CITY OF CHERRYVALE, KANSAS

Independent Auditor's Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2023

CITY OF CHERRYVALE, KANSAS
For the Year Ended December 31, 2023

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Cherryvale, 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 Cherryvale, 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 Cherryvale, 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 Cherryvale, 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 opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the City of Cherryvale, 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 of Cherryvale, Kansas' 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, the schedule of receipts and expenditures – actual and budget regulatory basis, for each individual fund, and the schedule of receipts and disbursements – agency funds – regulatory basis (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 City of Cherryvale, Kansas as of and for the year ended December 31, 2022 (not presented herein), and have issued our report thereon dated July 13, 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/account-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

March 29, 2024
Chanute, Kansas

CITY OF CHERRYVALE, 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	$ 1,785,442.24	$ 2,525,408.65	$ 2,716,828.04	$ 1,594,022.85	$ 52,385.03	$ 1,646,407.88
Special Purpose Funds:						
Library	-	59,162.62	59,162.62	-	-	-
Tourism	29,096.53	19,825.83	9,844.60	39,077.76	-	39,077.76
Special Parks and Recreation	210.16	-	-	210.16	-	210.16
Special Highway	50,050.32	94,606.98	91,612.51	53,044.79	967.42	54,012.21
Small Grants	884.47	-	-	884.47	-	884.47
Capital Improvements Reserve	414,171.79	70,000.00	87,417.20	396,754.59	-	396,754.59
Municipal Equipment Reserve	68,859.38	60,000.00	13,375.00	115,484.38	-	115,484.38
RBEG Loan	156,451.53	2,287.45	70,000.00	88,738.98	-	88,738.98
Smelter Settlement	183,468.56	3,261.62	4,500.00	182,230.18	-	182,230.18
Bond and Interest Funds:						
Bond and Interest	4,004.96	220,950.00	220,950.00	4,004.96	-	4,004.96
Business Funds:						
Water Utility	276,191.31	623,333.26	655,412.33	244,112.24	33,776.18	277,888.42
Sewer Utility	287,030.87	345,951.68	229,291.14	403,691.41	2,388.46	406,079.87
Refuse Utility	123,239.65	216,086.70	253,791.89	85,534.46	17,054.40	102,588.86
Storm Water Utility	35,063.69	17,746.92	849.00	51,961.61	-	51,961.61
Trust Funds:						
Cemetery	1,713.79	-	-	1,713.79	-	1,713.79
Total Reporting Entity (Excluding Agency Funds)	$ 3,415,879.25	$ 4,258,621.71	$ 4,413,034.33	$ 3,261,466.63	$ 106,571.49	$ 3,368,038.12

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

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

	Cash Balance December 31, 2023
Total Cash to be Accounted for:	$ 3,368,038.12
Composition of Cash:	
Cash on Hand	$ 300.00
Checking Accounts:	
Petty Cash Checking	500.00
CNB Operating Account	2,079,938.36
CNB Money Market	745,635.30
Rural Business Enterprise Grant Account	88,738.98
Drug Seizure Account	434.86
Firefighters Auxiliary Fund Account	9,092.91
Volunteer Firefighters Fund Account	132.00
Firefighters Flag Fund Account	93.12
FSA Fund Account	9,004.07
Police Explorers Fund Account	240.61
Smelter Fund Account	188,662.18
Investments:	
Certificates of Deposit	275,000.00
Total Cash	3,397,772.39
Agency Funds Per Schedule 3	(29,734.27)
Total Reporting Entity (Excluding Agency Funds)	$ 3,368,038.12

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the City of Cherryvale, 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 generally accepted accounting principles.

Financial Reporting Entity
The City of Cherryvale, Kansas, is a municipal corporation governed by an elected mayor and four council members. This financial statement presents the City of Cherryvale.

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). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

Cherryvale Public Library – The City of Cherryvale, Kansas, Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Bond issuances must also be approved by the City. The City levies taxes for the Library Board and significantly influences the Library's operations. Separate internal financial statements are available at the Library.

Cherryvale Housing Authority
The Cherryvale Housing Authority operates the City's housing projects. The Cherryvale Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City. Separate internal audited financial statements are available at the Housing Authority.

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 Cherryvale, Kansas, for the year of 2023:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)

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

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

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

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

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

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

Basis of Presentation – Regulatory Basis of Accounting

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

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

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a regulatory receipts 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 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 or the full amount of 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 1st of the ensuing year. Consequently, for regulatory receipts 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension Plan
Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, of 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.

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 cash receipts. In the financial statement and budget schedules comparisons presented in this report, reimbursements and refunds are recorded as cash 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.

Special Assessments
Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as cash receipts in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as cash receipts in the bond and interest fund. Further, state statutes require levying additional general ad valorem property taxes in the City bond and interest fund to finance delinquent special assessments receivable.

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

1. Preparation of the budget for the succeeding calendar year on or before August 1.
2. Publication in 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.
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 regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)
All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the 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, trust funds, and the following special purpose funds:

- Small Grants Fund
- Capital Improvements Reserve Fund
- Municipal Equipment Reserve Fund
- RBEG Loan Fund

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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 bank 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.

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 Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

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 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.

Deposits: At year-end, the City's carrying amount of deposits was $3,397,472.39 and the bank balance was $3,451,607.37. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $796,898.73 was covered by FDIC insurance, and $2,654,708.64 was collateralized with pledged securities held by the pledging financial institutions' agents in the City's name.

4. LONG-TERM DEBT

Changes in long-term liabilities for the City 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 Bonds:									
Paid by Tax Levies and Utility Receipts:									
GO Refunding and Improvement Bonds, Series 2016	2.0% - 3.0%	May 24, 2016	$ 3,175,000.00	October 1, 2035	$ 2,210,000.00	$ -	$ (165,000.00)	$ 2,045,000.00	$ 55,950.00
Total Contractual Indebtedness					$ 2,210,000.00	$ -	$ (165,000.00)	$ 2,045,000.00	$ 55,950.00

4. LONG-TERM DEBT (Continued)

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	2034-2035	Total
Principal								
General Obligation Bonds:								
Refunding and Improvement Bonds Series 2016	$ 165,000.00	$ 170,000.00	$ 175,000.00	$ 180,000.00	$ 180,000.00	$ 840,000.00	$ 335,000.00	$ 2,045,000.00
Total Principal Payments	165,000.00	170,000.00	175,000.00	180,000.00	180,000.00	840,000.00	335,000.00	2,045,000.00
Interest								
General Obligation Bonds:								
Refunding and Improvement Bonds Series 2016	52,650.00	49,350.00	45,950.00	42,450.00	38,850.00	122,850.00	15,000.00	367,100.00
Total Interest Payments	52,650.00	49,350.00	45,950.00	42,450.00	38,850.00	122,850.00	15,000.00	367,100.00
Total Principal and Interest	$217,650.00	$ 219,350.00	$ 220,950.00	$ 222,450.00	$ 218,850.00	$ 962,850.00	$ 350,000.00	$ 2,412,100.00

5. RIGHT TO USE CONTRACTS

As of December 31, 2023 the City has entered into a right to use contract for office equipment. Rent expense for the year ended December 31, 2023, was $672.96. Under the current agreement, the future minimum payments are as follows:

2024	$ 280.40

6. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

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

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

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from the City were $92,241.42 for the year ended December 31, 2023.

Net Pension Liability

At December 31, 2023, the City's proportionate share of the collective net pension liability reported by KPERS was $918,295.00. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and nonemployer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statement.

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.

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences:
All full-time employees of the City are eligible for vacation benefits in varying annual amounts. Full time employees will be granted paid vacation time according to the following schedules:

Years Continuous Employment:	0-4	5-10	10-15	15+
80 Hours Earned per Pay Period	3.08	4.62	5.54	6.15
80 Hours Annual Accrual	80	120	144	160
84 Hours Earned per Pay Period	3.23	4.85	5.88	6.46
84 Hours Annual Accrual	84	126	153	168
Maximum Hours Accrued	126	189	229	252

In the event of termination employees will be compensated for unused vacation leave.

All full time employees are eligible for paid sick leave and accruing begins on the first day of the month following their first full month on employment and is accrued at a rate of eight hours per month. Employees who resign and give two weeks' notice before they leave employment with the City after three years of service, at the discretion of the City Administrator, will be eligible to receive 10% of their sick time up to 92 hours. The City determines a liability for compensated absences when the following conditions are met:

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.

In accordance with the above criteria, the City has estimated a liability for vacation pay, which has been earned, but not taken by City employees of $34,823.57. The City has not accrued a liability for sick leave earned, but not taken, by City employees, as the amounts cannot be reasonably estimated at this time.

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.

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 of premium regardless of age. However, the cost of this subsidy has not been quantified in these 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. NOTES RECEIVABLE AND LOANS RECEIVABLE

The City has established an RBEG Revolving Loan Fund. The Fund is the recipient of money paid back to the City by Cherryvale industries which received Rural Business Enterprise Grants in earlier years. As repayment is made by these industries, the City makes loans to other qualifying industries. The loans due to the City at December 31, 2023, through the RBEG Revolving Loan Fund are as follows:

Johnny Wishbones, LLC	$ 68,550.44
Total Notes Receivable	$ 68,550.44

These notes receivable and loans are not reflected in this regulatory basis financial statement of the City of Cherryvale, Kansas.

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; employees' health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

The City has been unable to obtain workers' compensation insurance at a cost it considers to be economically justifiable. For this reason, the City has joined together with other cities in the State to participate in Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members. The City pays annual premium to KMIT for its workers' compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

10. INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund:	To Fund:	Statutory Authority	Amount
General	Special Highway	K.S.A. 12-1,119	$ 25,000.00
General	Municipal Equipment Reserve	K.S.A. 12-1,118	20,000.00
General	Capital Improvements Reserve	K.S.A. 12-1,118	25,000.00
Water Utility	Bond and Interest	K.S.A. 12-825d	110,475.00
Water Utility	Municipal Equipment Reserve	K.S.A. 12-1,118	15,000.00
Water Utility	Capital Improvements Reserve	K.S.A. 12-1,118	20,000.00
Sewer Utility	Bond and Interest	K.S.A. 12-825d	110,475.00
Refuse Utility	Capital Improvements Reserve	K.S.A. 12-1,118	25,000.00
Refuse Utility	Municipal Equipment Reserve	K.S.A. 12-1,118	25,000.00

11. 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 nonrecognized subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

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

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General	$ 3,663,972.00	$ 74,174.87	$ 3,738,146.87	$ 2,716,828.04	$ (1,021,318.83)
Special Purpose Funds:					
Library	60,361.00	-	60,361.00	59,162.62	(1,198.38)
Tourism	57,334.00	-	57,334.00	9,844.60	(47,489.40)
Special Parks and Recreation	210.00	-	210.00	-	(210.00)
Special Highway	124,596.00	-	124,596.00	91,612.51	(32,983.49)
Smelter Settlement	367,460.00	-	367,460.00	4,500.00	(362,960.00)
Bond and Interest Funds:					
Bond and Interest	220,950.00	-	220,950.00	220,950.00	-
Business Funds:					
Water Utility	883,277.00	-	883,277.00	655,412.33	(227,864.67)
Sewer Utility	541,289.00	-	541,289.00	229,291.14	(311,997.86)
Refuse Utility	331,248.00	-	331,248.00	253,791.89	(77,456.11)
Storm Water Utility	53,455.00	-	53,455.00	849.00	(52,606.00)

CITY OF CHERRYVALE, 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	$ 387,893.99	$ 381,224.15	$ 425,355.00	$ (44,130.85)
Delinquent Tax	33,199.86	45,001.25	27,827.00	17,174.25
Motor Vehicle Tax	70,613.06	66,325.33	78,526.00	(12,200.67)
Recreational Vehicle Tax	728.11	777.68	859.00	(81.32)
16/20M Truck Tax	712.24	778.70	624.00	154.70
Commercial Vehicle Tax	1,874.65	2,139.13	1,946.00	193.13
Watercraft Tax	351.52	312.30	469.00	(156.70)
Neighborhood Revitalization Rebates	-	-	(648.00)	648.00
Sales Tax	700,381.52	598,102.75	699,532.00	(101,429.25)
Compensating Use Tax	310,007.30	341,736.30	288,836.00	52,900.30
Franchise Taxes	197,797.91	191,575.92	167,750.00	23,825.92
In Lieu of Taxes	2,277.68	1,868.69	4,556.00	(2,687.31)
Nuisance Tax	2,660.00	2,240.00	3,870.00	(1,630.00)
Intergovernmental				
Federal Grants	163,139.18	20,459.27	162,500.00	(142,040.73)
State Grants	2,820.00	521,292.00	4,320.00	516,972.00
Local Grants	705.00	-	-	-
Local Alcoholic Liquor Tax	-	1,592.63	-	1,592.63
Licenses and Permits				
Licenses, Permits & Fees	4,683.30	9,485.48	2,504.00	6,981.48
Charges for Services				
Grave Openings/Sale of Lots	12,620.00	14,140.00	10,140.00	4,000.00
County Ambulance	47,178.90	61,899.95	62,904.00	(1,004.05)
Ambulance Fees	141,451.29	120,345.25	141,904.00	(21,558.75)
Swimming Pool Fees	1,911.11	2,181.31	2,800.00	(618.69)
VIN Inspections	1,780.00	1,320.00	2,200.00	(880.00)
Fines, Forfeitures and Penalties				
Fines	24,011.22	21,049.96	31,758.00	(10,708.04)
Use of Money and Property				
Interest	8,118.54	5,011.87	8,468.00	(3,456.13)
Rental Income	20,575.00	21,287.00	8,460.00	12,827.00
Sale of Property	2,537.70	18,210.69	-	18,210.69
Other Receipts				
Donations	350.00	50.00	-	50.00
Miscellaneous	1,407.52	176.17	-	176.17
Reimbursed Expense	34,805.37	74,174.87	23,050.00	51,124.87
Community Center Memberships	1,009.33	650.00	-	650.00
Total Receipts	2,177,601.30	2,525,408.65	$2,160,510.00	$ 364,898.65

CITY OF CHERRYVALE, 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)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance - Over (Under)
Expenditures				
Governing Body				
Personal Services	$ 13,301.65	$ 13,596.96	$ 16,300.00	$ (2,703.04)
Contractual Services	24,058.98	29,741.35	35,550.00	(5,808.65)
Commodities	3,882.42	5,412.36	7,750.00	(2,337.64)
Capital Outlay	-	-	2,500.00	(2,500.00)
City Administrator's Office				
Personal Services	83,666.05	90,014.77	91,550.00	(1,535.23)
Contractual Services	8,476.99	8,953.84	6,300.00	2,653.84
Commodities	871.25	2,251.22	4,575.00	(2,323.78)
Capital Outlay	4,100.00	-	-	-
City Clerk's Office				
Personal Services	118,128.77	116,561.26	158,450.00	(41,888.74)
Contractual Services	21,247.22	22,880.96	31,000.00	(8,119.04)
Commodities	4,332.48	7,852.10	10,300.00	(2,447.90)
Capital Outlay	4,822.45	-	20,000.00	(20,000.00)
Police Department				
Personal Services	464,905.64	470,642.09	548,737.00	(78,094.91)
Contractual Services	45,276.70	54,189.51	59,658.00	(5,468.49)
Commodities	46,812.34	47,897.12	58,295.00	(10,397.88)
Capital Outlay	14,365.50	18,003.00	34,000.00	(15,997.00)
Fire Department				
Personal Services	448,707.01	501,692.97	506,050.00	(4,357.03)
Contractual Services	58,128.29	49,046.22	48,650.00	396.22
Commodities	65,357.14	69,676.59	77,750.00	(8,073.41)
Capital Outlay	22,991.84	31,035.76	30,000.00	1,035.76
Parks and Cemetery				
Personal Services	6,240.03	28,455.07	28,102.00	353.07
Contractual Services	22,096.73	25,377.66	6,300.00	19,077.66
Commodities	25,049.82	7,286.89	62,150.00	(54,863.11)
Capital Outlay	9,899.00	9,000.00	9,000.00	-
Swimming Pool				
Personal Services	15,832.41	16,733.06	22,665.00	(5,931.94)
Contractual Services	2,800.95	2,791.60	2,750.00	41.60
Commodities	7,988.65	9,830.23	11,700.00	(1,869.77)
Capital Outlay	8,256.87	-	5,000.00	(5,000.00)
Community Building				
Contractual Services	16,810.62	18,576.79	15,400.00	3,176.79
Commodities	13,482.59	12,376.85	12,800.00	(423.15)

CITY OF CHERRYVALE, 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 (Continued)				
Street and Street Lighting Department				
Contractual Services	$ 42,765.34	$ 35,927.53	$ 47,000.00	$ (11,072.47)
Municipal Court				
Personal Services	-	-	1,150.00	(1,150.00)
Contractual Services	21,315.18	20,237.23	20,900.00	(662.77)
Commodities	524.52	5,903.03	500.00	5,403.03
Employee Benefits				
Personal Services	12,049.00	15,355.25	17,000.00	(1,644.75)
Code Enforcement				
Commodities	16,862.76	11,157.43	20,750.00	(9,592.57)
Capital Outlay	52,470.50	881,863.86	1,539,860.00	(657,996.14)
Smelter Site				
Personal Services	9,712.33	6,507.48	15,500.00	(8,992.52)
Contractual Services	60.00	-	-	-
Commodities	60.00	-	4,500.00	(4,500.00)
Animal Pound	-	-	3,530.00	(3,530.00)
Operating Transfers to:				
Special Highway Fund	25,000.00	25,000.00	25,000.00	-
Municipal Equipment Reserve Fund	20,000.00	20,000.00	20,000.00	-
Capital Improvements Reserve Fund	30,000.00	25,000.00	25,000.00	-
Total Certified Budget			3,663,972.00	(947,143.96)
Adjustments for Qualifying Budget Credits			74,174.87	(74,174.87)
Total Expenditures	1,812,710.02	2,716,828.04	$ 3,738,146.87	$ (1,021,318.83)
Receipts Over(Under) Expenditures	364,891.28	(191,419.39)		
Unencumbered Cash, Beginning	1,420,550.96	1,785,442.24		
Unencumbered Cash, Ending	$ 1,785,442.24	$ 1,594,022.85		

CITY OF CHERRYVALE, KANSAS
LIBRARY 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	$ 41,768.36	$ 46,219.41	$ 51,565.00	$ (5,345.59)
Delinquent Tax	3,822.33	5,115.36	3,373.00	1,742.36
Motor Vehicle Tax	7,852.73	7,168.28	8,456.00	(1,287.72)
Recreational Vehicle Tax	81.63	83.93	92.00	(8.07)
16/20M Truck Tax	83.62	85.09	67.00	18.09
Commercial Vehicle Tax	205.33	230.36	210.00	20.36
Watercraft Tax	38.41	33.63	50.00	(16.37)
In Lieu of Taxes	245.29	226.56	-	226.56
Neighborhood Revitalization Rebates	-	-	(79.00)	79.00
Total Receipts	54,097.70	59,162.62	$ 63,734.00	$ (4,571.38)
Expenditures				
Culture and Recreation Appropriations	54,097.70	59,162.62	$ 60,361.00	$ (1,198.38)
Total Expenditures	54,097.70	59,162.62	$ 60,361.00	$ (1,198.38)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	$ -	$ -		

CITY OF CHERRYVALE, KANSAS
TOURISM 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				
County Tourism Tax	$ 11,882.18	$ 19,825.83	$ 18,304.00	$ 1,521.83
Total Receipts	11,882.18	19,825.83	$ 18,304.00	$ 1,521.83
Expenditures				
General Government				
Contractual Services	3,511.42	9,844.60	$ 57,334.00	$ (47,489.40)
Total Expenditures	3,511.42	9,844.60	$ 57,334.00	$ (47,489.40)
Receipts Over(Under) Expenditures	8,370.76	9,981.23		
Unencumbered Cash, Beginning	20,725.77	29,096.53		
Unencumbered Cash, Ending	$ 29,096.53	$ 39,077.76		

CITY OF CHERRYVALE, KANSAS
SPECIAL PARKS AND RECREATION 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				
Local Alcoholic Liquor Tax	$ -	$ -	$ -	$ -
Total Receipts	-	-	$ -	$ -
Expenditures				
Culture and Recreation				
Capital Outlay	-	-	$ 210.00	$ (210.00)
Total Expenditures	-	-	$ 210.00	$ (210.00)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	210.16	210.16		
Unencumbered Cash, Ending	$ 210.16	$ 210.16		

CITY OF CHERRYVALE, 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				
Highway Gas Tax	$ 57,898.23	$ 58,360.33	$ 58,540.00	$ (179.67)
County Gas Tax	10,230.89	11,246.65	9,280.00	1,966.65
Operating Transfers from				
General Fund	25,000.00	25,000.00	25,000.00	-
Total Receipts	93,129.12	94,606.98	$ 92,820.00	$ 1,786.98
Expenditures				
General Government				
Personal Services	48,221.57	36,598.12	$ 63,416.00	$ (26,817.88)
Contractual Services	9,769.81	9,460.21	10,780.00	(1,319.79)
Commodities	25,145.27	39,304.18	50,400.00	(11,095.82)
Capital Outlay	-	6,250.00	-	6,250.00
Total Expenditures	83,136.65	91,612.51	$ 124,596.00	$ (32,983.49)
Receipts Over(Under) Expenditures	9,992.47	2,994.47		
Unencumbered Cash, Beginning	40,057.85	50,050.32		
Unencumbered Cash, Ending	$ 50,050.32	$ 53,044.79		

CITY OF CHERRYVALE, KANSAS
SMALL GRANTS 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	$ -	$ -
Total Receipts	-	-
Expenditures		
Capital Improvements		
Contractual Services	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	884.47	884.47
Unencumbered Cash, Ending	$ 884.47	$ 884.47

CITY OF CHERRYVALE, KANSAS
CAPITAL IMPROVEMENTS 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 Transfers from:		
General Fund	$ 30,000.00	$ 25,000.00
Water Utility Fund	20,000.00	20,000.00
Refuse Utility Fund	-	25,000.00
Total Receipts	50,000.00	70,000.00
Expenditures		
General Government		
Contractual Services	-	71,708.20
Capital Outlay	6,328.00	15,709.00
Total Expenditures	6,328.00	87,417.20
Receipts Over(Under) Expenditures	43,672.00	(17,417.20)
Unencumbered Cash, Beginning	370,499.79	414,171.79
Unencumbered Cash, Ending	$ 414,171.79	$ 396,754.59

CITY OF CHERRYVALE, KANSAS
MUNICIPAL 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		
Operating Transfers from:		
General Fund	$ 20,000.00	$ 20,000.00
Water Utility Fund	20,000.00	15,000.00
Refuse Utility Fund	-	25,000.00
Total Receipts	40,000.00	60,000.00
Expenditures		
Capital Equipment		
Capital Outlay	27,500.00	13,375.00
Total Expenditures	27,500.00	13,375.00
Receipts Over(Under) Expenditures	12,500.00	46,625.00
Unencumbered Cash, Beginning	56,359.38	68,859.38
Unencumbered Cash, Ending	$ 68,859.38	$ 115,484.38

CITY OF CHERRYVALE, KANSAS
RBEG LOAN 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		
Loan Repayments	$ 6,398.43	$ 2,101.29
Interest Income	431.36	186.16
Total Receipts	6,829.79	2,287.45
Expenditures		
General Government		
Contractual Services	-	70,000.00
Total Expenditures	-	70,000.00
Receipts Over(Under) Expenditures	6,829.79	(67,712.55)
Unencumbered Cash, Beginning	149,621.74	156,451.53
Unencumbered Cash, Ending	$ 156,451.53	$ 88,738.98

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Use of Money and Property				
Interest Income	$ 2,949.69	$ 3,261.62	$ 3,900.00	$ (638.38)
Other Receipts				
Settlement Receipt	255.53	-	175,000.00	(175,000.00)
Total Receipts	3,205.22	3,261.62	$ 178,900.00	$ (175,638.38)
Expenditures				
General Government				
Capital Outlay	496.36	4,500.00	$ 367,460.00	$ (362,960.00)
Total Expenditures	496.36	4,500.00	$ 367,460.00	$ (362,960.00)
Receipts Over(Under) Expenditures	2,708.86	(1,238.38)		
Unencumbered Cash, Beginning	180,759.70	183,468.56		
Unencumbered Cash, Ending	$ 183,468.56	$ 182,230.18		

CITY OF CHERRYVALE, KANSAS
BOND AND INTEREST 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 Transfers from:				
Water Utility Fund	$ 155,000.00	$ 110,475.00	$ 110,475.00	$ -
Sewer Utility Fund	59,050.00	110,475.00	110,475.00	-
Total Receipts	214,050.00	220,950.00	$ 220,950.00	$ -
Expenditures				
Debt Services				
Principal	155,000.00	165,000.00	$ 165,000.00	$ -
Interest	59,050.00	55,950.00	55,950.00	-
Total Expenditures	214,050.00	220,950.00	$ 220,950.00	$ -
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	4,004.96	4,004.96		
Unencumbered Cash, Ending	$ 4,004.96	$ 4,004.96		

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Water Receipts	$ 584,288.02	$ 597,050.43	$ 579,804.00	$ 17,246.43
Penalties	12,164.69	13,420.89	11,778.00	1,642.89
Reconnection Fees	10,567.33	8,544.60	10,450.00	(1,905.40)
Other Fees	4,458.50	4,002.34	360.00	3,642.34
Other Receipts				
Miscellaneous	390.00	315.00	-	315.00
Total Receipts	611,868.54	623,333.26	$ 602,392.00	$ 20,941.26
Expenditures				
Distribution				
Personal Services	137,014.86	120,597.19	$ 162,145.00	$ (41,547.81)
Contractual Services	29,410.68	30,884.85	25,310.00	5,574.85
Commodities	374,098.94	358,455.29	387,550.00	(29,094.71)
Capital Outlay	-	-	162,797.00	(162,797.00)
Operating Transfers to:				
Capital Improvements Reserve Fund	20,000.00	20,000.00	20,000.00	-
Municipal Equipment Reserve Fund	20,000.00	15,000.00	15,000.00	-
Bond and Interest Fund	155,000.00	110,475.00	110,475.00	-
Total Expenditures	735,524.48	655,412.33	$ 883,277.00	$ (227,864.67)
Receipts Over(Under) Expenditures	(123,655.94)	(32,079.07)		
Unencumbered Cash, Beginning	399,847.25	276,191.31		
Unencumbered Cash, Ending	$ 276,191.31	$ 244,112.24		

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Sewer Collections	$ 295,268.60	$ 337,961.66	$ 300,112.00	$ 37,849.66
Penalties	6,490.68	7,740.02	6,486.00	1,254.02
Other Fees	-	250.00	-	250.00
Total Receipts	301,759.28	345,951.68	$ 306,598.00	$ 39,353.68
Expenditures				
Collections				
Personal Services	53,905.22	70,520.67	$ 88,420.00	$ (17,899.33)
Contractual Services	16,475.17	20,237.84	21,950.00	(1,712.16)
Commodities	19,637.66	28,057.63	42,900.00	(14,842.37)
Capital Outlay	-	-	277,544.00	(277,544.00)
Operating Transfers to				
Bond and Interest Fund	59,050.00	110,475.00	110,475.00	-
Total Expenditures	149,068.05	229,291.14	$ 541,289.00	$ (311,997.86)
Receipts Over(Under) Expenditures	152,691.23	116,660.54		
Unencumbered Cash, Beginning	134,339.64	287,030.87		
Unencumbered Cash, Ending	$ 287,030.87	$ 403,691.41		

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Collection Fees	$ 210,670.05	$ 216,086.70	$ 206,678.00	$ 9,408.70
Total Receipts	210,670.05	216,086.70	$ 206,678.00	$ 9,408.70
Expenditures				
General Utility Services				
Contractual Services	199,650.24	203,791.89	$ 281,248.00	$ (77,456.11)
Operating Transfers to:				
Capital Improvements Reserve Fund	-	25,000.00	25,000.00	-
Municipal Equipment Reserve Fund	-	25,000.00	25,000.00	-
Total Expenditures	199,650.24	253,791.89	$ 331,248.00	$ (77,456.11)
Receipts Over(Under) Expenditures	11,019.81	(37,705.19)		
Unencumbered Cash, Beginning	112,219.84	123,239.65		
Unencumbered Cash, Ending	$ 123,239.65	$ 85,534.46		

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Collection Fees	$ 18,104.33	$ 17,745.05	$ 18,248.00	$ (502.95)
Penalties	0.51	1.87	-	1.87
Total Receipts	18,104.84	17,746.92	$ 18,248.00	$ (501.08)
Expenditures				
General Utility Services				
Capital Outlay	-	849.00	$ 53,455.00	$ (52,606.00)
Total Expenditures	-	849.00	$ 53,455.00	$ (52,606.00)
Receipts Over(Under) Expenditures	18,104.84	16,897.92		
Unencumbered Cash, Beginning	16,958.85	35,063.69		
Unencumbered Cash, Ending	$ 35,063.69	$ 51,961.61		

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

	Prior Year Actual	Current Year Actual
Receipts		
Other Receipts		
Donations	$ -	$ -
Total Receipts	-	-
Expenditures		
Perpetual Care		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	1,713.79	1,713.79
Unencumbered Cash, Ending	$ 1,713.79	$ 1,713.79

CITY OF CHERRYVALE, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2023

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Firefighter's Auxiliary Fund	$ 8,610.90	$ 500.00	$ 17.99	$ 9,092.91
Volunteer Firefighters Fund	132.00	-	-	132.00
Firefighters Flag Fund	93.12	-	-	93.12
FSA Fund	8,665.66	12,240.00	11,901.59	9,004.07
Police Explorers Fund	240.61	-	-	240.61
Fire Insurance Proceeds	(101.40)	10,838.10	-	10,736.70
Drug Seizure Fund	434.86	-	-	434.86
	$ 18,075.75	$ 23,578.10	$ 11,919.58	$ 29,734.27

Jarred Gilmore Phillips

The Honorable Mayor and City Council
City of Cherryvale, Kansas

In planning and performing our audit of the financial statement of the City of Cherryvale, 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 Cherryvale, 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 Cherryvale, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Cherryvale, 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 deficiencies 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 deficiencies 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.

Calculation of Utility Bills

During our audit, it was discovered that the storm water fee was not included on the utility bills for a group of customers that were in a section of the City that was annexed in. The City should review bills for accuracy when utility rate changes occur to ensure that citizens are being charged based on the ordinances.

This communication is intended solely for the information and use of management, the Mayor, City Council, and others within the City of Cherryvale, 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
March 29, 2024