

CITY OF HARPER, KANSAS

DECEMBER 31, 2020



CITY OF HARPER, KANSAS

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INDEPENDENT AUDITORS' REPORT

The Mayor and City Council
City of Harper, Kansas

We have audited the accompanying regulatory basis summary statement of receipts, expenditures, and unencumbered cash of City of Harper, Kansas (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the regulatory basis of accounting provisions permitted in the Kansas Municipal Audit and Accounting Guide (KMAAG), as described in Note 1—Summary of Significant Accounting Policies, to meet the financial reporting requirements of the State of Kansas; this includes determining the regulatory basis of accounting is an acceptable basis for preparing 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit 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 KMAAG. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions permitted in KMAAG, 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2020, or changes in net position or cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City, as of December 31, 2020, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions permitted in KMAAG, as described in Note 1.

Report on Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated April 29, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Lindburg Vogel Pierce Laris". The signature is written in a cursive, flowing style.

Certified Public Accountants

Hutchinson, Kansas
April 29, 2021

CITY OF HARPER, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS
For Year Ended December 31, 2020

Page 1 of 3

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND	\$ 298,912	\$ 869,636	\$ 877,119	\$ 291,429	\$ 12,954	\$ 304,383
SPECIAL PURPOSE FUNDS						
Airport	63,946	69,248	76,611	56,583	108	56,691
Employee Benefits	84,141	125,063	169,835	39,369	136	39,505
Library	5,169	57,773	61,030	1,912	-	1,912
Special Parks and Recreation	21,447	19,904	-	41,351	-	41,351
Recreation	5,397	43,509	47,000	1,906	-	1,906
Transient Guest Tax	24,803	23,093	17,372	30,524	500	31,024
Police and Fire Equipment	888	26,944	18,000	9,832	-	9,832
Special Street and Highway	243,067	35,014	224,654	53,427	-	53,427
Equipment Reserve	295,144	97,224	11,370	380,998	-	380,998
Fire Equipment Reserve	75,373	33,531	26,490	82,414	-	82,414
Capital Improvement Program	99,712	11,000	38,016	72,696	-	72,696
Street Reserve	83,163	22,500	-	105,663	-	105,663
Street Improvement Sales Tax	150,982	145,691	217,074	79,599	8,568	88,167
Infrastructure Sales Tax Revenue	230,934	168,248	212,042	187,140	-	187,140
Economic Development Incentives	97,847	30,000	66,664	61,183	-	61,183
Firemen's Activity	4,086	1,417	-	5,503	-	5,503
Police Activity	4,347	-	-	4,347	-	4,347
VIN Inspection	3,001	1,590	200	4,391	-	4,391
Diversion	1,275	1,425	-	2,700	-	2,700
Community Development	-	138,814	79,767	59,047	-	59,047
Donations and Gifts	1,046	-	-	1,046	-	1,046
Future Community Center	-	2,709	-	2,709	-	2,709
Police Drug Seizure Trust	1,894	-	-	1,894	-	1,894
Cemetery Veteran's Memorial	1,616	500	-	2,116	-	2,116
TOTAL SPECIAL PURPOSE FUNDS	1,499,278	1,055,197	1,266,125	1,288,350	9,312	1,297,662
BOND AND INTEREST FUND						
Bond and Interest	48,160	115,376	86,514	77,022	-	77,022

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

CITY OF HARPER, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS
For Year Ended December 31, 2020

Page 2 of 3

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
BUSINESS FUNDS						
Water Utility						
Operating	\$ 45,977	\$ 516,927	\$ 502,310	\$ 60,594	\$ 7,902	\$ 68,496
Reserve	219,696	30,000	115,545	134,151	-	134,151
Sewer Utility						
Operating	58,101	230,569	239,985	48,685	2,253	50,938
Reserve	232,359	45,000	73,095	204,264	-	204,264
TOTAL BUSINESS FUNDS	556,133	822,496	930,935	447,694	10,155	457,849
CAPITAL PROJECT FUNDS						
Water Project	39,889	84,943	100,352	24,480	-	24,480
Street and Drainage Improvement	198,111	838,475	844,381	192,205	-	192,205
Harper Sports Complex Improvements	-	405,247	253,517	151,730	-	151,730
Public Facilities Improvement	-	300,000	-	300,000	-	300,000
TOTAL CAPITAL PROJECT FUNDS	238,000	1,628,665	1,198,250	668,415	-	668,415
TRUST FUNDS						
Health Insurance Savings	34,908	38,896	50,132	23,672	-	23,672
Cemetery Trust	28,162	3,400	3,800	27,762	-	27,762
Cemetery Endowment	61,969	600	-	62,569	-	62,569
TOTAL TRUST FUNDS	125,039	42,896	53,932	114,003	-	114,003
TOTAL CITY	2,765,522	4,534,266	4,412,875	2,886,913	32,421	2,919,334
RELATED MUNICIPAL ENTITIES						
Harper Public Library	95,666	102,937	135,879	62,724	1,485	64,209
Harper Recreation Commission	49,374	91,534	56,461	84,447	-	84,447
TOTAL RELATED MUNICIPAL ENTITIES	145,040	194,471	192,340	147,171	1,485	148,656
TOTAL FINANCIAL REPORTING ENTITY	\$ 2,910,562	\$ 4,728,737	\$ 4,605,215	\$ 3,034,084	\$ 33,906	\$ 3,067,990

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

CITY OF HARPER, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH -
REGULATORY BASIS

For Year Ended December 31, 2020

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COMPOSITION OF CASH AND INVESTMENTS

Cash and cash items	\$ 300
Checking accounts	33,621
Money Market accounts	2,329,874
Certificates of deposit	561,304
State Municipal Investment Pool	<u>14,825</u>

TOTAL PRIMARY GOVERNMENT	<u>2,939,924</u>
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RELATED MUNICIPAL ENTITIES

Harper Public Library	64,209
Harper Recreation Commission	<u>84,447</u>

TOTAL RELATED MUNICIPAL ENTITIES	<u>148,656</u>
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TOTAL CASH	3,088,580
AGENCY FUNDS (Schedule 4)	<u>(20,590)</u>

TOTAL REPORTING ENTITY	<u><u>\$ 3,067,990</u></u>
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The notes to the financial statement are an integral part of this statement.

CITY OF HARPER, KANSAS
NOTES TO THE FINANCIAL STATEMENT
December 31, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Library Board

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

Recreation Commission

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

Fund Accounting

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

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

The following types of funds comprise the financial activities of the City for the year of 2020:

General Fund – used to account for all unrestricted resources, except those required to be accounted for in another fund.

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific revenue sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

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

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

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

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

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

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

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

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

Related Party Transactions

The spouse of a Harper Recreation Commission board member is the owner of Superior Athletic Fields, a company that provides maintenance to the ball fields and other facilities used by the Harper Recreation Commission. For the year ended December 31, 2020, total payments to Superior Athletic Fields were \$12,574.

Budgetary Information

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

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

The statutes allow for the governing body to increase the original adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such amended budgets for the year ended December 31, 2020.

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

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

A legal operating budget is not required for capital project funds, trust funds, and certain special purpose funds. Spending in funds, which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Tax Cycle

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

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One half of the property taxes are due December 20 prior to the fiscal year for which they are budgeted, and the second half is due the following May 10. Delinquent taxes were assessed interest as prescribed by Kansas statute. The interest is retained by the County.

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

Estimates

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

Deposits and Investments

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

Cemetery Endowment Fund

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

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

Management was not aware of any material statutory violations.

NOTE 3—DEPOSITS AND INVESTMENTS

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

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

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

Interest Rate Risk

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

Custodial Credit Risk – Deposits

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

At December 31, 2020, the City's carrying amount of deposits (including related municipal entities) was \$3,049,955 and the bank balance was \$3,082,277. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$890,412 was covered by FDIC insurance and \$2,191,865 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial Credit Risk – Investments

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

As of December 31, 2020, the City had the following investments:

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

Investments of the Harper Public Library at December 31, 2020, consisted of the following:

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

At December 31, 2020, the City had invested \$14,825 in the State's Municipal Investment Pool. The Kansas Municipal Investment Pool (KMIP) is under the oversight of the Pooled Money Investment Board (the board). The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than 10% of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City manages this risk by placing funds with financial institutions only after contacting all eligible institutions in the taxing area and monies in the KMIP are diverse according to the policies of the investment pool.

NOTE 4—LONG-TERM DEBT

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

Issue	Date of Issue	Interest Rate	Amount of Issue	Year of Final Maturity
General Obligation Bonds				
Fire truck, Series 2010	10/20/10	3.75%	\$ 183,600	2025
Public water storage improvements Series 2011	05/05/11	3.00% - 5.25%	1,300,000	2031
Street improvement Series 2016A	11/15/16	1.25% - 2.50%	730,000	2032
Sewer extension refunding Series 2016B	11/15/16	3.65% - 4.15%	240,000	2021
Public facilities and street improvements Series 2020	02/04/20	2.00% - 2.40%	1,300,000	2039
Kansas Pollution Control Revolving Loan	2004	2.94%	1,076,000	2025
Kansas Public Water Supply Loan	11/26/12	2.23%	1,239,423	2034
Firemen's Relief Association Loan Warrants				
Loan dated February 1, 2013	02/01/13	3.00%	80,000	2022
Loan dated March 1, 2018	03/01/18	1.00%	50,000	2025

Changes in long-term liabilities of the City for the year ended December 31, 2020, were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
Fire truck	\$ 85,700	\$ -	\$ 13,000	\$ 72,700	\$ 3,214
Public water storage improvements	900,000	-	60,000	840,000	35,568
Street improvement	655,000	-	45,000	610,000	13,693
Sewer extension refunding	100,000	-	50,000	50,000	1,300
Public facilities and street improvements	-	1,300,000	85,000	1,215,000	22,259
	<u>1,740,700</u>	<u>1,300,000</u>	<u>253,000</u>	<u>2,787,700</u>	<u>76,034</u>
Kansas Pollution Control Revolving Loan	<u>378,226</u>	<u>-</u>	<u>64,331</u>	<u>313,895</u>	<u>10,650</u>
Kansas Public Water Supply Loan	<u>464,902</u>	<u>-</u>	<u>26,416</u>	<u>438,486</u>	<u>10,221</u>
Firemen's Relief Association Loan Warrants					
Loan dated February 1, 2013	26,333	-	8,518	17,815	792
Loan dated March 1, 2018	<u>43,355</u>	<u>-</u>	<u>7,047</u>	<u>36,308</u>	<u>435</u>
	<u>69,688</u>	<u>-</u>	<u>15,565</u>	<u>54,123</u>	<u>1,227</u>
	<u>\$ 2,653,516</u>	<u>\$ 1,300,000</u>	<u>\$ 359,312</u>	<u>\$ 3,594,204</u>	<u>\$ 98,132</u>

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

General Obligation Bonds	Principal	Interest
2021	\$ 253,500	\$ 75,464
2022	209,000	70,027
2023	214,500	64,828
2024	225,100	59,411
2025	230,600	53,455
2026-2030	1,100,000	172,195
2031-2035	395,000	40,340
2036-2039	<u>160,000</u>	<u>9,560</u>
	<u>\$ 2,787,700</u>	<u>\$ 545,280</u>

<u>Kansas Pollution Control Revolving Loan</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 66,236	\$ 8,745
2022	68,198	6,784
2023	70,217	4,764
2024	72,297	2,684
2025	36,947	543
	<u>\$ 313,895</u>	<u>\$ 23,520</u>

<u>Kansas Public Water Supply Loan</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 27,008	\$ 9,628
2022	27,613	9,023
2023	28,233	8,404
2024	28,866	7,771
2025	29,513	7,123
2026-2030	157,795	25,387
2031-2034	139,458	7,088
	<u>\$ 438,486</u>	<u>\$ 74,424</u>

<u>Firemen's Relief Association Loan Warrants</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 15,894	\$ 897
2022	16,228	563
2023	7,261	220
2024	7,333	148
2025	7,407	74
	<u>\$ 54,123</u>	<u>\$ 1,902</u>

NOTE 5—INTERFUND TRANSFERS

Operating transfers were made as follows:

From Fund	To Fund	Statutory Authority	Amount
General	Equipment Reserve	K.S.A. 12-1,117	\$ 79,000
General	Fire Equipment Reserve	K.S.A. 12-1,117	26,367
General	Capital Improvement	K.S.A. 12-1,118	10,000
General	Street Reserve	K.S.A. 12-1,118	22,500
General	Economic Development Incentive	Ordinance	30,000
General	Cemetery Trust	Accounting	2,700
General	Community Development	Accounting	4,000
Economic Development Incentive	Community Development	Accounting	55,047
Police and Fire Equipment	Equipment Reserve	K.S.A. 12-1,117	16,500
Water Utility	Water Reserve	K.S.A. 12-825d	30,000
Sewer Utility	Sewer Reserve	K.S.A. 12-825d	45,000
Capital Improvement	Harper Sports Complex Improvements	Accounting	32,000
Street and Drainage Improvements	Water Project	Accounting	35,110
Street Improvement Sales Tax	Street and Drainage Improvements	Accounting	85,318
Infrastructure Sales Tax	Street and Drainage Improvements	Accounting	85,318
Water Reserve	Street and Drainage Improvements	Accounting	39,834

NOTE 6—DEFINED BENEFIT PENSION PLAN

Plan Description

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

Contributions

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

Kansas law provides that employer contribution rates for KPERS 1, KPERS 2, and KPERS 3 be determined annually based on the results of annual actuarial valuation. The actuarially determined employer contribution rate (excluding the contribution rate for the Death and Disability program) and the statutory contribution rate for KPERS was 8.61% for the year ended December 31, 2020. Contributions to the pension plan from the City for KPERS was \$52,075 for the year ended December 31, 2020.

Net Pension Liability

At December 31, 2020, the City's proportionate share of the collective net pension liability reported by KPERS was \$488,665. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The City's share of the allocated net pension liability is based on the ratio of the City's employer contributions to KPERS, relative to the total employer contributions and nonemployer contributions of local subgroup within KPERS.

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

NOTE 7—OTHER LONG-TERM OBLIGATIONS

Other Post-Employment Benefits – Group Health Insurance

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

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

Other Post-Employment Benefits – Death and Disability Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate was set at 1% for the year ended December 31, 2020.

Compensated Absences

Under City personnel policies in effect at year end, the City is liable for payments to employees for vacation and sick pay when taken in agreement with the policy. Under certain conditions employees may carry over limited credits and may be paid for unused time at termination. The City's estimated liability for compensated absences at December 31, 2020, was \$24,994.

NOTE 8—RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other municipalities to participate in the Midwest Public Risk (MPR) and Kansas Municipal Insurance Pool (KMIP), which are public entity risk pools operating as common risk management and insurance programs for participating members.

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

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

NOTE 9—CAPITAL PROJECTS

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

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

	Street and Drainage Improvement	Harper Sports Complex Improvement	Public Facilities Improvement
Project authorization	\$ 790,000	\$ 775,000	\$ 315,000
Approved change orders	210,470	-	-
Less: expenditures to date	<u>(844,381)</u>	<u>(253,517)</u>	<u>-</u>
Remaining project authorization	<u>\$ 156,089</u>	<u>\$ 521,483</u>	<u>\$ 315,000</u>

NOTE 10—OTHER COMMITMENTS AND CONTINGENCIES

Grant Program Involvement

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

Litigation

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

Neighborhood Revitalization Program

The City participates in a neighborhood revitalization program as allowed by K.S.A. 12-17,114, et seq. Under the program participants are provided a rebate of ad valorem taxes paid based on the increase in assessed valuation attributable to improvements made by the taxpayer after being approved for participation in the neighborhood revitalization program. For the year ended December 31, 2020, the City's share of tax rebates totaled \$18,572.

CITY OF HARPER, KANSAS
SUMMARY OF EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2020

Schedule 1

Funds	Certified Budget	Adjustment for Qualifying Budget Credit	Total for Comparison	Expenditures Chargeable to Current Year Budget	Over (Under) Budget
GENERAL FUND	\$ 967,444	\$ -	\$ 967,444	\$ 877,119	\$ (90,325)
SPECIAL PURPOSE FUNDS					
Airport	255,325	-	255,325	76,611	(178,714)
Employee Benefits	202,241	-	202,241	169,835	(32,406)
Library	61,000	-	61,000	61,030	30
Special Parks and Recreation	22,872	-	22,872	-	(22,872)
Recreation	47,000	-	47,000	47,000	-
Transient Guest Tax	34,000	-	34,000	17,372	(16,628)
Police and Fire Equipment	27,500	-	27,500	18,000	(9,500)
Special Street and Highway	279,412	-	279,412	224,654	(54,758)
Equipment Reserve	357,821	-	357,821	11,370	(346,451)
Fire Equipment Reserve	115,911	-	115,911	26,490	(89,421)
Capital Improvement Program	100,968	-	100,968	38,016	(62,952)
Street Reserve	95,500	-	95,500	-	(95,500)
Street Improvement Sales Tax	255,935	-	255,935	217,074	(38,861)
Infrastructure Sales Tax Revenue	366,942	-	366,942	212,042	(154,900)
Economic Development Incentives	140,116	-	140,116	66,664	(73,452)
BOND AND INTEREST FUND					
Bond and Interest	161,902	-	161,902	86,514	(75,388)
BUSINESS FUNDS					
Water Utility					
Operating	563,264	-	563,264	502,310	(60,954)
Reserve	228,351	-	228,351	115,545	(112,806)
Sewer Utility					
Operating	354,613	-	354,613	239,985	(114,628)
Reserve	280,644	-	280,644	73,095	(207,549)

CITY OF HARPER, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2020

Schedule 2-1
Page 1 of 3

	Actual	Budget	Over (Under) Budget
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
RECEIPTS			
Taxes and shared revenue			
Ad valorem property tax	\$ 424,223	\$ 431,295	\$ (7,072)
Delinquent tax	16,211	3,250	12,961
Motor vehicle tax	44,613	49,990	(5,377)
Recreational vehicle tax	655	608	47
16/20M truck tax	514	362	152
Commercial vehicle registration fee	1,928	121	1,807
Local retail sales tax	145,734	120,000	25,734
Connecting links	29,348	17,500	11,848
Neighborhood revitalization	(10,424)	(10,271)	(153)
Ad valorem rebate program	(1,341)	(1,338)	(3)
Licenses, fees, and permits			
Franchise fees	107,603	105,000	2,603
Liquor and CMB licenses	855	1,200	(345)
Zoning fees	1,800	1,000	800
Animal impound fees	100	-	100
Miscellaneous licenses, fees, and permits	1,375	1,000	375
Fines and forfeitures			
Municipal Court	28,540	2,000	26,540
Uses of money and property			
Interest earned	13,705	7,500	6,205
Cemetery farm rent	6,260	6,260	-
Charges for services			
Swimming pool receipts	10,438	10,000	438
Rural fire contracts	24,000	26,100	(2,100)
Cemetery lots and fees	15,700	5,000	10,700
Other			
Grants and reimbursements	373	500	(127)
Sale of surplus equipment and material	168	500	(332)
Miscellaneous	7,258	-	7,258
	<u>869,636</u>	<u>777,577</u>	<u>92,059</u>
TOTAL RECEIPTS			

CITY OF HARPER, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2020

Schedule 2-1
Page 2 of 3

	Actual	Budget	Over (Under) Budget
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Administration			
Personal services	\$ 85,511	\$ 88,615	\$ (3,104)
Contractual services	56,959	65,000	(8,041)
Commodities	8,066	15,000	(6,934)
Department total	<u>150,536</u>	<u>168,615</u>	<u>(18,079)</u>
Police department			
Personal services	120,664	154,713	(34,049)
Contractual services	5,498	6,000	(502)
Commodities	21,618	22,000	(382)
Emergency management	438	1,000	(562)
Training	2,477	2,000	477
Code abatement	3,955	3,000	955
Transfer to - Equipment Reserve Fund	16,500	-	16,500
Department total	<u>171,150</u>	<u>188,713</u>	<u>(17,563)</u>
Municipal Court			
Personal services	1,650	1,800	(150)
Contractual services	2,693	10,000	(7,307)
Commodities	167	500	(333)
Department total	<u>4,510</u>	<u>12,300</u>	<u>(7,790)</u>
Street department			
Personal services	124,342	125,416	(1,074)
Contractual services	15,688	16,000	(312)
Commodities	53,085	55,000	(1,915)
Storm drainage system	582	25,000	(24,418)
Code abatement	-	1,000	(1,000)
Department total	<u>193,697</u>	<u>222,416</u>	<u>(28,719)</u>
Fire department			
Personal services	3,510	4,200	(690)
Contractual services	1,149	7,000	(5,851)
Commodities	13,741	13,650	91
Transfer to:			
Equipment Reserve Fund	12,500	26,367	(13,867)
Fire Equipment Reserve Fund	26,367	12,500	13,867
Department total	<u>57,267</u>	<u>63,717</u>	<u>(6,450)</u>
Park department			
Contractual services	3,025	3,000	25
Commodities	6,858	7,000	(142)
Tree care	509	5,000	(4,491)
Department total	<u>10,392</u>	<u>15,000</u>	<u>(4,608)</u>

CITY OF HARPER, KANSAS

GENERAL FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2020

Schedule 2-1
 Page 3 of 3

	Actual	Budget	Over (Under) Budget
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET (Continued)			
Cemetery department			
Personal services	\$ 45,776	\$ 49,798	\$ (4,022)
Contractual services	4,009	7,000	(2,991)
Commodities	9,412	10,000	(588)
Road Materials	243	3,000	(2,757)
Department total	<u>59,440</u>	<u>69,798</u>	<u>(10,358)</u>
Mechanic			
Personal services	-	10,000	(10,000)
Contractual services	-	4,000	(4,000)
Commodities	-	5,000	(5,000)
Department total	<u>-</u>	<u>19,000</u>	<u>(19,000)</u>
Swimming pool			
Personal services	24,384	29,835	(5,451)
Contractual services	6,160	7,000	(840)
Commodities	2,418	6,000	(3,582)
Capital outlay	3,600	6,000	(2,400)
Department total	<u>36,562</u>	<u>48,835</u>	<u>(12,273)</u>
Utility services			
Electric	47,408	58,200	(10,792)
Gas	4,673	5,650	(977)
Telephone	5,291	6,200	(909)
Department total	<u>57,372</u>	<u>70,050</u>	<u>(12,678)</u>
Planning and Zoning			
Contractual services	2,697	2,500	197
Comprehensive Development Plan	-	2,500	(2,500)
Department total	<u>2,697</u>	<u>5,000</u>	<u>(2,303)</u>
Other			
Condemnation	8,056	30,000	(21,944)
Community development	6,240	11,500	(5,260)
Transfer to:			
Equipment Reserve Fund	50,000	15,000	35,000
Capital Improvement Fund	10,000	5,000	5,000
Street Reserve Fund	22,500	10,000	12,500
Economic Development Incentives Fund	30,000	12,500	17,500
Community Development Fund	4,000	-	4,000
Cemetery Trust Fund	2,700	-	2,700
Other total	<u>133,496</u>	<u>84,000</u>	<u>49,496</u>
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	<u>877,119</u>	<u>967,444</u>	<u>(90,325)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(7,483)	(189,867)	182,384
UNENCUMBERED CASH, JANUARY 1	<u>298,912</u>	<u>189,867</u>	<u>109,045</u>
UNENCUMBERED CASH, DECEMBER 31	<u>\$ 291,429</u>	<u>\$ -</u>	<u>\$ 291,429</u>

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

AIRPORT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS

(ACTUAL AND BUDGET)

For Year Ended December 31, 2020

Schedule 2-2

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Taxes			
Ad valorem property tax	\$ 9,227	\$ 9,380	\$ (153)
Delinquent tax	368	20	348
Motor vehicle tax	1,015	1,136	(121)
Recreational vehicle tax	15	14	1
16/20M truck tax	12	8	4
Commercial vehicle registration fee	44	3	41
Neighborhood revitalization	(227)	(221)	(6)
Ad valorem rebate program	(26)	(26)	-
Aviation fuel reimbursements	6,028	7,000	(972)
Rentals	329	360	(31)
Grants and reimbursements	51,435	184,000	(132,565)
Miscellaneous	1,028	-	1,028
TOTAL RECEIPTS	69,248	201,674	(132,426)
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Contractual services	6,087	8,000	(1,913)
Commodities	1,134	20,000	(18,866)
Airport improvements	69,390	227,325	(157,935)
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	76,611	255,325	(178,714)
RECEIPTS OVER (UNDER) EXPENDITURES	(7,363)	(53,651)	46,288
UNENCUMBERED CASH, JANUARY 1	63,946	53,651	10,295
UNENCUMBERED CASH, DECEMBER 31	<u>\$ 56,583</u>	<u>\$ -</u>	<u>\$ 56,583</u>

CITY OF HARPER, KANSAS
SPECIAL PURPOSE FUNDS
EMPLOYEE BENEFITS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2020

Schedule 2-3

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
RECEIPTS			
Taxes			
Ad valorem property tax	\$ 101,073	\$ 102,759	\$ (1,686)
Delinquent tax	6,470	700	5,770
Motor vehicle tax	18,967	21,252	(2,285)
Recreational vehicle tax	278	259	19
16/20M truck tax	204	153	51
Commercial vehicle registration fee	820	51	769
Neighborhood revitalization	(2,483)	(2,424)	(59)
Ad valorem rebate program	(266)	(265)	(1)
TOTAL RECEIPTS	<u>125,063</u>	<u>122,485</u>	<u>2,578</u>
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Health insurance	62,340	70,000	(7,660)
Claims	22,674	35,000	(12,326)
Social Security	29,039	34,640	(5,601)
KPERS	33,118	36,956	(3,838)
Workers' compensation	21,174	25,000	(3,826)
Unemployment insurance	717	645	72
Other	773	-	773
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	<u>169,835</u>	<u>202,241</u>	<u>(32,406)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(44,772)	(79,756)	34,984
UNENCUMBERED CASH, JANUARY 1	<u>84,141</u>	<u>79,756</u>	<u>4,385</u>
UNENCUMBERED CASH, DECEMBER 31	<u><u>\$ 39,369</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,369</u></u>

CITY OF HARPER, KANSAS
SPECIAL PURPOSE FUNDS
LIBRARY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2020

Schedule 2-4

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Taxes			
Ad valorem property tax	\$ 50,453	\$ 51,290	\$ (837)
Delinquent tax	2,143	716	1,427
Motor vehicle tax	6,086	6,819	(733)
Recreational vehicle tax	89	83	6
16/20M truck tax	68	49	19
Commercial vehicle registration fee	263	16	247
Neighborhood revitalization	(1,240)	(1,210)	(30)
Ad valorem rebate program	(143)	(143)	-
Miscellaneous	54	-	54
TOTAL RECEIPTS	57,773	57,620	153
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Appropriation to library	61,030	61,000	30
RECEIPTS OVER (UNDER) EXPENDITURES	(3,257)	(3,380)	123
UNENCUMBERED CASH, JANUARY 1	5,169	3,380	1,789
UNENCUMBERED CASH, DECEMBER 31	<u>\$ 1,912</u>	<u>\$ -</u>	<u>\$ 1,912</u>

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

SPECIAL PARKS AND RECREATION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2020

Schedule 2-5

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Local alcoholic liquor tax	\$ -	\$ -	\$ -
Interest	17,404	-	17,404
Miscellaneous	2,500	-	2,500
	<u>19,904</u>	<u>-</u>	<u>19,904</u>
TOTAL RECEIPTS	19,904	-	19,904
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Culture and recreation	-	22,872	(22,872)
	<u>-</u>	<u>22,872</u>	<u>(22,872)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	19,904	(22,872)	42,776
UNENCUMBERED CASH, JANUARY 1	21,447	22,872	(1,425)
	<u>21,447</u>	<u>22,872</u>	<u>(1,425)</u>
UNENCUMBERED CASH, DECEMBER 31	<u>\$ 41,351</u>	<u>\$ -</u>	<u>\$ 41,351</u>

CITY OF HARPER, KANSAS
SPECIAL PURPOSE FUNDS
RECREATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2020

Schedule 2-6

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Taxes			
Ad valorem property tax	\$ 37,735	\$ 38,362	\$ (627)
Delinquent tax	1,676	250	1,426
Motor vehicle tax	4,648	5,207	(559)
Recreational vehicle tax	68	63	5
16/20M truck tax	54	38	16
Commercial vehicle registration fee	201	13	188
Neighborhood revitalization	(927)	(905)	(22)
Ad valorem rebate program	(107)	(107)	-
Miscellaneous	161	-	161
TOTAL RECEIPTS	43,509	42,921	588
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Appropriation to Recreation Commission	47,000	47,000	-
RECEIPTS OVER (UNDER) EXPENDITURES	(3,491)	(4,079)	588
UNENCUMBERED CASH, JANUARY 1	5,397	4,079	1,318
UNENCUMBERED CASH, DECEMBER 31	<u>\$ 1,906</u>	<u>\$ -</u>	<u>\$ 1,906</u>

CITY OF HARPER, KANSAS
SPECIAL PURPOSE FUNDS
TRANSIENT GUEST TAX FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2020

Schedule 2-7

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
RECEIPTS			
Transient Guest Tax	\$ 23,093	\$ 20,000	\$ 3,093
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Promotion and tourism	<u>17,372</u>	<u>34,000</u>	<u>(16,628)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	5,721	(14,000)	19,721
UNENCUMBERED CASH, JANUARY 1	<u>24,803</u>	<u>14,000</u>	<u>10,803</u>
UNENCUMBERED CASH, DECEMBER 31	<u><u>\$ 30,524</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 30,524</u></u>

CITY OF HARPER, KANSAS
SPECIAL PURPOSE FUNDS
POLICE AND FIRE EQUIPMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2020

Schedule 2-8

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Taxes			
Ad valorem property tax	\$ 25,305	\$ 25,720	\$ (415)
Delinquent tax	585	-	585
Motor vehicle tax	1,629	1,824	(195)
Recreational vehicle tax	24	22	2
16/20M truck tax	23	13	10
Commercial vehicle registration fee	70	4	66
Neighborhood revitalization	(622)	(607)	(15)
Ad valorem rebate program	(70)	(70)	-
TOTAL RECEIPTS	<u>26,944</u>	<u>26,906</u>	<u>38</u>
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Capital outlay	1,500	11,500	(10,000)
Transfer to - Equipment Reserve Fund	16,500	16,000	500
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	<u>18,000</u>	<u>27,500</u>	<u>(9,500)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	8,944	(594)	9,538
UNENCUMBERED CASH, JANUARY 1	<u>888</u>	<u>594</u>	<u>294</u>
UNENCUMBERED CASH, DECEMBER 31	<u><u>\$ 9,832</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,832</u></u>

CITY OF HARPER, KANSAS

SPECIAL PURPOSE FUNDS

SPECIAL STREET AND HIGHWAY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2020

Schedule 2-9

	Actual	Budget	Over (Under) Budget
RECEIPTS			
State fuel tax	\$ 26,976	\$ 36,950	\$ (9,974)
Connecting links	7,327	-	7,327
Interest earned	711	-	711
TOTAL RECEIPTS	35,014	36,950	(1,936)
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Streets and highway	224,654	279,412	(54,758)
RECEIPTS OVER (UNDER) EXPENDITURES	(189,640)	(242,462)	52,822
UNENCUMBERED CASH, JANUARY 1	243,067	242,462	605
UNENCUMBERED CASH, DECEMBER 31	<u>\$ 53,427</u>	<u>\$ -</u>	<u>\$ 53,427</u>

CITY OF HARPER, KANSAS
SPECIAL PURPOSE FUNDS
EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2020

Schedule 2-10

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Transfer from:			
General Fund	\$ 79,000	\$ 37,500	\$ 41,500
Police and Fire Equipment Fund	16,500	16,000	500
Interest earned	1,724	-	1,724
Sale of surplus equipment	-	1,000	(1,000)
	<u>97,224</u>	<u>54,500</u>	<u>42,724</u>
TOTAL RECEIPTS			
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Capital outlay	11,370	321,654	(310,284)
Equipment replacement	-	36,167	(36,167)
	<u>11,370</u>	<u>357,821</u>	<u>(346,451)</u>
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
RECEIPTS OVER (UNDER) EXPENDITURES	85,854	(303,321)	389,175
UNENCUMBERED CASH, JANUARY 1	<u>295,144</u>	<u>303,321</u>	<u>(8,177)</u>
UNENCUMBERED CASH, DECEMBER 31	<u><u>\$ 380,998</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 380,998</u></u>

CITY OF HARPER, KANSAS
SPECIAL PURPOSE FUNDS
FIRE EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2020

Schedule 2-11

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
RECEIPTS			
Transfer from:			
General Fund	\$ 26,367	\$ 26,367	\$ -
Police and Fire Equipment Fund	-	11,500	(11,500)
Miscellaneous	<u>7,164</u>	<u>-</u>	<u>7,164</u>
TOTAL RECEIPTS	<u>33,531</u>	<u>37,867</u>	<u>(4,336)</u>
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Capital outlay	9,699	99,120	(89,421)
FRA loan payments	<u>16,791</u>	<u>16,791</u>	<u>-</u>
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	<u>26,490</u>	<u>115,911</u>	<u>(89,421)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	7,041	(78,044)	85,085
UNENCUMBERED CASH, JANUARY 1	<u>75,373</u>	<u>78,044</u>	<u>(2,671)</u>
UNENCUMBERED CASH, DECEMBER 31	<u><u>\$ 82,414</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 82,414</u></u>

CITY OF HARPER, KANSAS
SPECIAL PURPOSE FUNDS
CAPITAL IMPROVEMENT PROGRAM FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2020

Schedule 2-12

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Transfer from - General Fund	\$ 10,000	\$ 5,000	\$ 5,000
Grants	<u>1,000</u>	<u>-</u>	<u>1,000</u>
TOTAL RECEIPTS	<u>11,000</u>	<u>5,000</u>	<u>6,000</u>
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Capital improvements	6,016	75,968	(69,952)
Transfer to - Harper Sports Complex Improvements	<u>32,000</u>	<u>25,000</u>	<u>7,000</u>
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	<u>38,016</u>	<u>100,968</u>	<u>(62,952)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(27,016)	(95,968)	68,952
UNENCUMBERED CASH, JANUARY 1	<u>99,712</u>	<u>95,968</u>	<u>3,744</u>
UNENCUMBERED CASH, DECEMBER 31	<u><u>\$ 72,696</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 72,696</u></u>

CITY OF HARPER, KANSAS
SPECIAL PURPOSE FUNDS
STREET RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2020

Schedule 2-13

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
RECEIPTS			
Transfer from - General Fund	\$ 22,500	\$ 10,000	\$ 12,500
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Street improvement and repair	-	50,500	(50,500)
Equipment	-	45,000	(45,000)
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	-	95,500	(95,500)
RECEIPTS OVER (UNDER) EXPENDITURES	22,500	(85,500)	108,000
UNENCUMBERED CASH, JANUARY 1	83,163	85,500	(2,337)
UNENCUMBERED CASH, DECEMBER 31	<u>\$ 105,663</u>	<u>\$ -</u>	<u>\$ 105,663</u>

CITY OF HARPER, KANSAS
SPECIAL PURPOSE FUNDS
STREET IMPROVEMENT SALES TAX FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2020

Schedule 2-14

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
RECEIPTS			
Local sales tax	\$ 145,691	\$ 150,000	\$ (4,309)
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Street improvements	66,765	130,935	(64,170)
Infrastructure improvements	91	50,000	(49,909)
Pine/21st project - principal and interest	64,900	75,000	(10,100)
Transfer to - Street Drainage and Improvement Project	85,318	-	85,318
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	<u>217,074</u>	<u>255,935</u>	<u>(38,861)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(71,383)	(105,935)	34,552
UNENCUMBERED CASH, JANUARY 1	<u>150,982</u>	<u>105,935</u>	<u>45,047</u>
UNENCUMBERED CASH, DECEMBER 31	<u><u>\$ 79,599</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 79,599</u></u>

CITY OF HARPER, KANSAS
SPECIAL PURPOSE FUNDS
INFRASTRUCTURE SALES TAX FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2020

Schedule 2-15

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Local sales tax	\$ 145,691	\$ 150,000	\$ (4,309)
Reimbursements	21,846	2,000	19,846
Interest earned	711	-	711
	<u>168,248</u>	<u>152,000</u>	<u>16,248</u>
TOTAL RECEIPTS			
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Infrastructure improvements	68,031	288,249	(220,218)
Sidewalk CID	-	20,000	(20,000)
Principal	45,000	45,000	-
Interest	13,693	13,693	-
Transfer to - Street Drainage and Improvement Project	85,318	-	85,318
	<u>212,042</u>	<u>366,942</u>	<u>(154,900)</u>
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
RECEIPTS OVER (UNDER) EXPENDITURES	(43,794)	(214,942)	171,148
UNENCUMBERED CASH, JANUARY 1	<u>230,934</u>	<u>214,942</u>	<u>15,992</u>
UNENCUMBERED CASH, DECEMBER 31	<u>\$ 187,140</u>	<u>\$ -</u>	<u>\$ 187,140</u>

CITY OF HARPER, KANSAS
SPECIAL PURPOSE FUNDS
ECONOMIC DEVELOPMENT INCENTIVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
(ACTUAL AND BUDGET)
For Year Ended December 31, 2020

Schedule 2-16

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under) Budget</u>
RECEIPTS			
Transfer from - General Fund	\$ 30,000	\$ 12,500	\$ 17,500
Sale of PRIDE house - return of funds	<u>-</u>	<u>40,000</u>	<u>(40,000)</u>
TOTAL RECEIPTS	<u>30,000</u>	<u>52,500</u>	<u>(22,500)</u>
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Business incentives	-	90,116	(90,116)
PRIDE Project	11,617	50,000	(38,383)
Transfer to - CDBG-CV Project	<u>55,047</u>	<u>-</u>	<u>55,047</u>
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	<u>66,664</u>	<u>140,116</u>	<u>(73,452)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(36,664)	(87,616)	50,952
UNENCUMBERED CASH, JANUARY 1	<u>97,847</u>	<u>87,616</u>	<u>10,231</u>
UNENCUMBERED CASH, DECEMBER 31	<u><u>\$ 61,183</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 61,183</u></u>

CITY OF HARPER, KANSAS
 NONBUDGETED SPECIAL PURPOSE FUNDS
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2020

Schedule 2-17
 Page 1 of 2

	<u>Firemen's Activity</u>	<u>Police Activity</u>	<u>VIN Inspection</u>	<u>Diversion</u>
RECEIPTS				
Donations and gifts	\$ 1,417	\$ -	\$ -	\$ -
Grants	-	-	-	-
Fees	-	-	1,590	1,425
Transient Guest Tax	-	-	-	-
Forfeitures	-	-	-	-
Transfer from:				
Economic Development Incentive Fund	-	-	-	-
General Fund	-	-	-	-
	<u>1,417</u>	<u>-</u>	<u>1,590</u>	<u>1,425</u>
TOTAL RECEIPTS	<u>1,417</u>	<u>-</u>	<u>1,590</u>	<u>1,425</u>
EXPENDITURES				
Supplies and services	-	-	200	-
Capital improvements	-	-	-	-
	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>
RECEIPTS OVER (UNDER) EXPENDITURES	1,417	-	1,390	1,425
UNENCUMBERED CASH, JANUARY 1	<u>4,086</u>	<u>4,347</u>	<u>3,001</u>	<u>1,275</u>
UNENCUMBERED CASH, DECEMBER 31	<u><u>\$ 5,503</u></u>	<u><u>\$ 4,347</u></u>	<u><u>\$ 4,391</u></u>	<u><u>\$ 2,700</u></u>

CITY OF HARPER, KANSAS
 NONBUDGETED SPECIAL PURPOSE FUNDS
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2020

Schedule 2-17
 Page 2 of 2

	Community Development	Donations and Gifts	Future Community Center	Police Drug Seizure Trust	Cemetery Veteran's Memorial
RECEIPTS					
Donations and gifts	\$ -	\$ -	\$ -	\$ -	\$ 500
Grants	79,767	-	-	-	-
Fees	-	-	-	-	-
Transient Guest Tax	-	-	2,709	-	-
Forfeitures	-	-	-	-	-
Transfer from:					
Economic Development Incentive Fund	55,047	-	-	-	-
General Fund	4,000	-	-	-	-
TOTAL RECEIPTS	<u>138,814</u>	<u>-</u>	<u>2,709</u>	<u>-</u>	<u>500</u>
EXPENDITURES					
Supplies and services	-	-	-	-	-
Capital improvements	-	-	-	-	-
Program expenditures	79,767	-	-	-	-
TOTAL EXPENDITURES	<u>79,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
RECEIPTS OVER (UNDER) EXPENDITURES	59,047	-	2,709	-	500
UNENCUMBERED CASH, JANUARY 1	<u>-</u>	<u>1,046</u>	<u>-</u>	<u>1,894</u>	<u>1,616</u>
UNENCUMBERED CASH, DECEMBER 31	<u>\$ 59,047</u>	<u>\$ 1,046</u>	<u>\$ 2,709</u>	<u>\$ 1,894</u>	<u>\$ 2,116</u>

CITY OF HARPER, KANSAS
 BOND AND INTEREST FUND
 BOND AND INTEREST FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2020

Schedule 2-18

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Taxes			
Ad valorem property tax	\$ 107,859	\$ 109,650	\$ (1,791)
Delinquent tax	2,420	500	1,920
Motor vehicle tax	7,437	8,332	(895)
Recreational vehicle tax	109	101	8
16/20M truck tax	66	60	6
Commercial vehicle registration fee	321	20	301
Neighborhood revitalization	(2,650)	(2,587)	(63)
Ad valorem rebate program	(186)	(186)	-
TOTAL RECEIPTS	<u>115,376</u>	<u>115,890</u>	<u>(514)</u>
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Water and sewer improvement			
Principal	39,000	39,000	-
Interest	1,300	1,588	(288)
Fire truck			
Principal	13,000	13,000	-
Interest	3,214	3,214	-
Commissions	-	100	(100)
Ballfield improvements			
Principal	30,000	30,000	-
Reserve for temporary improvement note	-	55,000	(55,000)
Cash basis requirement	-	20,000	(20,000)
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	<u>86,514</u>	<u>161,902</u>	<u>(75,388)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	28,862	(46,012)	74,874
UNENCUMBERED CASH, JANUARY 1	<u>48,160</u>	<u>46,012</u>	<u>2,148</u>
UNENCUMBERED CASH, DECEMBER 31	<u>\$ 77,022</u>	<u>\$ -</u>	<u>\$ 77,022</u>

CITY OF HARPER, KANSAS

BUSINESS FUNDS

WATER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS

(ACTUAL AND BUDGET)

For Year Ended December 31, 2020

Schedule 2-19

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Sales to consumers	\$ 506,357	\$ 500,000	\$ 6,357
Reimbursements and other	10,570	8,000	2,570
TOTAL RECEIPTS	516,927	508,000	8,927
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Administration			
Salaries	84,723	86,688	(1,965)
Health insurance	23,793	23,500	293
Self-insurance expense	11,406	17,900	(6,494)
Social Security	10,319	11,389	(1,070)
KPERS	13,474	14,048	(574)
Workers' compensation	3,775	5,535	(1,760)
Contractual services	35,015	38,000	(2,985)
Commodities	4,338	5,000	(662)
Production			
Salaries	25,554	26,500	(946)
Contractual services	11,496	6,500	4,996
Commodities	9,252	15,000	(5,748)
Distribution			
Salaries	34,365	36,000	(1,635)
Contractual services	1,322	7,000	(5,678)
Commodities	21,534	25,000	(3,466)
Nonoperating expenses			
Clean water drinking fee	1,405	1,700	(295)
Water protection fee	1,499	2,000	(501)
Utilities			
Electric service	30,958	36,500	(5,542)
Gas service	1,900	2,500	(600)
Telephone service	2,978	3,500	(522)
Debt service			
General obligation bond principal and interest	11,000	11,000	-
Revenue bond principal and interest	95,568	97,368	(1,800)
KPWS loan principal and interest	36,636	36,636	-
Transfer to - Water Reserve Fund	30,000	54,000	(24,000)
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	502,310	563,264	(60,954)
RECEIPTS OVER (UNDER) EXPENDITURES	14,617	(55,264)	69,881
UNENCUMBERED CASH, JANUARY 1	45,977	55,264	(9,287)
UNENCUMBERED CASH, DECEMBER 31	\$ 60,594	\$ -	\$ 60,594

CITY OF HARPER, KANSAS

BUSINESS FUNDS

WATER RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2020

Schedule 2-20

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Transfer from - Water Utility Fund	\$ 30,000	\$ 54,000	\$ (24,000)
Interest earned	-	-	-
TOTAL RECEIPTS	<u>30,000</u>	<u>54,000</u>	<u>(24,000)</u>
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Capital outlay	43,245	178,601	(135,356)
Equipment replacement	32,466	49,750	(17,284)
Transfer to - Street Drainage and Improvement Project	39,834	-	39,834
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	<u>115,545</u>	<u>228,351</u>	<u>(112,806)</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(85,545)	(174,351)	88,806
UNENCUMBERED CASH, JANUARY 1	<u>219,696</u>	<u>174,351</u>	<u>45,345</u>
UNENCUMBERED CASH, DECEMBER 31	<u><u>\$ 134,151</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 134,151</u></u>

CITY OF HARPER, KANSAS

BUSINESS FUNDS

SEWER UTILITY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL AND BUDGET)
 For Year Ended December 31, 2020

Schedule 2-21

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Charges for services	\$ 228,438	\$ 290,660	\$ (62,222)
Reimbursements and other	2,131	-	2,131
TOTAL RECEIPTS	230,569	290,660	(60,091)
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Administration			
Salaries	37,093	40,731	(3,638)
Health insurance	9,867	9,789	78
Self-insurance expense	4,481	6,383	(1,902)
Social Security	4,071	4,702	(631)
KPERS	5,482	5,733	(251)
Workers' compensation	1,300	2,500	(1,200)
Contractual services	9,970	20,000	(10,030)
Commodities	2,980	5,000	(2,020)
Collection			
Salaries	11,492	11,936	(444)
Contractual services	3,776	8,264	(4,488)
Commodities	2,894	25,000	(22,106)
Treatment			
Salaries	8,518	8,794	(276)
Contractual services	5,248	10,000	(4,752)
Commodities	4,844	10,000	(5,156)
Utilities			
Electric service	6,215	8,500	(2,285)
Gas service	1,011	1,300	(289)
Telephone service	762	1,000	(238)
KDHE loan payment			
Principal and interest	74,981	74,981	-
Transfer to:			
Sewer Reserve Fund	45,000	50,000	(5,000)
Sewer Reserve Fund - Lagoon Improvement	-	50,000	(50,000)
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	239,985	354,613	(114,628)
RECEIPTS OVER (UNDER) EXPENDITURES	(9,416)	(63,953)	54,537
UNENCUMBERED CASH, JANUARY 1	58,101	63,953	(5,852)
UNENCUMBERED CASH, DECEMBER 31	\$ 48,685	\$ -	\$ 48,685

CITY OF HARPER, KANSAS

BUSINESS FUNDS

SEWER RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS

(ACTUAL AND BUDGET)

For Year Ended December 31, 2020

Schedule 2-22

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Transfer from - Sewer Utility Fund	\$ 45,000	\$ 100,000	\$ (55,000)
Interest earned	-	-	-
TOTAL RECEIPTS	45,000	100,000	(55,000)
EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET			
Capital outlay	40,629	205,094	(164,465)
Lagoon improvement	-	50,000	(50,000)
Equipment replacement	32,466	25,550	6,916
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	73,095	280,644	(207,549)
RECEIPTS OVER (UNDER) EXPENDITURES	(28,095)	(180,644)	152,549
UNENCUMBERED CASH, JANUARY 1	232,359	180,644	51,715
UNENCUMBERED CASH, DECEMBER 31	<u>\$ 204,264</u>	<u>\$ -</u>	<u>\$ 204,264</u>

CITY OF HARPER, KANSAS
 CAPITAL PROJECT FUNDS
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2020

Schedule 2-23

	Water Project	Street and Drainage Improvement Project	Harper Sports Complex Improvements	Public Facilities Improvements
RECEIPTS				
Bond proceeds	\$ -	\$ 628,005	\$ 373,247	\$ 300,000
Grant proceeds	49,833	-	-	-
Transfer from:				
Street and Drainage Improvement Project	35,110	-	-	-
Street Improvement Sales Tax Fund	-	85,318	-	-
Infrastructure Sales Tax Fund	-	85,318	-	-
Water Reserve Fund	-	39,834	-	-
Capital Improvement Program Fund	-	-	32,000	-
TOTAL RECEIPTS	<u>84,943</u>	<u>838,475</u>	<u>405,247</u>	<u>300,000</u>
EXPENDITURES AND TRANSFERS				
Construction	100,352	454,140	253,517	-
Engineering	-	322,859	-	-
Cost of issuance	-	32,272	-	-
Transfer to - Water Project Fund	-	35,110	-	-
TOTAL EXPENDITURES AND TRANSFERS SUBJECT TO BUDGET	<u>100,352</u>	<u>844,381</u>	<u>253,517</u>	<u>-</u>
RECEIPTS OVER (UNDER) EXPENDITURES	(15,409)	(5,906)	151,730	300,000
UNENCUMBERED CASH, JANUARY 1	<u>39,889</u>	<u>198,111</u>	<u>-</u>	<u>-</u>
UNENCUMBERED CASH, DECEMBER 31	<u>\$ 24,480</u>	<u>\$ 192,205</u>	<u>\$ 151,730</u>	<u>\$ 300,000</u>

CITY OF HARPER, KANSAS
 TRUST FUNDS
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2020

Schedule 2-24

	<u>Health Insurance Savings</u>	<u>Cemetery Trust</u>	<u>Cemetery Endowment</u>
RECEIPTS			
Premium savings	\$ 38,821	\$ -	\$ -
Donations and other	-	75	600
Interest earned	75	625	-
Transfer from - General Fund	-	2,700	-
	<u>38,896</u>	<u>3,400</u>	<u>600</u>
TOTAL RECEIPTS			
EXPENDITURES			
Capital improvements	-	3,800	-
Claims paid	50,132	-	-
	<u>50,132</u>	<u>3,800</u>	<u>-</u>
TOTAL EXPENDITURES			
RECEIPTS OVER (UNDER) EXPENDITURES	(11,236)	(400)	600
UNENCUMBERED CASH, JANUARY 1	<u>34,908</u>	<u>28,162</u>	<u>61,969</u>
UNENCUMBERED CASH, DECEMBER 31	<u><u>\$ 23,672</u></u>	<u><u>\$ 27,762</u></u>	<u><u>\$ 62,569</u></u>

CITY OF HARPER, KANSAS
 RELATED MUNICIPAL ENTITIES
 HARPER PUBLIC LIBRARY
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2020

Schedule 3-1

RECEIPTS

Appropriation from the City	\$ 66,891
South Central Kansas Library	11,464
State aid	2,301
Interest earned	280
Grants and donations	20,000
Fines, copies, and miscellaneous	2,001

TOTAL RECEIPTS	102,937
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EXPENDITURES

Payroll expense	39,606
Books and periodicals	5,232
Supplies	1,425
Professional fees	3,000
Utilities, telephone, and internet	7,531
Insurance	1,882
Maintenance	1,384
Technology expense	3,408
Improvements	71,593
Miscellaneous	818

TOTAL EXPENDITURES	135,879
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RECEIPTS OVER (UNDER) EXPENDITURES	(32,942)
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UNENCUMBERED CASH, JANUARY 1	95,666
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UNENCUMBERED CASH, DECEMBER 31	\$ 62,724
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ANALYSIS OF AVAILABLE CASH

Checking account	\$ 17,190
Money Market account	14,571
Savings account	8,948
Series HH - U.S. Savings Bonds	23,500

TOTAL CASH	64,209
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ACCOUNTS PAYABLE, DECEMBER 31	(1,485)
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UNENCUMBERED CASH, DECEMBER 31	\$ 62,724
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CITY OF HARPER, KANSAS
 RELATED MUNICIPAL ENTITIES
 HARPER RECREATION COMMISSION
 SCHEDULE OF RECEIPTS AND EXPENDITURES - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2020

Schedule 3-2

	General Fund	Capital Improvement Fund	Total
RECEIPTS			
Appropriation from the City	\$ 47,000	\$ -	\$ 47,000
Entry fees	3,919	-	3,919
Donations and other	58	17,257	17,315
Signage	-	10,300	10,300
Transfers in	-	13,000	13,000
TOTAL RECEIPTS	50,977	40,557	91,534
EXPENDITURES			
Advertising	117	-	117
Equipment and materials	1,905	-	1,905
Field improvements	-	6,485	6,485
Utilities and telephone	2,084	-	2,084
Insurance	3,884	-	3,884
Director fees	13,504	-	13,504
Repairs, maintenance, and labor	9,773	-	9,773
Dues and membership fees	100	-	100
Tournaments and events	818	-	818
Uniforms, banners, etc.	1,223	-	1,223
Umpires, referees, and scorekeepers	3,218	-	3,218
Miscellaneous	202	148	350
Transfers out	13,000	-	13,000
TOTAL EXPENDITURES	49,828	6,633	56,461
RECEIPTS OVER (UNDER) EXPENDITURES	1,149	33,924	35,073
UNENCUMBERED CASH, JANUARY 1	12,385	36,989	49,374
UNENCUMBERED CASH, DECEMBER 31	<u>\$ 13,534</u>	<u>\$ 70,913</u>	<u>\$ 84,447</u>
ANALYSIS OF AVAILABLE CASH			
Checking account			\$ 13,534
Money Market account			<u>70,913</u>
TOTAL CASH			84,447
ACCOUNTS PAYABLE, DECEMBER 31			<u>-</u>
UNENCUMBERED CASH, DECEMBER 31			<u>\$ 84,447</u>

CITY OF HARPER, KANSAS
 AGENCY FUNDS
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS
 (ACTUAL)
 For Year Ended December 31, 2020

				Schedule 4
	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Security Deposit	<u>\$ 20,266</u>	<u>\$ 7,412</u>	<u>\$ 7,088</u>	<u>\$ 20,590</u>

Roger W. Field, CPA
Gregory D. Daughhetee, CPA
Kenneth D. Hamby, CPA
Michael R. Meisenheimer, CPA
Nick L. Muetting, CPA
Billy J. Klug, CPA
Randall R. Hofmeier, CPA
Brent L. Knoche, CPA
Brian W. Mapel, CPA
Jeffrey D. Reece, CPA
Brady H. Byrnes, CPA
Alex P. Larson, CPA

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Mayor and City Council
City of Harper, Kansas**

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting Guide, the regulatory basis summary statement of receipts, expenditures, and unencumbered cash of City of Harper, Kansas (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statement, which collectively comprise the City's basic financial statement, and have issued our report thereon dated April 29, 2021, which was unmodified on the regulatory basis.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, which is identified as 2020-1.

Compliance and Other Matters

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

City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "Lindburg Vogel Pierce Laris". The signature is written in a cursive, flowing style.

Certified Public Accountants

Hutchinson, Kansas

April 29, 2021

CITY OF HARPER, KANSAS
SCHEDULE OF FINDINGS AND RESPONSES
For Year Ended December 31, 2020

2020-1 Significant Deficiency – Segregation of Duties

Condition

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

Criteria

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

Effect

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

Recommendation

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

- Review of budget comparison reports and investigating unexpected variances or results, including comparison with previous periods, to ensure that reported results do not vary from anticipated results.
- Examining bank reconciliations prepared by the City's office, including comparing a sample of the checks that clear the bank statement with check registers or appropriation ordinances.
- Reviewing utility customer charges, collections, adjustments, write-offs, and balances.

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

Management Response

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