City of Washington, Kansas

Financial Statement
As of December 31, 2024
and For the Year Then Ended

With Report by Independent Auditor

SHIPLEY
CPA, LLC
Audit, Assurance, & Consulting Services

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of the
City of Washington, Kansas

Adverse and Unmodified Opinions

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of the City of Washington, Kansas (the City), as of and for the year ended December 31, 2024 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of my report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2024, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In my opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2024, 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of my report. I am required to be independent of the City, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by the City 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

My 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 my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I:

- 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 my 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.

I am 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 I identified during the audit.

Supplementary Information

My 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, schedule of receipts and disbursements - agency and related municipal entity (Schedules 1, 2, 3 and 4 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 my 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.

I also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City as of and for the year ended December 31, 2023 (not presented herein), and have issued my report thereon dated April 3, 2024, which contained an unmodified opinion on the basic financial statement. The 2023 basic financial statement and my 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/accountsreports/local-government/municipal-services. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2024 (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 2023 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 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 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 2023 basic financial statement or to the 2023 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the 2023 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, 2023, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 23, 2025 on my consideration of the City's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Shipley CPA, LLC

Shipley CPA, LLC
Topeka, Kansas
February 23, 2025

CITY OF WASHINGTON, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances And Accounts Payable	Ending Cash Balance
General Fund:						
General	$ 1,505,636	$ 667,386	$ 710,988	$ 1,462,034	$ -	$ 1,462,034
Special Purpose Funds:						
Employee Benefits	171,268	95,665	75,937	190,996	-	190,996
Library	122,680	73,918	65,821	130,777	-	130,777
Special Highway	263,300	32,096	29,666	265,730	-	265,730
Special Highway Improvement	-	-	-	-	-	-
Special Law and Fire	118,075	2,784	-	120,859	-	120,859
Special Park and Recreation	239,331	11,817	13,788	237,360	-	237,360
Special Alcohol	6,210	3,377	-	9,587	-	9,587
Municipal Equipment Reserve	393,307	98,940	34,503	457,744	-	457,744
Municipal Improvement	1,324,960	353,763	215,570	1,463,153	-	1,463,153
Ambulance Reserve	70,726	30,677	2,263	99,140	-	99,140
Capital Project Fund:						
Capital Projects	387,747	36,688	80,946	343,489	-	343,489
Business Funds:						
Water Utility	1,326,594	359,879	353,942	1,332,531	-	1,332,531
Sewer and Waste Utility	420,342	272,741	125,887	567,196	-	567,196
Electric Utility	2,265,617	1,579,069	1,997,765	1,846,921	620	1,847,541
Ambulance Utility	117,140	206,082	186,057	137,165	-	137,165
Related Municipal Entity:						
Washington Public Library	230,791	35,273	32,271	233,793	-	233,793
Total	$ 8,963,724	$ 3,860,155	$ 3,925,404	$ 8,898,475	$ 620	$ 8,899,095

Composition of Cash:	
Checking accounts	$ 234,393
Money market	7,510,181
Certificates of deposit	1,299,760
Total	9,044,334
Less Agency Funds (per Schedule 3)	(145,239)
Total Reporting Entity (Excluding Agency Funds)	$ 8,899,095

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

CITY OF WASHINGTON, KANSAS

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2024

Note 1 – Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

The City of Washington, Kansas (the City) is a municipal corporation governed by a citizen-elected mayor and five elected council members. The financial statement presents the City of Washington, Kansas and its related municipal entity. The related municipal entity is included in the City's reporting entity because it was established to benefit the city and/or its constituents.

> **Washington Public Library:** The Library Board operates the City's public library. The Library Board operates as a separate governing body. Acquisition or disposition of real property by the Library Board must be approved by the City. Bond issuances must also be approved by the City. The Washington Public Library is organized under K.S.A. 12-1218. The City levies a property tax for the Washington Public Library under K.S.A 79-1952, which is deposited in the City's Library Fund and transferred to the Washington Public Library for its operations.

This financial statement does not include the related municipal entity shown below.

> **Washington Housing Authority**: The Washington Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. The audit of their financial statement is available at the Washington Housing Authority's office, 350 Washington Street, Washington, Kansas 66968.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds. 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 out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

The following types of funds were utilized in recording the financial activities of the City for the year 2024:

> 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 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.)
>
> Agency funds – Used to account for assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, tax collection accounts, etc.)

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide* (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash.

The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The 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 regulatory basis of accounting.

Reimbursed Expenses

The City 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.

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

If the City is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The City did hold a revenue neutral rate hearing for this year.

Note 2 – Budgetary Information (continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held, and the governing body may amend the budget at that time. There were no such amendments to the 2024 budget.

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 revenues 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 project funds, and the following special purpose funds: Municipal Equipment Reserve, Municipal Improvement and Ambulance Reserve.

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

Note 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 or branch bank in the county in which the City is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of 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.

Note 3 – Deposits and Investments (continued)

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City did not have a peak period pledge agreement during 2024, and therefore the City did not designate peak periods. All deposits were legally secured at December 31, 2024.

At December 31, 2024, the carrying amount of the City's deposits including certificates of deposit was $8,810,438 and the bank balance was $9,146,427. The bank balance was held at two banks resulting in a concentration of credit risk. The difference between the carrying amount and the bank balance is outstanding checks and deposits. Of the bank balance, $500,000 was covered by FDIC insurance and the remaining was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name.

Related Municipal Entity

At December 31, 2024, the carrying amount of the Washington Public Library deposits including certificates of deposit was $233,793 and the bank balance was $233,793. The bank balance was held at one bank. Of the bank balance, all was covered by FDIC insurance.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Note 4 – Property Taxes

In accordance with governing State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar-year basis and are levied and become a lien on the property on November 1st 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 of the full amounts of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes levied and collected in the year prior to January 1st of the ensuing year.

Note 5 – Long-Term Debt

During 2021, the City issued Series 2021 General Obligation Bonds in the amount of $6,151,000 for the purpose of the refunding the General Obligation Temporary Note Series 2019 which were issued for the water improvement project.

During 2022, the City entered into a lease purchase agreement for two engines for the City's electric power plant. The amount of the agreement is $1,884,157 to be paid over 20 years at a rate of 3.78% with payments starting April 8, 2022.

Note 5 – Long-Term Debt (continued)

Changes in long-term liabilities for the City for the year ended December 31, 2024 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 and Service Fee
General Obligation Bond									
Series 2021	1.75%	3/25/2021	$ 6,151,000	3/25/2061	$ 5,934,080	$ -	$ 111,031	$ 5,823,049	$ 104,131
Capital Lease									
Lease Purchase	3.78%	3/8/2022	$ 1,884,157	3/5/2042	1,769,587	-	68,535	1,701,052	65,915
					$ 7,703,667	$ -	$ 179,566	$ 7,524,101	$ 170,046

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

	Principal	Interest and Service Fee
2025	$ 184,618	$ 164,994
2026	189,344	160,268
2027	194,210	155,402
2028	198,804	150,808
2029	204,374	145,238
2030-2034	1,104,512	643,548
2035-2039	1,259,117	488,943
2040-2044	1,049,241	597,909
2045-2049	829,474	246,336
2050-2054	904,670	171,140
2055-2059	986,684	89,126
2060-2064	419,053	441,595
	$ 7,524,101	$ 3,455,307

Note 6 – Capital Projects

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

	Project Authorization	Expenditures to Date
Water Improvement Project	$ 8,283,000	$ 8,069,531

Note 7 – Interfund Transactions

Operating transfers were as follows:

From	To	Amount	Authority
General	Special Law and Fire	$ 2,000	12-101a
General	Municipal Equipment Reserve	15,000	12-1,117
General	Capital Projects	10,000	12-1,118
Water Utility	Municipal Equipment Reserve	5,800	12-1,117
Water Utility	Capital Projects	10,000	12-1,118
Electric Utility	Municipal Equipment Reserve	55,000	12-1,117
Electric Utility	Capital Projects	5,000	12-1,118
Sewer and Waste Utility	Municipal Equipment Reserve	10,000	12-1,117
Sewer and Waste Utility	Capital Projects	10,000	12-1,118

Note 8 – Compensated Absences

The City provides compensation for absences. The policy permits employees classified as full-time, one who works 40 hours per week, to accrue vacation time at the following rates:

Years of Service	Accrued Vacation Leave Per Pay Period
Start of employment	1.54 hours
After 2 year anniversary	3.07 hours
After 10 year anniversary	4.62 hours

The City also allows full-time employees to earn sick leave at the rate of 3.69 hours per pay period, regardless of their years of service. No employee may accumulate more than 160 hours of vacation leave and 480 hours of sick leave. Upon termination, an employee shall be paid 50% of the accumulated vacation leave at the employee's current wages and shall not receive any payment for unused sick leave.

Note 9 – 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; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no decreases in insurance coverage from the prior year.

Note 10 – Defined Benefit Pension Plan

Plan Description: The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. 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 memberemployee 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 9.26% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the City were $56,659 for the year ended December 31, 2024.

Net Pension Liability

At December 31, 2024, the City's proportionate share of the collective net pension liability reported by KPERS was $477,654. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. 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 11 – Compliance, Stewardship and Accountability

K.S.A. 79-2935 states that expenditures, including encumbrances, in any lawfully budgeted fund shall not exceed the adopted budget of expenditures plus any reimbursements (budget credits) of current year expenditures for such fund for that budget year. The Special Highway Improvement fund exceeded the adopted budget which appears to be a violation of this statute.

Note 12 – Evaluation of Subsequent Events

The City has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report, which is the date the financial statement was available for issue.

Regulatory-Required Supplementary Information

SCHEDULE 1

CITY OF WASHINGTON, KANSAS
SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund:					
General	$ 1,154,693	$ -	$ 1,154,693	$ 710,988	$ (443,705)
Special Purpose Funds:					
Employee Benefits	223,000	-	223,000	75,937	(147,063)
Library	125,700	-	125,700	65,821	(59,879)
Special Highway	244,524	-	244,524	29,666	(214,858)
Special Highway Improvement	-	-	-	-	-
Special Law and Fire	117,514	-	117,514	-	(117,514)
Special Park and Recreation	328,145	-	328,145	13,788	(314,357)
Special Alcohol	5,768	-	5,768	-	(5,768)
Business Funds:					
Water Utility Fund	1,475,158	-	1,475,158	353,942	(1,121,216)
Sewer and Waste Utility	598,503	-	598,503	125,887	(472,616)
Electric Utility Fund	3,255,583	-	3,255,583	1,997,765	(1,257,818)
Ambulance Utility	253,551	-	253,551	186,057	(67,494)

CITY OF WASHINGTON, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Ad valorem tax	$ 225,286	$ 230,399	$ 231,156	$ (757)
Delinquent tax	2,846	3,890	-	3,890
Motor vehicle tax	33,074	34,567	29,295	5,272
Recreational vehicle tax	784	700	589	111
16/20M vehicle tax	115	296	110	186
Commercial vehicle tax	-	-	398	(398)
Watercraft tax	180	223	164	59
Neighborhood revitalization rebate	(15,907)	(22,629)	(20,805)	(1,824)
Liquor tax	1,522	1,196	2,425	(1,229)
Local sales tax	557,171	170,779	108,000	62,779
Franchise tax	45,767	30,781	33,000	(2,219)
Payments in lieu of taxes	8,242	9,104	7,500	1,604
Fines, forfeitures and penalties	150	3,017	500	2,517
Licenses	5,536	1,351	1,800	(449)
Cemetery, pool and park fees	19,920	19,311	23,000	(3,689)
Intangible tax	-	-	2,592	(2,592)
Fire	140	136	200	(64)
Police	4,240	2,919	5,500	(2,581)
Street	500	4,007	5,000	(993)
Friendy Corner	4,200	4,200	4,200	-
Farm and community building rent	-	-	1,500	(1,500)
Interest on idle funds	7,331	13,093	7,500	5,593
Transfers in	100,000	539	-	539
Miscellaneous	12,665	159,507	25,000	134,507
Total Receipts	1,013,762	667,386	$ 468,624	$ 198,762
Expenditures				
Administration				
Personnel services	87,633	96,116	$ 94,900	$ 1,216
Contractual services	29,775	30,379	38,410	(8,031)
Commodities	4,172	3,954	9,450	(5,496)
Police	9,323	9,444	13,400	(3,956)
Fire	9,776	8,091	13,500	(5,409)
Cemetery, Pool & Park	57,395	59,309	106,990	(47,681)
Street	163,758	171,604	345,890	(174,286)
Golf course appropriation	5,000	4,014	5,000	(986)
Housing cleanup	695	283,507	11,850	271,657
Friendly Corners	10,020	17,570	12,200	5,370
Dog Park	-	-	2,000	(2,000)
Transfers out	27,000	27,000	27,000	-
Cash forward	-	-	474,103	(474,103)
Total Expenditures	404,547	710,988	$ 1,154,693	$ (443,705)
Receipts Over (Under) Expenditures	609,215	(43,602)		
Unencumbered Cash, Beginning	896,421	1,505,636		
Unencumbered Cash, Ending	$ 1,505,636	$ 1,462,034		

CITY OF WASHINGTON, KANSAS
EMPLOYEE BENEFITS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	**Budget**	**Variance Over (Under)**
Receipts				
Ad valorem tax	$ 86,631	$ 84,392	$ 87,054	$ (2,662)
Delinquent tax	895	1,300	-	1,300
Motor vehicle tax	10,338	12,795	11,363	1,432
Recreational vehicle tax	245	262	228	34
16/20 M vehicle tax	36	93	43	50
Commercial vehicle tax	-	-	155	(155)
Watercraft tax	56	87	63	24
Neighborhood revitalization rebate	(6,171)	(8,522)	(7,835)	(687)
Payments in lieu of taxes	3,197	3,429	2,300	1,129
Interest on idle funds	1,153	1,251	1,500	(249)
Miscellaneous	2,765	578	-	578
Total Receipts	99,145	95,665	$ 94,871	$ 794
Expenditures				
Personal services	80,205	75,937	$ 124,200	$ (48,263)
Cash forward	-	-	98,800	(98,800)
Total Expenditures	80,205	75,937	$ 223,000	$ (147,063)
Receipts Over (Under) Expenditures	18,940	19,728		
Unencumbered Cash, Beginning	152,328	171,268		
Unencumbered Cash, Ending	$ 171,268	$ 190,996		

CITY OF WASHINGTON, KANSAS
LIBRARY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	**Budget**	**Variance Over (Under)**
Receipts				
Ad valorem tax	$ 60,007	$ 66,561	$ 68,661	$ (2,100)
Delinquent tax	760	1,059	-	1,059
Motor vehicle tax	8,862	9,265	7,872	1,393
Recreational vehicle tax	210	188	158	30
16/20 M vehicle tax	32	79	30	49
Commercial vehicle tax	-	-	107	(107)
Watercraft tax	48	60	44	16
Neighborhood revitalization rebate	(4,275)	(6,722)	(6,180)	(542)
Payments in lieu of taxes	2,215	2,704	2,100	604
Interest on idle funds	671	709	500	209
Miscellaneous	69	15	-	15
Total Receipts	68,599	73,918	$ 73,292	$ 626
Expenditures				
Personal services	36,722	36,935	$ 52,000	$ (15,065)
Contractual services	11,217	8,776	19,000	(10,224)
Commodities	13	110	700	(590)
Capital outlay	-	-	44,000	(44,000)
Library appopriation	10,000	20,000	10,000	10,000
Miscellaneous	-	-	-	-
Total Expenditures	57,952	65,821	$ 125,700	$ (59,879)
Receipts Over (Under) Expenditures	10,647	8,097		
Unencumbered Cash, Beginning	112,033	122,680		
Unencumbered Cash, Ending	$ 122,680	$ 130,777		

CITY OF WASHINGTON, KANSAS
SPECIAL HIGHWAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
State of Kansas gas tax	$ 28,774	$ 28,922	$ 28,680	$ 242
Interest on idle funds	1,582	3,174	2,600	574
Total Receipts	30,356	32,096	$ 31,280	$ 816
Expenditures				
Contractual services	-	-	$ 1,000	$ (1,000)
Commodities	-	29,666	59,111	(29,445)
Cash forward	-	-	184,413	(184,413)
Total Expenditures	-	29,666	$ 244,524	$ (214,858)
Receipts Over (Under) Expenditures	30,356	2,430		
Unencumbered Cash, Beginning	232,944	263,300		
Unencumbered Cash, Ending	$ 263,300	$ 265,730		

CITY OF WASHINGTON, KANSAS
SPECIAL HIGHWAY IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	**Budget**	**Variance Over (Under)**
Receipts				
Interest on idle funds	$ 854	$ -	$ -	$ -
Total Receipts	854	-	$ -	$ -
Expenditures				
Contractual services	-	-	$ -	$ -
Transfers out	90,613	-	-	-
Cash forward	-	-	-	-
Total Expenditures	90,613	-	$ -	$ -
Receipts Over (Under) Expenditures	(89,759)	-		
Unencumbered Cash, Beginning	89,759	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF WASHINGTON, KANSAS
SPECIAL LAW AND FIRE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	**Budget**	**Variance Over (Under)**
Receipts				
Interest on idle funds	$ 761	$ 784	$ 200	$ 584
Transfers in	2,000	2,000	2,000	-
Total Receipts	2,761	2,784	$ 2,200	$ 584
Expenditures				
Commodities	-	-	$ 2,000	$ (2,000)
Cash forward	-	-	115,514	(115,514)
Total Expenditures	-	-	$ 117,514	$ (117,514)
Receipts Over (Under) Expenditures	2,761	2,784		
Unencumbered Cash, Beginning	115,314	118,075		
Unencumbered Cash, Ending	$ 118,075	$ 120,859		

CITY OF WASHINGTON, KANSAS
SPECIAL PARK AND RECREATION FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Liquor tax	$ 1,522	$ 1,196	$ 2,425	$ (1,229)
Fines, forfeitures and penalites	13,084	6,439	5,000	1,439
Interest on idle funds	1,708	1,295	500	795
Miscellaneous	-	2,887	-	2,887
Total Receipts	16,314	11,817	$ 7,925	$ 3,892
Expenditures				
Commodities	4,392	13,788	$ 15,500	$ (1,712)
Contractual	-	-	224,558	(224,558)
Transfers out	100,000	-	-	-
Cash forward	-	-	88,087	(88,087)
Total Expenditures	104,392	13,788	$ 328,145	$ (314,357)
Receipts Over (Under) Expenditures	(88,078)	(1,971)		
Unencumbered Cash, Beginning	327,409	239,331		
Unencumbered Cash, Ending	$ 239,331	$ 237,360		

CITY OF WASHINGTON, KANSAS
SPECIAL ALCOHOL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	**Budget**	**Variance Over (Under)**
Receipts				
Interest on idle funds	$ 43	$ 67	$ 75	$ (8)
Transfers in	2,730	-	-	-
Miscellaneous	504	3,310	-	3,310
Total Receipts	3,277	3,377	$ 75	$ 3,302
Expenditures				
Programs	100	-	$ 68	$ (68)
Cash forward	-	-	5,700	(5,700)
Total Expenditures	100	-	$ 5,768	$ (5,768)
Receipts Over (Under) Expenditures	3,177	3,377		
Unencumbered Cash, Beginning	3,033	6,210		
Unencumbered Cash, Ending	$ 6,210	$ 9,587		

CITY OF WASHINGTON, KANSAS
MUNICIPAL EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

	Prior Year Actual	Actual
Receipts		
Interest on idle funds	$ 1,401	$ 1,765
Miscellaneous	27,969	11,375
Transfers in	35,800	85,800
Total Receipts	65,170	98,940
Expenditures		
Contractual services	390	-
Capital outlay	76,108	34,503
Total Expenditures	76,498	34,503
Receipts Over (Under) Expenditures	(11,328)	64,437
Unencumbered Cash, Beginning	404,635	393,307
Unencumbered Cash, Ending	$ 393,307	$ 457,744

CITY OF WASHINGTON, KANSAS
MUNICIPAL IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

	Prior Year Actual	Actual
Receipts		
Local sales tax	$ 429,196	$ 246,831
Grants	-	98,187
Interest on idle funds	5,089	8,745
Transfers in	90,613	-
Total Receipts	524,898	353,763
Expenditures		
Contractual services	118,563	215,570
Total Expenditures	118,563	215,570
Receipts Over (Under) Expenditures	406,335	138,193
Unencumbered Cash, Beginning	918,625	1,324,960
Unencumbered Cash, Ending	$ 1,324,960	$ 1,463,153

CITY OF WASHINGTON, KANSAS
AMBULANCE RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

	Prior Year Actual	Actual
Receipts		
Interest on idle funds	$ 683	$ 677
County payments	2,322	30,000
Transfers in	-	-
Total Receipts	3,005	30,677
Expenditures		
Capital outlay	30,275	2,263
Total Expenditures	30,275	2,263
Receipts Over (Under) Expenditures	(27,270)	28,414
Unencumbered Cash, Beginning	97,996	70,726
Unencumbered Cash, Ending	$ 70,726	$ 99,140

CITY OF WASHINGTON, KANSAS
CAPITAL PROJECTS FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

	Prior Year Actual	Actual
Receipts		
Bond proceeds	$ -	$ -
Interest on idle funds	1,739	1,688
Grants	151,679	-
Transfers in	35,000	35,000
Total Receipts	188,418	36,688
Expenditures		
Contractual services	136,473	80,946
Principal	-	-
Interest	-	-
Bond issuance cost	-	-
Total Expenditures	136,473	80,946
Receipts Over (Under) Expenditures	51,945	(44,258)
Unencumbered Cash, Beginning	335,802	387,747
Unencumbered Cash, Ending	$ 387,747	$ 343,489

CITY OF WASHINGTON, KANSAS
WATER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	**Budget**	**Variance Over (Under)**
Receipts				
User fees	$ 363,940	$ 347,560	$ 355,000	$ (7,440)
Interest on idle funds	6,384	6,548	1,000	5,548
Sale of property, refunds and other	22,566	5,771	2,000	3,771
Total Receipts	392,890	359,879	$ 358,000	$ 1,879
Expenditures				
Personal services	58,555	58,233	$ 69,300	$ (11,067)
Contractual services	77,570	54,181	539,687	(485,506)
Commodities	14,104	10,566	19,850	(9,284)
Capital outlay	-	-	52,500	(52,500)
Debt service	215,162	215,162	-	215,162
Transfers out	15,800	15,800	15,800	-
Cash forward	-	-	778,021	(778,021)
Total Expenditures	381,191	353,942	$ 1,475,158	$ (1,121,216)
Receipts Over (Under) Expenditures	11,699	5,937		
Unencumbered Cash, Beginning	1,314,895	1,326,594		
Unencumbered Cash, Ending	$ 1,326,594	$ 1,332,531		

CITY OF WASHINGTON, KANSAS
SEWER AND WASTE UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
User fees	$ 194,052	$ 267,942	$ 175,000	$ 92,942
Interest on idle funds	2,789	3,375	2,650	725
Fines, forfeitures and penalites	1,543	1,424	1,800	(376)
Total Receipts	198,384	272,741	$ 179,450	$ 93,291
Expenditures				
Personal services	26,189	37,561	$ 66,500	$ (28,939)
Contractual services	187,177	32,735	109,000	(76,265)
Commodities	15,954	35,591	13,050	22,541
Capital outlay	-	-	66,000	(66,000)
Transfers out	20,000	20,000	20,000	-
Cash forward	-	-	323,953	(323,953)
Total Expenditures	249,320	125,887	$ 598,503	$ (472,616)
Receipts Over (Under) Expenditures	(50,936)	146,854		
Unencumbered Cash, Beginning	471,278	420,342		
Unencumbered Cash, Ending	$ 420,342	$ 567,196		

CITY OF WASHINGTON, KANSAS
ELECTRIC UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	**Actual**	**Budget**	**Variance Over (Under)**
Receipts				
User fees	$ 1,590,038	$ 1,535,483	$ 1,680,000	$ (144,517)
Interest on idle funds	12,500	26,314	10,500	15,814
Sale of property and penalties	8,905	5,520	10,000	(4,480)
Miscellaneous	7,481	(233)	-	(233)
Fines, forfeitures and penalites	13,654	11,985	10,500	1,485
Total Receipts	1,632,578	1,579,069	$ 1,711,000	$ (131,931)
Expenditures				
Personal services	370,500	436,210	$ 544,300	$ (108,090)
Contractual services	814,663	940,823	1,368,025	(427,202)
Commodities	63,070	392,962	199,200	193,762
Capital outlay	114,560	33,320	564,950	(531,630)
Lease principal and interest	134,451	134,450	-	134,450
Transfers out	10,000	60,000	60,000	-
Cash forward	-	-	519,108	(519,108)
Total Expenditures	1,507,244	1,997,765	$ 3,255,583	$ (1,257,818)
Receipts Over (Under) Expenditures	125,334	(418,696)		
Unencumbered Cash, Beginning	2,140,283	2,265,617		
Unencumbered Cash, Ending	$ 2,265,617	$ 1,846,921		

CITY OF WASHINGTON, KANSAS
AMBULANCE UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES –ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
User fees	$ 130,930	$ 106,780	$ 93,500	$ 13,280
Interest on idle funds	398	531	300	231
Fines, forfeitures and penalites	375	346	25	321
State payments	-	-	2,500	(2,500)
County payments	95,960	98,425	83,500	14,925
Miscellaneous	-	-	3,000	(3,000)
Total Receipts	227,663	206,082	$ 182,825	$ 23,257
Expenditures				
Personal services	163,077	160,405	$ 171,300	$ (10,895)
Contractual services	21,081	17,926	22,385	(4,459)
Commodities	9,152	7,726	9,850	(2,124)
Capital outlay	99	-	250	(250)
Transfers out	2,730	-	-	-
Cash forward	-	-	49,766	(49,766)
Total Expenditures	196,139	186,057	$ 253,551	$ (67,494)
Receipts Over (Under) Expenditures	31,524	20,025		
Unencumbered Cash, Beginning	85,616	117,140		
Unencumbered Cash, Ending	$ 117,140	$ 137,165		

CITY OF WASHINGTON, KANSAS
AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS – ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Electric Meter Deposit	$ 71,112	$ 7,079	$ 6,079	$ 72,112
Water Meter Deposit	14,075	2,150	1,568	14,657
Cemetery Perpetual Care	58,395	75	-	58,470
Unreimbursed Medical	539	-	539	-
Total Agency Funds	$ 144,121	$ 9,304	$ 8,186	$ 145,239

CITY OF WASHINGTON, KANSAS
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
WASHINGTON PUBLIC LIBRARY
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

	Prior Year Actual	Actual
Receipts		
Fines, forfeitures and penalties	$ 4,602	$ 14,740
State of Kansas	-	298
Donation	-	-
Interest on idle funds	226	235
Appropriations	10,000	20,000
Total Receipts	14,828	35,273
Expenditures		
Contractual	10,881	17,855
Commodities	-	-
Capital outlay	10,950	14,416
Total Expenditures	21,831	32,271
Receipts Over (Under) Expenditures	(7,003)	3,002
Unencumbered Cash, Beginning	237,794	230,791
Unencumbered Cash, Ending	$ 230,791	$ 233,793

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

To the Mayor and City Council of the
City of Washington, Kansas

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the City of Washington, Kansas (the City), which comprise the Summary Statement of Receipts, Expenditures and Unencumbered Cash as of and for the year ended December 31, 2024, and the related notes to the financial statement, and have issued my report thereon dated February 23, 2025.

Report on Internal Control over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

Shipley CPA, LLC

Shipley CPA, LLC
Topeka, Kansas
February 23, 2025