CITY OF LAHARPE, KANSAS

Independent Auditor's Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2023

CITY OF LAHARPE, KANSAS

For the Year Ended December 31, 2023

TABLE OF CONTENTS

	PAGE NUMBERS
Independent Auditor's Report	1-3
Statement 1	
Summary Statement of Receipts, Expenditures, and Unencumbered Cash – Regulatory Basis	4
Notes to Financial Statement	5-12
SUPPLEMENTARY INFORMATION	
Schedule 1	
Summary of Expenditures – Actual and Budget Regulatory Basis - (Budgeted Funds Only)	13
Schedule 2	
Schedule of Receipts and Expenditures – Actual and Budget Regulatory Basis - (with Comparative Actual Amounts for the Prior Year)	
General Fund	14-15
Special Highway Fund	16
Equipment Reserve Fund	17
Fitness Center Fund	18
Sewer Improvement Fund	19
Capital Improvement Fund	20
Water Utility Fund	21
Electric Utility Fund	22
Electric Reserve Fund	23
Sewer Utility Fund	24
Sewer Reserve Fund	25
Trash Utility Fund	26
Schedule 3	
Agency Funds – Schedule of Receipts and Disbursements – Regulatory Basis	27

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of LaHarpe, 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 LaHarpe, 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 LaHarpe, Kansas 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 LaHarpe, Kansas as of December 31, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of LaHarpe, Kansas as of and for the year ended December 31, 2022 (not presented herein), and have issued our report thereon dated March 29, 2023, which contained an unmodified opinion on the basic financial statement. The 2022 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2023 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2022 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 basic financial statement or to the 2022 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2022 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2022, on the basis of accounting described in Note 1.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

May 30, 2023
Chanute, Kansas

CITY OF LAHARPE, KANSAS

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

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Cash Balance December 31 2023
General Fund	$ 30,946.87	$ 301,309.15	$ 326,896.59	$ 5,359.43	$ 36,233.36	$ 41,592.79
Special Purpose Funds:						
Special Highway	111,533.27	50,668.97	118,055.89	44,146.35	-	44,146.35
Equipment Reserve	25,521.51	7,500.06	17,000.00	16,021.57	-	16,021.57
Fitness Center	15,568.86	62,253.25	25,419.99	52,402.12	-	52,402.12
Sewer Improvement	72,742.77	5,928.00	61,471.88	17,198.89	-	17,198.89
Capital Project Funds:						
Capital Improvement	59,525.52	-	-	59,525.52	-	59,525.52
Business Funds:						
Water Utility	21,386.75	163,535.55	178,807.41	6,114.89	1,966.59	8,081.48
Electric Utility	88,022.09	482,036.31	564,823.43	5,234.97	1,361.72	6,596.69
Electric Reserve	998.43	46,754.31	47,752.74	-	-	-
Sewer Utility	8,025.49	149,544.67	143,086.22	14,483.94	2,101.07	16,585.01
Sewer Reserve	47,482.11	1,790.89	-	49,273.00	-	49,273.00
Trash Utility	1,762.57	20,571.86	20,972.00	1,362.43	1,754.00	3,116.43
Total Reporting Entity (Excluding Agency Funds)	$ 483,516.24	$ 1,291,893.02	$ 1,504,286.15	$ 271,123.11	$ 43,416.74	$ 314,539.85

Composition of Cash:	
Cash on Hand	$ 300.00
Checking Accounts	266,210.15
Certificates of Deposit	50,622.88
Total Cash	317,133.03
Agency Funds Per Schedule 3	(2,593.18)
Total Reporting Entity (Excluding Agency Funds)	$ 314,539.85

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

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

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

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

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

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

Special Purpose funds – 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.

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 funds – 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.).

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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.).

Basis of Accounting

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

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

Property Taxes

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

Reimbursed Expenses

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

Pension Plan

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Budgetary Information

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

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

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The City did not 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 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. During the year, no such amendments were done.

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, receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose fund:

- Equipment Reserve Fund
- Fitness Center Fund
- Sewer Improvement Fund

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1, the City was in apparent compliance with the Kansas cash basis laws. As shown in Schedule 1, the City was in apparent violation of K.S.A. 79-2935, as the City has obligated expenditures in excess of budget authority in the General Fund and Sewer Utility Fund.

3. 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 branch or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

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 year-end, the City's carrying amount of deposits was $316,833.03 and the bank balance was $324,911.05. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, $324,911.05 was covered by FDIC insurance.

4. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publically 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. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

4. DEFINED BENEFIT PENSION PLAN (Continued)

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate (for the Death and Disability Program) and the statutory contribution rate was 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from City of LaHarpe were $19,304.01 for the year ended December 31, 2023.

Net Pension Liability
At December 31, 2023, the City of LaHarpe's proportionate share of the collective net pension liability reported by KPERS was $179,350.00. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. The City of LaHarpe's proportion of the net pension liability was based on the ratio of the City of LaHarpe'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 these financial statements.

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

5. FINANCE LEASE OBLIGATIONS

The City has entered into a finance lease agreement for a Dodge Durango for the police department. Payments are made monthly, including interest of 3.55%. Final maturity of the lease is July 15, 2026. Future minimum lease payments are as follows:

Year Ended December 31	Totals
2024	$ 6,245.04
2025	6,245.04
2026	3,847.24
	16,337.32
Less imputed interest	(757.26)
Net Present Value of Minimum Lease Payments	15,580.06
Less: Current Maturities	(5,785.48)
Long-Term Finance Lease Obligations	$ 9,794.58

6. LONG-TERM DEBT

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

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bond									
Paid by Utility Revenues									
Electrical Distribution System									
Series 2018	3.475%	March 1, 2018	$ 430,000.00	September 1, 2037	$ 345,000.00	$ -	$ 20,000.00	$ 325,000.00	$ 11,627.50
State Low Interest Loan	2.810%	March 18, 2021	140,714.55	March 1, 2031	118,155.88	-	13,119.03	105,036.85	3,006.21
Finance Lease									
Police Vehicle (Durango)	3.550%	August 16, 2021	29,350.00	June 15, 2026	21,164.03	-	5,583.97	15,580.06	661.07
Total Contractual Indebtedness					$ 484,319.91	$ -	$ 38,703.00	$ 445,616.91	$ 15,294.78

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

Issue	2024	2025	2026	2027	2028	2029-2033	2034-2037	Total
Principal								
General Obligation Bonds								
Electrical Distribution System								
Series 2018	$ 20,000.00	$ 20,000.00	$ 20,000.00	$ 20,000.00	$ 20,000.00	$ 115,000.00	$ 110,000.00	$ 325,000.00
State Low Interest Loan	12,286.38	13,768.83	14,160.72	14,563.83	14,978.38	35,278.71	-	105,036.85
Finance Lease								
Police Vehicle (Durango)	5,785.48	5,994.26	3,800.32	-	-	-	-	15,580.06
Total Principal	38,071.86	39,763.09	37,961.04	34,563.83	34,978.38	150,278.71	110,000.00	445,616.91
Interest								
General Obligation Bonds								
Electrical Distribution System								
Series 2018	11,027.50	10,507.50	9,957.50	9,337.50	8,717.50	33,127.50	10,650.00	93,325.00
State Low Interest Loan	2,562.41	2,429.85	2,037.96	1,635.85	1,220.30	1,168.27	-	11,054.64
Finance Lease								
Police Vehicle (Durango)	459.56	250.78	46.92	-	-	-	-	757.26
Total Interest	14,049.47	13,188.13	12,042.38	10,973.35	9,937.80	34,295.77	10,650.00	105,136.90
Total Principal and Interest	$ 52,121.33	$ 52,951.22	$ 50,003.42	$ 45,537.18	$ 44,916.18	$ 184,574.48	$ 120,650.00	$ 550,753.81

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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:
Regular employees earn and accumulate vacation leave after one year of employment. The maximum number of vacation days which can be accumulated by employees is based upon number of years of full-time service and varies from 5-15 days. If an employee wished to cash out vacation time, they may do so but no more than five days may be cashed out in any calendar year. If an employee has unused vacation time on their anniversary date, said unused time will not accumulate nor will it roll over.

Regular employees earn and accumulate sick leave from the beginning of employment at the rate of 40 hours per year. Sick leave may be accumulated to a maximum of 320 hours. Any unused sick leave above 320 hours is lost. Sick leave is not paid to terminated employees.

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

(1) The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
(2) The obligation relates to rights that vest or accumulate.
(3) Payment of the compensation is probable.
(4) The amount can be reasonably estimated and is material to the financial statement.

In accordance with the above criteria, the City has estimated a liability for vacation pay of $3,756.97, and not accrued a liability for sick pay which has been earned, but not taken by City employees, inasmuch as the amount cannot be reasonably estimated.

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

Under the Consolidated Omnibus Budget 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. There is no cost to the City under this program.

8. SEWER TREATMENT SYSTEM AGREEMENT

On September 1, 2018 the City of LaHarpe, the City of Gas, and the Allen County Commissioners entered into a sewer treatment system agreement. The following items were agreed upon:

a) The City of LaHarpe owns and operates a sewer treatment system and provides service to the City of Gas. They will split the cost 50/50 of all maintenance and testing throughout the life of the sewer lagoons located in LaHarpe, Kansas. The costs will include; the required testing performed by KDHE, KRWA and PACE Analytical, the upkeep and maintenance of the grounds inside the fenced area of the lagoons and the cost of dredging when that time comes.

8. SEWER TREATMENT SYSTEM AGREEMENT (Continued)

b) It is agreed by both parties no one will seek grants or loans, for improvements to the sewer lagoons, without written permission from both parties and both cities will be required to sign the needed documents.

c) The agreement shall be effective from September 1, 2018 through the life of the sewer lagoons or such time both parties mutually terminate this contract for cause in writing, given a 30 day notice.

9. ECONOMIC DEPENDENCY

During 2023, the City purchased 100% of its water sold from Public Wholesale Water Supply District #5.

10. RISK MANAGEMENT

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

11. INTERFUND TRANSFERS

Operating and residual transfers were as follows:

From Fund:	To Fund:	Statutory Authority	Amount
Sewer Utility	Sewer Reserve	K.S.A. 12-825d	$ 1,790.89
Sewer Utility	General	K.S.A. 12-825d	11,719.87
Sewer Utility	Sewer Improvement	K.S.A. 12-825d	5,928.00
Water Utility	General	K.S.A. 12-825d	5,250.00
Electric Utility	Water Utility	K.S.A. 12-825d	31,500.00
Electric Utility	General	K.S.A. 12-825d	66,749.85
Electric Utility	Equipment Reserve	K.S.A. 12-1,117	7,500.06
Electric Utility	Electric Reserve	K.S.A. 12-825d	46,754.31
Equipment Reserve	Electric Utility	K.S.A. 12-1,117	17,000.00

12. SUBSEQUENT EVENTS

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

SUPPLEMENTARY INFORMATION

Schedule 1

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

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year	Variance - Over (Under)
General Fund	$ 275,755.00	$ 26,838.92	$ 302,593.92	$ 326,896.59	$ 24,302.67
Special Purpose Funds:					
Special Highway	171,312.00	-	171,312.00	118,055.89	(53,256.11)
Business Funds:					
Water Utility	187,907.00	-	187,907.00	178,807.41	(9,099.59)
Electric Utility	641,223.00	-	641,223.00	564,823.43	(76,399.57)
Electric Reserve	68,752.00	-	68,752.00	47,752.74	(20,999.26)
Sewer Utility	113,565.00	-	113,565.00	143,086.22	29,521.22
Trash Utility	25,545.00	-	25,545.00	20,972.00	(4,573.00)

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	$ 92,988.10	$ 93,804.61	$ 101,969.00	$ (8,164.39)
Delinquent Tax	5,598.53	5,655.40	5,772.00	(116.60)
Motor Vehicle Tax	18,901.74	19,964.43	23,358.00	(3,393.57)
Commercial Vehicle Tax	1,222.10	1,223.28	374.00	849.28
Recreational Vehicle Tax	271.40	290.99	624.00	(333.01)
16/20 Vehicle Tax	557.01	453.47	1,446.00	(992.53)
Watercraft Tax	-	-	12.00	(12.00)
Special Assessment	431.50	1,303.72	-	1,303.72
Neighborhood Revitalization Rebate	(7,396.10)	(6,093.07)	(6,070.00)	(23.07)
Intergovernmental				
Franchise Tax	8,759.11	9,339.55	8,445.00	894.55
Sales Tax	33,225.03	31,934.71	33,535.00	(1,600.29)
Other Grant Proceeds	1,570.00	2,928.00	-	2,928.00
Licenses and Permits	130.00	150.00	180.00	(30.00)
Animal Control	612.98	1,350.00	396.00	954.00
Fines, Forfeitures and Penalties	30,573.50	21,753.32	18,100.00	3,653.32
Charges for Services				
Copy Fees	73.00	22.00	-	22.00
Use of Money and Property				
Interest Income	632.52	321.45	532.00	(210.55)
Sale of Equipment	2,350.00	-	-	-
Rental Income	1,450.00	1,150.00	3,325.00	(2,175.00)
Park Income	4,513.40	100.00	2,651.00	(2,551.00)
Other Receipts				
Miscellaneous	2,420.27	7,176.65	1,078.00	6,098.65
Donations	1,150.00	850.00	-	850.00
Reimbursed Expense	38,489.50	23,910.92	8,475.00	15,435.92
Operating Transfer from:				
Water Utility Fund	-	5,250.00	-	5,250.00
Sewer Utility Fund	-	11,719.87	-	11,719.87
Electric Utility Fund	47,666.52	66,749.85	50,000.00	16,749.85
Total Receipts	286,190.11	301,309.15	$ 254,202.00	$ 47,107.15
Expenditures				
General and Administrative				
Personal Services	21,041.75	17,431.26	$ 25,563.00	$ (8,131.74)
Contractual Services	62,611.50	88,658.75	68,156.00	20,502.75
Commodities	43,046.54	46,493.87	32,227.00	14,266.87
Capital Outlay	17,422.99	-	-	-

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Expenditures				
Parks and Recreation				
Personal Services	$ -	$ 32.00	$ -	$ 32.00
Contractual Services	11,317.17	10,566.76	700.00	9,866.76
Commodities	-	-	1,500.00	(1,500.00)
Capital Outlay	-	-	800.00	(800.00)
Streets				
Personal Services	50.00	-	-	-
Commodities	187.96	-	-	-
Law Enforcement				
Personal Services	44,570.99	49,908.58	46,754.00	3,154.58
Contractual Services	12,522.50	8,936.89	8,000.00	936.89
Commodities	12,487.92	9,406.91	15,000.00	(5,593.09)
Animal Control and Code Enforcement				
Personal Services	11,600.25	18,134.17	14,475.00	3,659.17
Contractual Services	8,008.69	16,934.48	8,500.00	8,434.48
Commodities	-	-	1,000.00	(1,000.00)
Fire Department				
Personal Services	4,442.50	3,397.00	4,939.00	(1,542.00)
Contractual Services	1,455.30	1,228.70	8,000.00	(6,771.30)
Commodities	6,351.04	7,248.53	4,000.00	3,248.53
Employee Benefits	36,819.83	42,273.65	29,896.00	12,377.65
Finance Lease - Durango	6,245.04	6,245.04	6,245.00	0.04
Total Certified Budget			275,755.00	51,141.59
Adjustments for Qualifying Budget Credits			26,838.92	(26,838.92)
Total Expenditures	300,181.97	326,896.59	$ 302,593.92	$ 24,302.67
Receipts Over (Under) Expenditures	(13,991.86)	(25,587.44)		
Unencumbered Cash, Beginning	44,938.73	30,946.87		
Unencumbered Cash, Ending	$ 30,946.87	$ 5,359.43		

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes and Shared Receipts				
State Payments	$ 13,712.17	$ 13,200.04	$ 14,740.00	$ (1,539.96)
Intergovernmental				
Sales Tax	31,792.72	37,468.93	31,130.00	6,338.93
Total Receipts	45,504.89	50,668.97	$ 45,870.00	$ 4,798.97
Expenditures				
Highways and Streets				
Personal Services	-	5,784.40	$ -	$ 5,784.40
Contractual Services	0.50	-	15,000.00	(15,000.00)
Commodities	7,012.90	22,645.60	156,312.00	(133,666.40)
Capital Outlay	24,179.34	89,625.89	-	89,625.89
Total Expenditures	31,192.74	118,055.89	$ 171,312.00	$ (53,256.11)
Receipts Over (Under) Expenditures	14,312.15	(67,386.92)		
Unencumbered Cash, Beginning	97,221.12	111,533.27		
Unencumbered Cash, Ending	$ 111,533.27	$ 44,146.35		

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

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Sale of Equipment	$ 14,555.00	$ -
Operating Transfers from:		
Electric Utility Fund	10,253.75	7,500.06
Sewer Utility Fund	253.65	-
Water Utility Fund	253.67	-
Total Receipts	25,316.07	7,500.06
Expenditures		
Capital Outlay	105.01	-
Operating Transfer to		
Electric Utility Fund	-	17,000.00
Total Expenditures	105.01	17,000.00
Receipts Over (Under) Expenditures	25,211.06	(9,499.94)
Unencumbered Cash, Beginning	310.45	25,521.51
Unencumbered Cash, Ending	$ 25,521.51	$ 16,021.57

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

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Grant Proceeds	$ 24,783.67	$ 51,068.00
Charges for Services		
Center Fees	9,799.98	11,185.25
Other Receipts		
Reimbursed Expense	781.98	-
Total Receipts	35,365.63	62,253.25
Expenditures		
Operating Expenditures		
Contractual Services	12,782.30	9,703.53
Commodities	31,274.92	15,716.46
Total Expenditures	44,057.22	25,419.99
Receipts Over (Under) Expenditures	(8,691.59)	36,833.26
Unencumbered Cash, Beginning	24,260.45	15,568.86
Unencumbered Cash, Ending	$ 15,568.86	$ 52,402.12

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

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
ARPA Grant	$ 40,441.43	$ -
Operating Transfer from		
Sewer Utility Fund	-	5,928.00
Total Receipts	40,441.43	5,928.00
Expenditures		
Capital Outlay		
Capital Outlay	8,140.00	61,471.88
Operating Transfer to		
Sewer Utility Fund	13,425.00	-
Total Expenditures	21,565.00	61,471.88
Receipts Over (Under) Expenditures	18,876.43	(55,543.88)
Unencumbered Cash, Beginning	53,866.34	72,742.77
Unencumbered Cash, Ending	$ 72,742.77	$ 17,198.89

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

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants - CDBG	$ -	$ -
Total Receipts	-	-
Expenditures		
Operating Transfer to		
Electric Reserve Fund	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	59,525.52	59,525.52
Unencumbered Cash, Ending	$ 59,525.52	$ 59,525.52

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Receipts				
Water Sales	$ 116,122.75	$ 127,501.40	$ 119,554.00	$ 7,947.40
Water Penalties and Reconnect Fees	2,425.00	2,012.50	2,447.00	(434.50)
Bulk Water Sales	1,166.35	1,410.80	608.00	802.80
Other Receipts				
Reimbursed Expenses	966.26	345.35	34.00	311.35
Miscellaneous	-	765.50	-	765.50
Operating Transfers from Electric Utility Fund	30,000.00	31,500.00	30,000.00	1,500.00
Total Receipts	150,680.36	163,535.55	$ 152,643.00	$ 10,892.55
Expenditures				
Transmission and Distribution				
Contractual Services	615.06	-	$ -	$ -
Commodities	69,046.25	65,239.25	61,669.00	3,570.25
General Operations				
Personal Services	47,758.69	52,592.08	50,749.00	1,843.08
Contractual Services	14,542.44	20,444.40	10,596.00	9,848.40
Commodities	19,759.85	29,731.87	16,462.00	13,269.87
Capital Outlay	-	5,549.81	48,431.00	(42,881.19)
Operating Transfer to:				
General Fund	-	5,250.00	-	5,250.00
Equipment Reserve Fund	253.67	-	-	-
Total Expenditures	151,975.96	178,807.41	$ 187,907.00	$ (9,099.59)
Receipts Over (Under) Expenditures	(1,295.60)	(15,271.86)		
Unencumbered Cash, Beginning	22,682.35	21,386.75		
Unencumbered Cash, Ending	$ 21,386.75	$ 6,114.89		

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Receipts				
Residential Sales	$ 398,460.61	$ 376,446.02	$ 395,832.00	$ (19,385.98)
Electric Upgrade	64,334.94	55,132.36	65,259.00	(10,126.64)
Connect Fee	2,425.00	2,111.39	2,447.00	(335.61)
Intergovernmental				
Grant Proceeds	-	30,000.00	-	30,000.00
Other Receipts				
Reimbursed Expenses	715.25	1,346.54	-	1,346.54
Operating Transfer from				
Equipment Reserve Fund	-	17,000.00	-	17,000.00
Total Receipts	465,935.80	482,036.31	$ 463,538.00	$ 18,498.31
Expenditures				
Transmission and Distribution				
Contractual Services	282,961.05	168,580.41	$ 233,387.00	$ (64,806.59)
Commodities	14,576.55	46.32	-	46.32
General Operations				
Personal Services	51,664.38	63,154.98	55,096.00	8,058.98
Contractual Services	12,130.51	48,099.17	10,000.00	38,099.17
Commodities	30,820.54	56,439.55	25,000.00	31,439.55
Capital Outlay	17,082.05	75,998.78	162,542.00	(86,543.22)
Debt Service				
Principal	-	-	14,336.00	(14,336.00)
Interest	-	-	282.00	(282.00)
Operating Transfers to:				
Equipment Reserve Fund	10,253.75	7,500.06	10,000.00	(2,499.94)
General Fund	47,666.52	66,749.85	50,580.00	16,169.85
Water Utility Fund	30,000.00	31,500.00	30,000.00	1,500.00
Sewer Utility Fund	12,000.00	-	-	-
Electric Reserve Fund	48,023.73	46,754.31	50,000.00	(3,245.69)
Total Expenditures	557,179.08	564,823.43	$ 641,223.00	$ (76,399.57)
Receipts Over (Under) Expenditures	(91,243.28)	(82,787.12)		
Unencumbered Cash, Beginning	179,265.37	88,022.09		
Unencumbered Cash, Ending	$ 88,022.09	$ 5,234.97		

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Transfer from Electric Utility Fund	$ 48,023.73	$ 46,754.31	$ 50,580.00	$ (3,825.69)
Total Receipts	48,023.73	46,754.31	$ 50,580.00	$ (3,825.69)
Expenditures				
Debt Service				
Principal	34,303.04	33,119.03	$ 20,000.00	$ 13,119.03
Interest	12,722.26	14,633.71	11,628.00	3,005.71
Cash Basis Reserve	-	-	37,124.00	(37,124.00)
Total Expenditures	47,025.30	47,752.74	$ 68,752.00	$ (20,999.26)
Receipts Over (Under) Expenditures	998.43	(998.43)		
Unencumbered Cash, Beginning	-	998.43		
Unencumbered Cash, Ending	$ 998.43	$ -		

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Receipts				
Residential Sales	$ 83,893.68	$ 136,362.83	$ 89,690.00	$ 46,672.83
Penalties	10,434.27	12,077.14	10,876.00	1,201.14
Use of Money and Property				
Sale of Equipment	140.80	-	-	-
Other Receipts				
Reimbursed Expenses	6,688.98	1,104.70	-	1,104.70
Operating Transfer from:				
Sewer Improvement Fund	13,425.00	-	-	-
Electric Utility Fund	12,000.00	-	-	-
Total Receipts	126,582.73	149,544.67	$ 100,566.00	$ 48,978.67
Expenditures				
Operations and Maintenance				
Personal Services	49,117.69	63,136.21	$ 52,546.00	$ 10,590.21
Contractual Services	23,003.61	21,197.32	25,000.00	(3,802.68)
Commodities	13,202.02	8,838.24	17,000.00	(8,161.76)
Capital Outlay	-	30,475.69	10,019.00	20,456.69
Operating Transfer to:				
Sewer Improvement Fund	-	5,928.00	-	5,928.00
General Fund	-	11,719.87	-	11,719.87
Equipment Reserve Fund	253.65	-	-	-
Sewer Reserve Fund	34,057.00	1,790.89	9,000.00	(7,209.11)
Total Expenditures	119,633.97	143,086.22	$ 113,565.00	$ 29,521.22
Receipts Over (Under) Expenditures	6,948.76	6,458.45		
Unencumbered Cash, Beginning	1,076.73	8,025.49		
Unencumbered Cash, Ending	$ 8,025.49	$ 14,483.94		

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

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from Sewer Utility Fund	$ 34,057.00	$ 1,790.89
Total Receipts	34,057.00	1,790.89
Expenditures		
Operating Transfer to Sewer Utility Fund	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	34,057.00	1,790.89
Unencumbered Cash, Beginning	13,425.11	47,482.11
Unencumbered Cash, Ending	$ 47,482.11	$ 49,273.00

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Operating Receipts				
Residential Sales	$ 21,080.57	$ 20,571.86	$ 21,528.00	$ (956.14)
Total Receipts	21,080.57	20,571.86	$ 21,528.00	$ (956.14)
Expenditures				
Operating Expenditures				
Contractual Services	21,808.84	20,972.00	$ 21,181.00	$ (209.00)
Commodities	3,544.88	-	1,000.00	(1,000.00)
Capital Outlay	-	-	3,364.00	(3,364.00)
Total Expenditures	25,353.72	20,972.00	$ 25,545.00	$ (4,573.00)
Receipts Over (Under) Expenditures	(4,273.15)	(400.14)		
Unencumbered Cash, Beginning	6,035.72	1,762.57		
Unencumbered Cash, Ending	$ 1,762.57	$ 1,362.43		

Schedule 3

CITY OF LAHARPE, KANSAS
Agency Funds
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2023

Agency Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Sales Tax	$ 1,525.88	$ 18,151.65	$ 18,484.35	$ 1,193.18
Security Deposits	1,800.00	1,400.00	1,800.00	1,400.00
Total Agency Funds	$ 3,325.88	$ 19,551.65	$ 20,284.35	$ 2,593.18

Jarred Gilmore Phillips

Honorable Mayor and City Council
City of LaHarpe, Kansas

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

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

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

Preparation of Financial Statement

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

Segregation of Duties

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

Cash Flow Issues

Liquidity risk is the risk of not being able to obtain funds at a reasonable price within a reasonable time to meet City obligations as they become due. Sound liquidity risk management controls include City Council's oversight, policies and procedures, management reporting, and internal controls. Ending unencumbered cash balances are at a low balance in all funds of the City. We recommend the City establish some fund balance polices, that will reduce liquidity risk, then determine a plan of action to meet these goals.

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

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
May 30, 2024