.19	23,649.04	$ 25,267.00	$ (1,617.96)
Expenditures				
Employee Benefits				
Personal Services	15,950.93	12,585.13	$ 53,924.00	$ (41,338.87)
Total Expenditures	15,950.93	12,585.13	$ 53,924.00	$ (41,338.87)
Receipts Over (Under) Expenditures	6,257.26	11,063.91		
Unencumbered Cash, Beginning	23,978.05	30,235.31		
Unencumbered Cash, Ending	$ 30,235.31	$ 41,299.22		

CITY OF GAS, KANSAS
EQUIPMENT RESERVE FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Use of Money and Property				
Interest	$ 88.06	$ 345.08	$ 43.00	$ 302.08
Sale of Equipment	15,000.00	800.00	-	800.00
Operating Transfers from:				
Sewer Utility Fund	5,000.00	5,000.00	5,000.00	-
Water Utility Fund	5,000.00	5,000.00	5,000.00	-
Total Receipts	25,088.06	11,145.08	$ 10,043.00	$ 1,102.08
Expenditures				
General Government				
Capital Outlay	9,836.14	13,333.33	$ 45,833.00	$ (32,499.67)
Total Expenditures	9,836.14	13,333.33	$ 45,833.00	$ (32,499.67)
Receipts Over (Under) Expenditures	15,251.92	(2,188.25)		
Unencumbered Cash, Beginning	25,746.85	40,998.77		
Unencumbered Cash, Ending	$ 40,998.77	$ 38,810.52		

CITY OF GAS, KANSAS
SPECIAL HIGHWAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Delinquent Tax	$ -	$ 514.81	$ -	$ 514.81
Intergovernmental				
State Highway Payment	13,147.52	12,725.17	13,930.00	(1,204.83)
Total Receipts	13,147.52	13,239.98	$ 13,930.00	$ (690.02)
Expenditures				
Street Maintenance				
Personal Services	1,527.50	1,701.24	$ 3,056.00	$ (1,354.76)
Commodities	426.00	67.00	10,199.00	(10,132.00)
Capital Outlay	1,835.55	806.26	17,500.00	(16,693.74)
Total Expenditures	3,789.05	2,574.50	$ 30,755.00	$ (28,180.50)
Receipts Over (Under) Expenditures	9,358.47	10,665.48		
Unencumbered Cash, Beginning	6,776.22	16,134.69		
Unencumbered Cash, Ending	$ 16,134.69	$ 26,800.17		

CITY OF GAS, KANSAS
CAPITAL IMPROVEMENTS FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers from		
Water Utility Fund	$ 10,000.00	$ 10,000.00
Total Receipts	10,000.00	10,000.00
Expenditures		
Capital Improvements		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	10,000.00	10,000.00
Unencumbered Cash, Beginning	59,827.83	69,827.83
Unencumbered Cash, Ending	$ 69,827.83	$ 79,827.83

CITY OF GAS, KANSAS
WATER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Water Sales	$ 195,068.55	$ 216,305.06	$ 186,068.00	$ 30,237.06
Penalties	5,457.52	4,338.75	4,535.00	(196.25)
Other Fees	7,585.39	6,193.77	6,307.00	(113.23)
Use of Money and Property				
Interest	224.67	862.67	107.00	755.67
Total Receipts	208,336.13	227,700.25	$ 197,017.00	$ 30,683.25
Expenditures				
Production and Distribution				
Personal Services	52,497.29	50,327.53	$ 58,890.00	$ (8,562.47)
Contractual Services	17,403.36	12,361.59	30,000.00	(17,638.41)
Commodities	102,222.19	118,225.29	100,000.00	18,225.29
Capital Outlay	-	13,333.33	36,696.00	(23,362.67)
Operating Transfers to:				
General Fund	10,000.00	-	15,000.00	(15,000.00)
Capital Improvements Fund	10,000.00	10,000.00	10,000.00	-
Equipment Reserve Fund	5,000.00	5,000.00	5,000.00	-
Total Expenditures	197,122.84	209,247.74	$ 255,586.00	$ (46,338.26)
Receipts Over (Under) Expenditures	11,213.29	18,452.51		
Unencumbered Cash, Beginning	67,685.00	78,898.29		
Unencumbered Cash, Ending	$ 78,898.29	$ 97,350.80		

CITY OF GAS, KANSAS
SEWER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Sewer Charges	$ 65,035.99	$ 63,879.17	$ 65,037.00	$ (1,157.83)
Other Fees	250.00	-	240.00	(240.00)
Use of Money and Property				
Interest	136.60	517.59	64.00	453.59
Total Receipts	65,422.59	64,396.76	$ 65,341.00	$ (944.24)
Expenditures				
Treatment and Distribution				
Personal Services	12,777.59	13,935.46	$ 11,152.00	$ 2,783.46
Contractual Services	12,864.48	7,548.10	20,000.00	(12,451.90)
Commodities	6,048.11	3,101.11	10,000.00	(6,898.89)
Capital Outlay	-	13,333.33	65,808.00	(52,474.67)
Operating Transfers to:				
General Fund	-	-	10,000.00	(10,000.00)
Equipment Reserve Fund	5,000.00	5,000.00	5,000.00	-
Total Expenditures	36,690.18	42,918.00	$ 121,960.00	$ (79,042.00)
Receipts Over (Under) Expenditures	28,732.41	21,478.76		
Unencumbered Cash, Beginning	35,574.90	64,307.31		
Unencumbered Cash, Ending	$ 64,307.31	$ 85,786.07		

CITY OF GAS, KANSAS
REFUSE UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Trash Charges	$ 31,429.85	$ 34,467.87	$ 29,379.00	$ 5,088.87
Other Fees	3,104.39	3,400.55	3,051.00	349.55
Use of Money and Property				
Interest	118.36	517.52	64.00	453.52
Total Receipts	34,652.60	38,385.94	$ 32,494.00	$ 5,891.94
Expenditures				
Collections				
Personal Services	8,408.33	-	$ 19,910.00	$ (19,910.00)
Contractual Services	19,934.72	34,760.00	12,000.00	22,760.00
Commodities	4,793.90	1,566.00	5,000.00	(3,434.00)
Capital Outlay	-	-	4,434.00	(4,434.00)
Operating Transfers to				
General Fund	5,000.00	5,000.00	5,000.00	-
Total Expenditures	38,136.95	41,326.00	$ 46,344.00	$ (5,018.00)
Receipts Over (Under) Expenditures	(3,484.35)	(2,940.06)		
Unencumbered Cash, Beginning	21,723.63	18,239.28		
Unencumbered Cash, Ending	$ 18,239.28	$ 15,299.22		

CITY OF GAS, KANSAS
CEMETERY FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year Actual
Receipts		
Charges for Services		
Sale of Lots	$ 700.00	$ 4,200.00
Total Receipts	700.00	4,200.00
Expenditures		
Perpetual Care		
Contractual Services	390.00	-
Total Expenditures	390.00	-
Receipts Over (Under) Expenditures	310.00	4,200.00
Unencumbered Cash, Beginning	22,737.85	23,047.85
Unencumbered Cash, Ending	$ 23,047.85	$ 27,247.85

Jarred Gilmore Phillips

Honorable Mayor and City Council
City of Gas, Kansas

In planning and performing our audit of the financial statement of the City of Gas, Kansas as of and for the year ended December 31, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Gas, Kansas' system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Gas, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Gas, Kansas' internal control.

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

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 City's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be material weaknesses:

Preparation of Financial Statement

Accounting standards states the client must be able to accept responsibility and be able to identify a material misstatement when reviewing the financial statement, including footnotes and supplemental information. This would also include knowing if a required footnote disclosure was missing or not correctly stated. Presently, the City staff does not have the ability to process and prepare the required financial statement, including footnotes. The potential effects of this material weakness could be unrecognized errors on the financial statement. While we recognize that this condition is not unusual for a City your size, it is important that you be aware of this condition for financial reporting purposes. Management and the City Council should continually be aware of the financial reporting of the City and changes in reporting requirements.

Segregation of Duties

An internal control structure is, quite simply, the procedures and policies in effect which ensure that the City's financial activity is properly recorded, processed, summarized, and reported in the financial statement. A weakness in the control structure occurs when one person is responsible for all of the accounting activities such as performing billings, receipting cash, making deposits, reconciling the bank accounts, and having access to all books and records of the City. Due to small staff size, it is not possible for reviews of daily work to take place, potentially resulting in errors in financial records and reports. We also noted that the City Treasurer is the wife of a current council member.

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

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
May 17, 2024