CITY OF LUCAS, KANSAS

FINANCIAL STATEMENT AND INDEPENDENT AUDITORS' REPORT
For the Year Ended December 31, 2023

CITY OF LUCAS, KANSAS

For the Year Ended December 31, 2023

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Independent Auditors' Report

To the Honorable Mayor and City Council
City of Lucas, 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 Lucas, 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 Lucas 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 Lucas 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 A.

Basis for Adverse and Unmodified Opinions

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

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

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note A; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the

circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility 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 auditors' 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 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 judgement 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 individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Lucas, Kansas, as of and for the year ended December 31, 2022 (not presented herein), and have issued our report thereon dated September 29, 2023, which contained an unmodified opinion on the basis 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 2022 basic financial statement as a whole for the year ended December 31, 2022, on the basis of accounting described in Note A.

Gudenkauf + Malone, Inc

Gudenkauf & Malone, Inc.
September 23, 2024

CITY OF LUCAS, KANSAS

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

Statement 1

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payables	Ending Cash Balance
GENERAL FUND	$ 22,844	$ 236,468	$ 232,316	$ 26,996	$ 3,581	$ 30,577
SPECIAL PURPOSE FUNDS						
Library	510	9,865	9,865	510	-	510
Airport	4,869	2,994	3,085	4,778	750	5,528
Industrial Development	1,461	8,029	8,000	1,490	-	1,490
Special Highway	14,667	9,086	5,814	17,939	750	18,689
Capital Improvement	38,994	19,466	10,000	48,460	10,000	58,460
Grant - Housing Project	25	-	25	-	-	-
Total Special Purpose Funds	60,526	49,440	36,789	73,177	11,500	84,677
BOND AND INTEREST FUND						
Bond and Interest Fund	-	9,511	10,100	(589)	-	(589)
TRUST FUND						
McCrystal Trust	1,022	4,976	5,998	-	1,581	1,581
BUSINESS FUNDS						
Electric Utility	300,009	858,801	766,405	392,405	81,011	473,416
Electric Utility Reserve	47,000	-	-	47,000	-	47,000
Sewer Utility	65,749	60,972	75,625	51,096	10,000	61,096
Sewer Utility Reserve	2,000	-	-	2,000	-	2,000
Water Utility	38,702	101,834	91,621	48,915	15,275	64,190
Sanitation Utility	4,379	53,843	54,202	4,020	-	4,020
Total Business Funds	457,839	1,075,450	987,853	545,436	106,286	651,722
CAPITAL PROJECT FUNDS						
Water System Improvement Project	(77,720)	465,312	1,549,562	(1,161,970)	1,212,750	50,780
Total reporting Entity (Excluding Agency Funds)	$ 464,511	$ 1,841,157	$ 2,822,618	$ (516,950)	$ 1,335,698	$ 818,748

Checking Account	$ 565,968
Checking Account - Grant	52,780
Certificates of Deposits	200,000
Total reporting Entity (Excluding Agency Funds)	$ 818,748

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The City of Lucas, located in Russell County, Kansas, was incorporated in the late 1880's. Lucas engages in a minimal range of municipal services, including general government administration, water, sewer, electric, and refuse services for the residents of the City.

The City of Lucas is a municipal corporation governed by an elected six-member City Council comprised of the Mayor and five at large members. The regulatory financial statement presents the City of Lucas, Kansas (the municipality) and does not include the following Related Municipal Entity:

Lucas Library

Related Municipal Entity

The City of Lucas has omitted the financial data of the Lucas Library which is a related municipal entity. The financial data of the Library has not been audited. The City of Lucas' Public Library board operate the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City.

Regulatory Basis Fund Types

A fund is defined as a 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 funds comprise of the regulatory cash basis of accounting:

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

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

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

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

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

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

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

NOTE A – 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 net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

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 25th.

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

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, trust funds, and the following special purpose funds:

Electric Reserve Fund Sewer Reserve Fund

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

Reimbursements

The City of Lucas records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

Property Tax

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County appraiser annually determines assessed valuations based on real estate transactions recorded by the Register of Deeds and personal property transactions reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent 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. Property taxes are assessed on a calendar year basis and become a lien on property on November 1 of each year. The taxes are due one-half on December 20th and one-half the following May 10th. Any taxes unpaid at the due dates are considered delinquent.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current operation of the City and therefore are not susceptible to accrual.

Undistributed taxes from the prior year levy are recognized as income in the current year. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material to the financial statement taken as a whole.

NOTE B – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

K.S.A. 10-1113 requires that expenditures be made in compliance with the cash basis law which states that no indebtedness be created in a fund in excess of available monies in that fund. The Capital Project – Water System Improvement Project Fund appears to be in violation of this statute. A fund can end the year with a negative unencumbered cash balance due to waiting on grant reimbursements/loan proceeds. The Capital Project Fund meets the criteria for this exemption.

The Bond and Interest Fund had a deficit cash balance of $589 and a deficit unencumbered cash balance of $589 at December 31, 22023, which is a violation of K.S.A. 10-1113.

The City is not aware of any other statutory violations.

NOTE C – 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, 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 investments choices.

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.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2023.

At December 31, 2023 the City's carrying amount of deposits was $818,748 and the bank balance was $865,219. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance, $615,219 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 statues require investments to be adequately secured.

NOTE D – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS / COMMITMENTS

Other post-employment benefits

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

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

Death and Disability Other Post Employment Benefits As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2023.

Compensated Absences

Seasonal employees are not eligible to earn compensated absences. Regular full time employees working 40 hours per week will earn 3.69 hours of sick leave per every 80 hours worked. Part time employees working 30 hours per week will earn 2.77 hours per 60 hours worked. Thirty-six days of sick leave may be carried forward to the following year. An employee that terminates in good standing will be paid for unused sick leave up to 36 days at 1/2 their regular pay rate. Sick leave begins accruing on the first day of employment. The total accrued sick leave liability at December 31, 2023 was $7,716.

Regular full time employees earn vacation at the following rates:

Years of Continued Employment	Hours Earned Per 2 Week Pay Period	Equivalent Work Days
1st year	1.538	To be calculated
2-4	1.538	5
5-10	3.077	10
11+	4.615	15

Eighty hours of vacation leave may be carried forward to the following year. An employee that terminates in good standing will be paid for unused vacation leave. Vacation leave begins accruing on the first day of employment, but is not available to use until after the 90 day probationary period. Total accrued vacation at December 31, 2023 was $4,488.

Bereavement leave of 3-5 days is available to regular full time employees, depending upon their relationship to the deceased.

NOTE E – DEFINED BENEFIT PENSION PLAN

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

Contributions – K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009, and 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% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. 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 of Lucas were $13,892 for the year ended December 31, 2023.

Net Pension Liability

At December 31, 2023, the City of Lucas's proportionate share of the collective net pension liability reported by KPERS was $144,420. The net pension liability was measured as of June 30, 2023, 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 non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

NOTE F – CLAIMS AND JUDGMENTS

The City participates in federal, state, and county programs that are fully or partially funded by grant received from other government units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with the grant program regulations, the City may be required to reimburse the grantor government.

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 continues to carry commercial insurance for these potential risks of loss. There were no settled claims that exceeded insurance coverage in the past three years.

During the ordinary course of its operations the City is a party to various claims, legal actions and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material financial impact on the City.

NOTE G - INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
Electric	General	KSA 12-825d	$50,000
Grant Fund – Housing Project	General	KSA 10-1204	25

NOTE H – RELATED PARTY TRANSACTIONS

In a governmental entity, related parties include members of the governing body, council members, administrative officials, and immediate families of administrative officials, council members, and members of the governing body. Required disclosures on related party transactions do not include compensation arrangements, expense allowances and similar items incurred in the ordinary course of operations. The following are not required to be reported, but are presented for information only.

Angel & Cook, LLC - Accounting Ryan Cook, City Treasurer Owner	$ 8,282
Leach & Naegele - Various Supplies Trent Leach, Mayor Officer	6,383
Lucas Area Chamber of Commerce Tarry Dougherty, Council Member Spouse is an employee	8,000
Horner's Handyman Service, LLC - Services Amanda Horner, Employee Spouse is owner	671
J.E. Shirley Painting Jeff Shirley, Council Member Owner	1,300

NOTE I – CAPITAL PROJECT – WATER SYSTEM IMPROVEMENT PROJECT

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Project Authorization	Expenditures/Encumbrances As of December 31, 2023
Water System Improvement Project	$1,802,800	$1,551,562

The project will be funded with $600,000 from a Community Development Block Grant (CDBG) that was awarded in January 2022, $29,659 in ARPA funds received in December 2021, $90,280 from Dane G. Hansen Foundation received in December 2021, and $1,082,861 from a Kansas Department of Health & Environment (KDHE) State Revolving Fund (SRF) loan with a possible forgiveness amount of $234,858.

CITY OF LUCAS, KANSAS

NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2023

NOTE J - LONG-TERM DEBT

Changes in long-term liabilities for the City of Lucas for the year ended December 31, 2023, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
KDHE Public Water Supply	1.45%	3/23/2022	$1,082,861	2/1/2044	-	306,201	-	306,201	-
General Obligation Bonds	2.375%	2/25/2021	$222,300	2/25/2051	216,924	-	5,490	211,434	4,610
Total Contractual Indebtedness					$ 216,924	$ 306,201	$ 5,490	$ 517,635	$ 4,610

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

	2024	2025	2026	2027	2028	2029-3033	2034-2038	2039-2043	2044-2048	2049-2051	Total
Principal:											
General Obligation Bond	5,607	5,714	5,848	5,972	6,099	32,473	36,086	40,089	44,535	29,011	211,434
Total Principal	5,607	5,714	5,848	5,972	6,099	32,473	36,086	40,089	44,535	29,011	211,434
Interest:											
General Obligation Bond	4,493	4,386	4,252	4,128	4,001	18,027	14,414	10,411	5,965	1,243	71,320
Total Interest	4,493	4,386	4,252	4,128	4,001	18,027	14,414	10,411	5,965	1,243	71,320
Total Principal and Interest	$ 10,100	$ 10,100	$ 10,100	$ 10,100	$ 10,100	$ 50,500	$ 50,500	$ 50,500	$ 50,500	$ 30,254	$ 282,754

NOTE K – SUBSEQUENT EVENTS

In April 2024, Council approved a bid from Russell County Road & Bridge to assist in repairing and resurfacing main street for a cost not to exceed $20,000.

Council authorized to spend up to $22,000 for MC800 oil for chip and sealing of main street in May 2024.

In May 2024, Council accepted a quote form Smith and Loveless for equipment for the Lift Station in the amount of $64,788.

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date at which the financial statement was available to be issued.

REGULATORY-REQUIRED

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2023

CITY OF LUCAS, KANSAS

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

Schedule 1

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds:					
General	$ 254,638	$ -	$ 254,638	$ 232,316	$ (22,322)
Special Purpose Funds					
Library	10,050	-	10,050	9,865	(185)
Airport	8,500	-	8,500	3,085	(5,415)
Industrial Development	8,000	-	8,000	8,000	-
Special Highway	19,527	-	19,527	5,814	(13,713)
Capital Improvement	259,413	-	259,413	10,000	(249,413)
Bond & Interest Funds					
Bond & Interest Fund	10,100	-	10,100	10,100	-
Business Funds					
Electric Utility	1,430,297	-	1,430,297	766,405	(663,892)
Sewer Utility	162,161	-	162,161	75,625	(86,536)
Water Utility	185,508	-	185,508	91,621	(93,887)
Sanitation Utility	56,574	-	56,574	54,202	(2,372)
Total	$ 2,404,768	$ -	$ 2,404,768	$ 1,267,033	$ (1,137,735)

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-1

GENERAL FUND

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Receipts				
Ad Valorem Tax	$ 31,214	$ 48,129	$ 54,398	$ (6,269)
Vehicle Tax & Delinquent	10,972	9,930	8,115	1,815
Licenses and Permits	1,205	1,025	1,500	(475)
Sales Tax	88,000	87,394	91,000	(3,606)
Franchise Tax	9,431	12,309	16,000	(3,691)
Rental Income	8,013	8,358	12,000	(3,642)
Grants and Donations	-	5,000	-	5,000
Neighborhood Revitalization	3,005	3,952	(4,003)	7,955
Interest on Idle Funds	580	1,008	-	1,008
Miscellaneous	12,779	9,338	13,000	(3,662)
Fund Transfer	-	50,025	-	50,025
Building & Lot Sales	26,317	-	-	-
Insurance Reimbursement	14,176	-	-	-
State of Kansas ARPA Funds	29,835	-	-	-
Total Receipts	235,527	236,468	$ 192,010	$ 44,458
Expenditures				
Personal Services	38,018	65,414	50,578	14,836
Employee Benefits	13,992	34,104	25,965	8,139
Library	-	-	600	(600)
Contractual Services	80,265	77,622	112,850	(35,228)
Commodities	61,310	48,805	17,600	31,205
Capital Outlay	931	815	38,215	(37,400)
Neighborhood Revitalization Reimbursement	3,005	3,952	-	3,952
Civic Center Roof Replacement	19,563	-	-	-
Bond Interest	869	-	30	(30)
Transfer	-	-	1,500	(1,500)
Street Maintenance	3,875	1,604	7,300	(5,696)
Total Expenditures	221,828	232,316	$ 254,638	$ (22,322)

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-1

GENERAL FUND - CONTINUED

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Total Expenditures	221,828	232,316	$ 254,638	$ (22,322)
Adjustment for Qualifying Budget Credits	-	-	$ -	$ -
Legal General Fund Budget	221,828	232,316	$ 254,638	$ (22,322)
Receipts Over (Under) Expenditures	13,699	4,152		
Unencumbered Cash, Beginning	9,145	22,844		
Unencumbered Cash, Ending	$ 22,844	$ 26,996		

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-2

LIBRARY FUND

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Receipts				
Ad Valorem Tax	$ 6,808	$ 7,011	$ 8,755	$ (1,744)
Vehicle Tax & Delinquent	2,188	2,854	1,186	1,668
Total Receipts	8,996	9,865	$ 9,941	$ (76)
Expenditures				
Appropriations	8,842	9,865	10,050	(185)
Total Expenditures	8,842	9,865	$ 10,050	$ (185)
Receipts Over (Under) Expenditures	154	-		
Unencumbered Cash, Beginning	356	510		
Unencumbered Cash, Ending	$ 510	$ 510		

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-3

AIRPORT FUND

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Receipts				
Ad Valorem Tax	$ 1,915	$ 1,995	$ 2,491	$ (496)
Vehicle Tax & Delinquent	565	799	253	546
Miscellaneous Income	200	200	-	200
Total Receipts	2,680	2,994	$ 2,744	$ 250
Expenditures				
Capital Outlay	345	865	6,300	(5,435)
Insurance	2,054	2,220	2,200	20
Total Expenditures	2,399	3,085	$ 8,500	$ (5,415)
Receipts Over (Under) Expenditures	281	(91)		
Unencumbered Cash, Beginning	4,588	4,869		
Unencumbered Cash, Ending	$ 4,869	$ 4,778		

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-4

INDUSTRIAL DEVELOPMENT FUND

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Receipts				
Ad Valorem Tax	$ 5,280	$ 5,656	$ 7,063	$ (1,407)
Vehicle Tax & Delinquent	2,181	2,373	908	1,465
Total Receipts	7,461	8,029	$ 7,971	$ 58
Expenditures				
Chamber of Commerce	6,000	8,000	8,000	-
Total Expenditures	6,000	8,000	$ 8,000	$ -
Receipts Over (Under) Expenditures	1,461	29.00		
Unencumbered Cash, Beginning	-	1,461		
Unencumbered Cash, Ending	$ 1,461	$ 1,490		

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-5

SPECIAL HIGHWAY FUND

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Receipts				
State of Kansas	$ 9,816	$ 9,086	$ 10,870	$ (1,784)
Total Receipts	9,816	9,086	$ 10,870	$ (1,784)
Expenditures				
Street Repair & Maintenance	5,095	5,814	19,527	(13,713)
Total Expenditures	5,095	5,814	$ 19,527	$ (13,713)
Receipts Over (Under) Expenditures	4,721	3,272		
Unencumbered Cash, Beginning	9,946	14,667		
Unencumbered Cash, Ending	$ 14,667	$ 17,939		

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-6

CAPITAL IMPROVEMENT FUND

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Receipts				
Fund Transfers	$ -	$ -	$ 101,500	$ (101,500)
Sales Tax	19,131	19,466	19,398	68
Total Receipts	19,131	19,466	$ 120,898	$ (101,432)
Expenditures				
Capital Outlay	-	10,000	259,413	(249,413)
Total Expenditures	-	10,000	$ 259,413	$ (249,413)
Receipts Over (Under) Expenditures	19,131	9,466		
Unencumbered Cash, Beginning	19,863	38,994		
Unencumbered Cash, Ending	$ 38,994	$ 48,460		

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-7

GRANT FUND - HOUSING PROJECT

	2022 Actual	2023 Actual
Receipts		
Grant - Kansas Housing Resource Commission	$ 142,500	$ -
Total Receipts	142,500	-
Expenditures		
Transfer to General	-	25
Grant Expenditures	166,600	-
Total Expenditures	166,600	25
Receipts Over (Under) Expenditures	(24,100)	(25)
Unencumbered Cash, Beginning	24,125	25
Unencumbered Cash, Ending	$ 25	$ -

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-8

BOND AND INTEREST FUND

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Receipts				
Appropriations	$ 9,231	$ 9,511	$ 9,962	$ (451)
Total Receipts	9,231	9,511	$ 9,962	$ (451)
Expenditures				
Principal	5,376	5,490	5,490	-
Interest	3,855	4,610	4,610	-
Total Expenditures	9,231	10,100	$ 10,100	$ -
Receipts Over (Under) Expenditures	-	(589)		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ (589)		

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-9

MCCRYSTAL TRUST FUND

	2022 Actual	2023 Actual
Receipts		
Donation	$ 5,665	$ 4,976
Total Receipts	5,665	4,976
Expenditures		
Disbursements	8,212	5,998
Total Expenditures	8,212	5,998
Receipts Over (Under) Expenditures	(2,547)	(1,022)
Unencumbered Cash, Beginning	3,569	1,022
Unencumbered Cash, Ending	$ 1,022	$ -

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-10

ELECTRIC UTILITY FUND

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Receipts				
Interest	$ 87	$ 1,031	$ -	$ 1,031
Sales	943,746	857,323	955,000	(97,677)
Miscellaneous	130	447	-	447
Total Receipts	943,963	858,801	$ 955,000	$ (96,199)
Expenditures				
Personal Services	119,792	103,420	99,060	4,360
Contractual Services	766,234	549,588	707,700	(158,112)
Commodities	30,573	25,909	53,000	(27,091)
Capital Outlay	168,548	37,488	470,537	(433,049)
Transfers	-	50,000	100,000	(50,000)
Total Expenditures	1,085,147	766,405	$ 1,430,297	$ (663,892)
Receipts Over (Under) Expenditures	(141,184)	92,396		
Unencumbered Cash, Beginning	441,193	300,009		
Unencumbered Cash, Ending	$ 300,009	$ 392,405		

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-11

SEWER UTILITY FUND

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Receipts				
Sales	$ 62,804	$ 60,972	$ 73,000	$ (12,028)
Total Receipts	62,804	60,972	$ 73,000	$ (12,028)
Expenditures				
Personal Services	25,987	40,907	29,089	11,818
Contractual Services	3,776	19,124	10,000	9,124
Commodities	13,048	5,594	-	5,594
Capital Outlay	21,016	10,000	123,072	(113,072)
Total Expenditures	63,827	75,625	$ 162,161	$ (86,536)
Receipts Over (Under) Expenditures	(1,023)	(14,653)		
Unencumbered Cash, Beginning	66,772	65,749		
Unencumbered Cash, Ending	$ 65,749	$ 51,096		

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-12

WATER UTILITY FUND

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Receipts				
Sales	$ 91,951	$ 101,053	$ 90,000	$ 11,053
Connection Fees	1,425	781	-	781
Total Receipts	93,376	101,834	$ 90,000	$ 11,834
Expenditures				
Personal Services	38,307	40,450	42,774	(2,324)
Contractual Services	24,146	11,593	18,250	(6,657)
Commodities	17,771	17,202	-	17,202
Capital Outlay	65,465	22,376	124,484	(102,108)
Total Expenditures	145,689	91,621	$ 185,508	$ (93,887)
Receipts Over (Under) Expenditures	(52,313)	10,213		
Unencumbered Cash, Beginning	91,015	38,702		
Unencumbered Cash, Ending	$ 38,702	$ 48,915		

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-13

SANITATION UTILITY FUND

		2023		
	2022 Actual	Actual	Budget	Variance Over (Under)
Receipts				
Collections	$ 48,074	$ 53,843	$ 52,729	$ 1,114
Total Receipts	48,074	53,843	$ 52,729	$ 1,114
Expenditures				
Contractual Services	47,441	52,594	47,901	4,693
Capital Outlay	4,523	1,608	8,673	(7,065)
Total Expenditures	51,964	54,202	$ 56,574	$ (2,372)
Receipts Over (Under) Expenditures	(3,890)	(359)		
Unencumbered Cash, Beginning	8,269	4,379		
Unencumbered Cash, Ending	$ 4,379	$ 4,020		

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-14

ELECTRIC RESERVE FUND

	2022 Actual	2023 Actual
Receipts		
Transfer from Electric	$ -	$ -
Total Receipts	-	-
Expenditures		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	47,000	47,000
Unencumbered Cash, Ending	$ 47,000	$ 47,000

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-15

SEWER RESERVE FUND

	2022 Actual	2023 Actual
Receipts		
Transfer from Sewer	$ -	$ -
Total Receipts	-	-
Expenditures		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	2,000	2,000
Unencumbered Cash, Ending	$ 2,000	$ 2,000

CITY OF LUCAS, KANSAS

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

Schedule 2-16

CAPITAL PROJECT FUND - WATER SYSTEM IMPROVEMENT PROJECT

	2022 Actual	2023 Actual
Receipts		
Grant - Community Development Block Grant	$ -	$ 159,111
Loan - Kansas Department of Health & Env.	-	306,201
Total Receipts	-	465,312
Expenditures		
Capital Outlay	2,000	1,549,562
Total Expenditures	2,000	1,549,562
Receipts Over (Under) Expenditures	(2,000)	(1,084,250)
Unencumbered Cash, Beginning	(75,720)	(77,720)
Unencumbered Cash, Ending	$ (77,720)	$ (1,161,970)

*See Note B & I