

CITY OF IOLA, KANSAS
FINANCIAL STATEMENTS
Year ended December 31, 2023

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CITY OF IOLA, KANSAS
FINANCIAL STATEMENTS
Year ended December 31, 2023

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION	
Table of Contents	i
FINANCIAL SECTION	
Independent Auditor's Report	1 - 3
Summary Statement of Receipts, Expenditures and Unencumbered Cash	4
Notes to the Financial Statements	5 - 13
SCHEDULE 1	
Summary of Expenditures - Actual and Budget	14
SCHEDULE 2	
Schedule of Receipts and Expenditures - Actual and Budget or Actual Only	
General Fund	15 - 16
Industrial Fund	17
Library Fund	18
Special Parks and Recreation Fund	19
Special Alcohol Programs Fund	20
Tourism and Convention Fund	21
Special Highway Fund	22
Equipment Reserve Fund	23
Comprehensive Street Program Fund	24
Major Projects Fund	25
Capital Improvement Plan Fund	26
Electric Utility Fund	27
Water Utility Fund	28
Gas Utility Fund	29
Solid Waste Utility Fund	30
Wastewater Utility Fund	31
Storm Water Fees Fund	32
Stores Fund	33
Employee Health Insurance Fund	34
Wm. Green Trust Fund	35
Joseph & Mary Wolf Memorial Fund	36
Copening Trust Fund	37
SCHEDULE 3	
Schedule of Receipts and Disbursements - Agency Funds	38

CITY OF IOLA, KANSAS
FINANCIAL STATEMENTS
Year ended December 31, 2023

TABLE OF CONTENTS

	<u>Page Number</u>
GOVERNMENTAL AUDIT SECTION	
Schedule of Expenditures of Federal Awards	39
Notes to the Schedule of Expenditures of Federal Awards	40
Schedule of Findings and Questioned Costs	41 - 43
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	44 - 45
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; And Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	46 - 47

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Iola, Kansas

Report on the Audit of the Financial Statements

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 Iola, 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 of 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 as of December 31, 2023, or the 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 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), the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, 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 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 Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures - actual and budget, individual fund schedule of receipts and expenditures - actual and budget or actual only, and schedule of receipts and disbursements - agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2024, on our consideration of the City's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Matter

The 2022 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget (Schedule 2 as listed in the table of contents) for the year ended December 31, 2022, is presented for purposes of additional analysis and is not a required part of the basic financial statement.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Iola, Kansas as of and for the year ended December 13, 2022 (not presented herein), and have issued our report thereon dated September 11, 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/oar/municipalservices>. 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.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

September 3, 2024

CITY OF IOLA, KANSAS
 SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
 Regulatory Basis
 For the Year Ended December 31, 2023

<u>Funds</u>	Beginning	Prior		Receipts	Expenditures	Ending	Outstanding Encumbrances and Accounts Payable	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
	Unencumbered Cash Balance	Period Adjustment				Unencumbered Cash Balance			
General Fund	\$ 577,604	\$ -	\$ 8,466,468	\$ 8,542,586	\$ 501,486	\$ 119,057	\$ 620,543		
Special Purpose Funds:									
Industrial	140,221	-	93,164	64,952	168,433	-	168,433		
Library	-	-	234,071	234,071	-	-	-		
Special Parks and Recreation	37,390	-	437,165	447,171	27,384	6,446	33,830		
Special Alcohol Programs	1,301	-	14,692	-	15,993	-	15,993		
Tourism and Convention	43,912	-	79,833	97,402	26,343	-	26,343		
Special Highway	478,205	-	172,368	-	650,573	-	650,573		
Equipment Reserve	2,481,988	-	967,382	1,448,697	2,000,673	-	2,000,673		
Capital Project Funds:									
Comprehensive Street Program	2,068,849	-	591,248	699,390	1,960,707	-	1,960,707		
Major Projects	2,321,130	-	1,174,679	952,255	2,543,554	8,835	2,552,389		
Capital Improvement Plan	3,509,717	-	592,909	1,770,195	2,332,431	-	2,332,431		
Business Funds:									
Electric Utility	5,520,961	-	10,158,252	9,933,240	5,745,973	207,652	5,953,625		
Water Utility	523,861	-	2,541,534	2,542,716	522,679	59,129	581,808		
Gas Utility	228,284	-	3,920,205	3,291,218	857,271	109,444	966,715		
Solid Waste Utility	69,547	-	361,226	309,466	121,307	3,925	125,232		
Wastewater Utility	474,511	-	859,004	814,429	519,086	5,053	524,139		
Storm Water Fees	678,054	-	70,976	20,647	728,383	-	728,383		
Stores	50,632	-	524,876	533,054	42,454	3,026	45,480		
Employee Health Insurance	782,056	-	1,071,551	1,056,000	797,607	[96]	797,511		
Private-Purpose Trust Funds:									
Wm. Green Trust	19,841	-	-	746	19,095	-	19,095		
Joseph & Mary Wolf Memorial	20,845	-	1,760	-	22,605	-	22,605		
Copening Trust	9,886	-	-	335	9,551	-	9,551		
Total	\$ 20,038,795	\$ -	\$ 32,333,364	\$ 32,758,570	\$ 19,613,589	\$ 522,471	\$ 20,136,060		

COMPOSITION OF CASH:

Landmark National Bank		
General Account		\$ 20,340,390
IMP Escrow Account		4,545
Petty Cash		2,400
Total Cash		20,347,335
Agency Funds per Schedule 3		[211,275]
Total Reporting Entity (Excluding Agency Funds)		\$ 20,136,060

CITY OF IOLA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - Summary of Significant Accounting Policies

The financial statement and schedules of the City of Iola, 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 policies.

Municipal Financial Reporting Entity

The City of Iola (the City) is a municipal corporation governed by an elected nine-member council. This financial statement presents the City of Iola, Kansas.

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:

Iola Public Library - The City of Iola Library Board operates the City's public library. Acquisition or disposition of real property or bond issuances must be approved by the City. Separate financial statements are prepared and are available at the Iola Public Library.

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

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 Iola, Kansas, for the year of 2023:

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

Special Purpose 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 City (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 City in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

CITY OF IOLA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

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 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 revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

Reimbursed Expense

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 schedule 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.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 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 revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. As of December 31, such taxes are a lien on the property.

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.

CITY OF IOLA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information

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

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper 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 adoption of the final budget has been adjusted to on or before September 20th. The City did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. The budget was amended for the Tourism and Convention Fund, Employee Health Insurance Fund, Stores Fund, Electric Utility Fund, Solid Waste Utility Fund, and Gas Utility Fund during the year ended December 31, 2023.

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

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

A legal operating budget is not required for capital projects funds, trust funds and certain special revenue funds.

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

NOTE 2 - Deposits and Investments

Deposits. K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

Investments. 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. As of December 31, 2023, the City held no such investments.

CITY OF IOLA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - Deposits and Investments (Continued)

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods." All deposits were legally secured as of December 31, 2023.

As of December 31, 2023, the City's carrying amount of deposits was \$20,347,335 and the bank balance was \$20,641,499. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance, and the balance of \$20,391,499 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

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

NOTE 3 - Defined Benefit Pension Plan

Plan Description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org 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, 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 \$709,258 for the year ended December 31, 2023.

Net Pension Liability. As of December 31, 2023, the City's proportionate share of the collective net pension liability reported by KPERS was \$7,163,926. 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 non-employer contributions of the Local subgroup of KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

CITY OF IOLA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 - Other Long-Term Obligations from Operations

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

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

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.

NOTE 5 - Compensated Absences

Regular full-time employees who work 2,080 hours per year (except meter readers) may accumulate up to 200 hours of vacation based on the following schedule:

<u>Years of Employment</u>	<u>Accrued Vacation Time</u>	<u>Hours Accrued Per Pay Period</u>
1 - 9	10 days per year	3.08
10 - 19	15 days per year	4.62
20 and Over	20 days per year	6.15

Non-exempt Police Department employees who work 2,184 hours per year may accumulate up to 212.50 hours of vacation based on the following schedule:

<u>Years of Employment</u>	<u>Accrued Vacation Time</u>	<u>Hours Accrued Per Pay Period</u>
1 - 9	10 days per year	3.27
10 - 19	15 days per year	4.92
20 and Over	20 days per year	6.89

Non-exempt Fire Department employees who work 2,920 hours per year may accumulate up to 360 hours of vacation based on the following schedule:

<u>Employment</u>	<u>Vacation Time</u>	<u>Per Pay Period</u>
1 - 9	144 hours per year	3.27
10 - 19	216 hours per year	4.92
20 and Over	288 hours per year	6.89

Any accumulation in excess of the maximum must be used or it will be forfeited. Upon termination of employment, an employee will be paid for accrued but unused vacation time.

Regular full-time employees who work 2,080 hours per year accrue 3.08 hours of sick leave for each 80 hour pay period worked up to a maximum of 10 days or 80 hours per year. These employees may accumulate up to 960 hours of sick time.

CITY OF IOLA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 5 - Compensated Absences (Continued)

Non-exempt Police Department employees who work 2,184 hours per year accrue 3.23 hours of sick leave for each pay period worked up to a maximum of 84 hours per year. These employees may accumulate up to 1,020 hours of sick time.

Non-exempt Fire Department employees who work 2,920 hours per year accrue 5.50 hours of sick leave for each pay period worked up to a maximum of 144 hours per year. These employees may accumulate up to 1,365 hours of sick time.

The meter reader is a salaried position and is exempt from sick, vacation, personal, holiday, jury duty and bereavement leave.

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

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

In accordance with the above criteria, the City has estimated a liability for annual leave which has been earned, but not taken, by City employees. The estimated liability for accrued annual leave as of December 31, 2023, was \$376,522. The City has not estimated a liability for sick leave earned, but not taken, by City employees, as the amounts cannot be reasonably estimated.

NOTE 6 - Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the City as of December 31, 2023.

NOTE 7 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for these risks of loss, including related lost regulatory receipts. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the last three years.

During the ordinary course of its operations, the City is a party to various claims, legal actions and complaints. In the opinion of management and legal counsel, no such claims, legal actions or complaints would not have a material effect on any of the financial statements of the City as of December 31, 2023.

CITY OF IOLA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 8 - Long-Term Debt

The following table summarizes changes in long-term debt for the year ended December 31, 2023:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>	<u>Interest Paid</u>
Paid by Utility Receipts					
General Obligation Bonds					
Series 2012	\$ 1,590,000	\$ -	\$ 635,000	\$ 955,000	\$ 40,690
Revolving Loans					
Kansas Water Pollution Control 1618	884,528	-	151,931	732,597	21,254
Total	<u>\$ 2,474,528</u>	<u>\$ -</u>	<u>\$ 786,931</u>	<u>\$ 1,687,597</u>	<u>\$ 61,944</u>

General Obligation Bonds. The following table details the City's outstanding general obligation bonds as of December 31, 2023:

<u>General Obligation Bonds</u>	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Current Amount</u>
Paid by Utility Receipts					
Series 2012	9/27/12	8/1/25	1.50 - 2.75%	<u>\$ 7,550,000</u>	<u>\$ 955,000</u>

The annual debt service requirements to maturity for the general obligation bonds are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>December 31,</u>			
2024	\$ 650,000	\$ 25,450	\$ 675,450
2025	305,000	8,388	313,388
	<u>\$ 955,000</u>	<u>\$ 33,838</u>	<u>\$ 988,838</u>

Revolving Loan. The following table details the City's outstanding revolving loans as of December 31, 2023:

<u>Revolving Loans</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Current Amount</u>
Paid by Utility Receipts					
Kansas Water Pollution Control 1618	9/1/08	3/1/28	2.51%	<u>\$2,665,114</u>	<u>\$ 732,597</u>

The annual debt service requirements to maturity for the revolving loans are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>December 31,</u>			
2024	\$ 155,768	\$ 17,417	\$ 173,185
2025	159,702	13,483	173,185
2026	163,736	9,449	173,185
2027 - 2028	253,391	6,386	259,777
	<u>\$ 732,597</u>	<u>\$ 46,735</u>	<u>\$ 779,332</u>

CITY OF IOLA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 9 - Interfund Transfers

The following table details the City's transfers between funds during the year ended December 31, 2023:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory Authority</u>
General Fund	Equipment Reserve Fund	\$ 147,400	KSA 12-1,117
General Fund	Employee Health Insurance Fund	9,000	KSA 12-16,102
Major Projects Fund	Comprehensive Street Program Fund	500,000	KSA 12-1,119
Capital Improvement Plan Fund	General Fund	400,000	KSA 12-1,118
Tourism and Convention Fund	Capital Improvement Plan Fund	19,000	KSA 12-1,118
Electric Utility Fund	General Fund	1,800,000	KSA 12-825d
Electric Utility Fund	Special Parks And Recreation Fund	260,000	KSA 12-825d
Electric Utility Fund	Equipment Reserve Fund	130,000	KSA 12-825d
Electric Utility Fund	Capital Improvement Plan Fund	300,000	KSA 12-825d
Electric Utility Fund	Stores Fund	90,000	KSA 12-825d
Electric Utility Fund	Employee Health Insurance Fund	5,000	KSA 12-825d
Water Utility Fund	General Fund	50,000	KSA 12-825d
Water Utility Fund	Stores Fund	33,333	KSA 12-825d
Water Utility Fund	Employee Health Insurance Fund	2,000	KSA 12-825d
Water Utility Fund	Equipment Reserve Fund	84,878	KSA 12-825d
Water Utility Fund	Capital Improvement Plan Fund	140,788	KSA 12-825d
Gas Utility Fund	General Fund	600,000	KSA 12-825d
Gas Utility Fund	Special Parks And Recreation Fund	63,000	KSA 12-825d
Gas Utility Fund	Stores Fund	40,000	KSA 12-825d
Gas Utility Fund	Employee Health Insurance Fund	2,000	KSA 12-825d
Gas Utility Fund	Equipment Reserve Fund	30,000	KSA 12-825d
Gas Utility Fund	Capital Improvement Plan Fund	40,000	KSA 12-825d
Solid Waste Utility Fund	General Fund	30,000	KSA 12-825d
Solid Waste Utility Fund	Equipment Reserve Fund	25,000	KSA 12-825d
Wastewater Utility Fund	Capital Improvement Plan Fund	34,988	KSA 12-825d
Wastewater Utility Fund	General Fund	100,000	KSA 12-825d
Wastewater Utility Fund	Equipment Reserve Fund	78,250	KSA 12-825d
Wastewater Utility Fund	Stores Fund	40,000	KSA 12-825d
Wastewater Utility Fund	Employee Health Insurance Fund	1,500	KSA 12-825d
		<u><u>\$5,056,137</u></u>	

NOTE 10 - Interfund Charges

The City uses interfund charges to share the cost of certain activities and projects across funds. Interfund charges are reported as revenue in the reimbursed fund and as expenses in the reimbursing fund according to the underlying expense's natural function and department.

The City meters and bills other City funds for utility services. These charges are recorded as contractual services in the paying fund and charges for service in the receiving fund. The total paid from other City funds for City utility services was \$281,979 during the year ended December 31, 2023.

CITY OF IOLA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 10 - Interfund Charges (Continued)

The City monitors and bills other City funds for the use of parts from the central garage. These charges are recorded as contractual services in the paying fund and internal charges for service in the Stores Fund. The total paid from other City funds to the Stores Fund was \$321,543 during the year ended December 31, 2023.

The Employee Benefit Fund is used to account for various employee benefit expenses which are partially allocated to other funds. Health care benefits were paid through the Employee Benefit Fund and reimbursed by other funds as detailed by the following table during the year ended December 31, 2023:

Reimbursing Fund	Amount
General Fund	\$ 510,587
Special Parks And Recreation Fund	22,574
Electric Utility Fund	107,319
Water Utility Fund	52,771
Gas Utility Fund	43,186
Solid Waste Utility Fund	19,275
Wastewater Utility Fund	26,620
Stores Fund	<u>16,748</u>
	<u>\$ 799,081</u>

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CITY OF IOLA, KANSAS
 SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2023

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Over [Under]</u>
General Fund	\$ 9,210,150	\$ -	\$ 9,210,150	\$ 8,542,586	\$ [667,564]
Special Purpose Funds:					
Industrial	130,000	-	130,000	64,952	[65,048]
Library	238,000	-	238,000	234,071	[3,929]
Special Parks and Recreation	460,028	-	460,028	447,171	[12,857]
Tourism and Convention	97,703	-	97,703	97,402	[301]
Special Highway	-	-	-	-	-
Business Funds:					
Electric Utility	10,422,850	-	10,422,850	9,933,240	[489,610]
Water Utility	2,741,578	-	2,741,578	2,542,716	[198,862]
Gas Utility	3,757,000	-	3,757,000	3,291,218	[465,782]
Solid Waste Utility	342,500	-	342,500	309,466	[33,034]
Wastewater Utility	917,527	-	917,527	814,429	[103,098]
Storm Water Fees	50,000	-	50,000	20,647	[29,353]
Stores	554,250	-	554,250	533,054	[21,196]
Employee Health Insurance	1,155,000	-	1,155,000	1,056,000	[99,000]

CITY OF IOLA, 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 Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	Current Year			Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>		
Receipts					
Taxes and shared receipt					
Ad valorem tax	\$ 1,176,225	\$ 1,405,929	\$ 1,464,879	\$ [58,950]	
Delinquent tax	34,332	26,177	500	25,677	
Motor & Commercial vehicle tax	157,566	153,158	187,328	[34,170]	
Recreational motor vehicle tax	1,859	2,074	2,184	[110]	
16/20M truck tax	3,030	2,680	3,240	[560]	
Payments in lieu of tax	4,849	12,802	-	12,802	
Sales tax	1,108,113	1,152,095	1,040,000	112,095	
Franchise tax	60,595	59,518	70,000	[10,482]	
Special assessments	10,650	18,200	15,000	3,200	
Neighborhood revitalization	[48,002]	[55,970]	[58,421]	2,451	
Intergovernmental					
Highway connecting links	110,840	101,281	26,567	74,714	
Local alcoholic liquor tax	10,745	12,130	24,179	[12,049]	
Grants	802	100	-	100	
Licenses and permits	19,538	28,221	22,500	5,721	
Charges for services					
Late fee penalties	36,497	33,734	40,000	[6,266]	
Dog tags	1,273	1,248	-	1,248	
Impound fees	5,496	5,902	-	5,902	
Cemetery lot sales	8,250	11,250	-	11,250	
Cemetery grave openings	17,285	18,985	30,000	[11,015]	
Rural fire contracts	85,712	84,876	82,000	2,876	
EMS County surcharge	1,720,000	1,797,092	1,800,000	[2,908]	
Demolitions	5,000	11,150	-	11,150	
Fines, forfeitures and penalties	89,581	88,088	100,000	[11,912]	
Use of money and property					
Interest income	52,572	210,947	5,010	205,937	
Dividends	69,591	78,887	80,000	[1,113]	
Rental receipts	6,495	7,475	7,000	475	
Other receipts					
Miscellaneous	3,904	10,526	524	10,002	
Reimbursed expense	226,520	207,913	242,500	[34,587]	
Transfers from					
Electric Utility Fund	1,800,000	1,800,000	2,800,000	[1,000,000]	
Water Utility Fund	200,000	50,000	200,000	[150,000]	
Gas Utility Fund	300,000	600,000	600,000	-	
Solid Waste Fund	65,000	30,000	30,000	-	
Wastewater Utility Fund	100,000	100,000	100,000	-	
Capital Improvement Plan Fund	-	400,000	-	400,000	
Total Receipts	7,444,318	8,466,468	\$ 8,914,990	\$ [448,522]	

CITY OF IOLA, 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 Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	Current Year			Variance Over <u>Under</u>
		<u>Actual</u>	<u>Budget</u>		
Expenditures					
City clerk					
Personal services	\$ 387,497	\$ 377,017	\$ 366,417	\$ 10,600	
Contractual services	96,818	165,728	129,900	35,828	
Commodities	38,315	39,974	48,250	[8,276]	
Capital outlay	-	2,675	2,500	175	
Police					
Personal services	1,455,907	1,564,801	1,602,510	[37,709]	
Contractual services	111,435	104,486	126,250	[21,764]	
Commodities	43,075	75,359	49,300	26,059	
Capital outlay	2,304	24,859	24,700	159	
Street and alley department					
Personal services	563,166	594,877	565,355	29,522	
Contractual services	51,671	82,818	63,150	19,668	
Commodities	207,874	296,071	290,500	5,571	
Capital outlay	[846]	-	-	-	
Parks					
Personal services	461,338	485,402	514,110	[28,708]	
Contractual services	30,288	30,811	32,150	[1,339]	
Commodities	43,726	43,110	49,900	[6,790]	
Capital outlay	-	-	-	-	
Fire/EMS					
Personal services	2,548,094	2,728,775	2,884,335	[155,560]	
Contractual services	85,690	87,261	130,750	[43,489]	
Commodities	113,846	146,601	138,500	8,101	
Capital outlay	11,569	290,269	353,500	[63,231]	
City administrator					
Personal services	409,807	480,878	460,853	20,025	
Contractual services	33,869	34,938	57,450	[22,512]	
Commodities	7,498	9,611	11,250	[1,639]	
Capital outlay	-	4,750	2,000	2,750	
Code enforcement					
Personal services	189,711	213,345	205,718	7,627	
Contractual services	47,647	37,172	54,650	[17,478]	
Commodities	13,504	21,463	22,000	[537]	
Capital outlay	-	3,226	1,000	2,226	
City council					
Contractual services	57,751	56,324	57,100	[776]	
Commodities	457	95	100	[5]	
Municipal court					
Personal services	104,576	113,610	117,314	[3,704]	
Contractual services	21,932	22,754	26,000	[3,246]	
Commodities	13,634	13,475	15,250	[1,775]	
Library					
Personal services	215,288	233,651	228,100	5,551	
Transfers to					
Equipment Reserve Fund	411,625	147,400	147,388	12	
Employee Health Insurance Fund	26,000	9,000	11,500	[2,500]	
Miscellaneous	-	-	8,400	[8,400]	
Cash reserves	-	-	412,000	[412,000]	
Total Expenditures	7,805,066	8,542,586	\$ 9,210,150	\$ [667,564]	
Receipts Over [Under] Expenditures		[360,748]	[76,118]		
Unencumbered Cash, Beginning		938,352	577,604		
Unencumbered Cash, Ending		\$ 577,604	\$ 501,486		

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

SCHEDULE 2 - 2

CITY OF IOLA, KANSAS
INDUSTRIAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	Current Year			Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>		
Receipts					
Taxes and shared receipt					
Ad valorem tax	\$ 28,377	\$ 76,500	\$ 80,038	\$ [3,538]	
Delinquent tax	848	756	4,488	[3,732]	
Motor vehicle tax	3,699	3,669	60	3,609	
Recreational motor vehicle tax	44	50	78	[28]	
16/20M truck tax	116	699	292	407	
Neighborhood revitalization	[1,150]	[3,058]	[3,863]	805	
Payments in lieu of tax	71	60	-	60	
Use of money and property					
Interest income	1,884	7,888	200	7,688	
Rental receipts	6,000	6,600	11,200	[4,600]	
Total Receipts	39,889	93,164	\$ 92,493	\$ 671	
Expenditures					
General government					
Contractual services	35,400	54,952	\$ 80,000	\$ [25,048]	
Commodities	-	10,000	50,000	[40,000]	
Total Expenditures	35,400	64,952	\$ 130,000	\$ [65,048]	
Receipts Over [Under] Expenditures	4,489	28,212			
Unencumbered Cash, Beginning	135,732	140,221			
Unencumbered Cash, Ending	\$ 140,221	\$ 168,433			

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

CITY OF IOLA, 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 Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	Current Year			Variance Over [Under]		
		<u>Actual</u>	<u>Budget</u>				
Receipts							
Taxes and shared receipt							
Ad valorem tax	\$ 199,373	\$ 209,650	\$ 218,213	\$ [8,563]			
Delinquent tax	5,595	4,304	-	4,304			
Motor vehicle tax	25,956	25,778	33,636	[7,858]			
Recreational motor vehicle tax	306	349	368	[19]			
16/20M truck tax	489	421	545	[124]			
Neighborhood revitalization	[8,079]	[8,338]	[8,736]	398			
Payments in lieu of tax	816	1,907	-	1,907			
Total Receipts	224,456	234,071	\$ 244,026	\$ [9,955]			
Expenditures							
Culture and recreation							
Appropriation	224,456	234,071	\$ 238,000	\$ [3,929]			
Total Expenditures	224,456	234,071	\$ 238,000	\$ [3,929]			
Receipts Over [Under] Expenditures	-	-					
Unencumbered Cash, Beginning	-	-					
Unencumbered Cash, Ending	\$ -	\$ -					

SCHEDULE 2 - 4

CITY OF IOLA, 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 Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	Current Year			Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>		
Receipts					
Taxes and shared receipt					
Local alcoholic liquor tax	\$ 10,744	\$ 12,129	\$ 12,000	\$ 129	
Charges for services					
Program fees	81,104	79,846	88,000	[8,154]	
Use of money and property					
Rental receipts	4,191	4,291	-	4,291	
Other receipts					
Donations	14,942	17,899	18,000	[101]	
Transfers from					
Electric Utility Fund	200,000	260,000	260,000	-	
Gas Utility Fund	123,000	63,000	63,000	-	
Total Receipts	433,981	437,165	\$ 441,000	\$ [3,835]	
Expenditures					
Culture and recreation					
Personal services	302,048	317,852	\$ 317,178	\$ 674	
Contractual services	41,934	45,205	44,500	705	
Commodities	87,506	84,114	98,350	[14,236]	
Total Expenditures	431,488	447,171	\$ 460,028	\$ [12,857]	
Receipts Over [Under] Expenditures	2,493	[10,006]			
Unencumbered Cash, Beginning	<u>34,897</u>	<u>37,390</u>			
Unencumbered Cash, Ending	<u>\$ 37,390</u>	<u>\$ 27,384</u>			

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

CITY OF IOLA, KANSAS
 SPECIAL ALCOHOL PROGRAMS FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL*
 Regulatory Basis
 For the Years Ended December 31, 2023 and 2022

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Other receipts	\$ 1,294	\$ 14,692
Miscellaneous	<u>1,294</u>	<u>14,692</u>
Total Receipts	<u>1,294</u>	<u>14,692</u>
 Expenditures		
Culture and recreation	-	-
Alcohol programs	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
 Receipts Over [Under] Expenditures	1,294	14,692
 Unencumbered Cash, Beginning	7	1,301
 Unencumbered Cash, Ending	<u>\$ 1,301</u>	<u>\$ 15,993</u>

* - This fund is not required to be budgeted.

SCHEDULE 2 - 6

CITY OF IOLA, KANSAS
 TOURISM AND CONVENTION FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2023
 (With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	Current Year			Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>		
Receipts					
Taxes and shared receipt					
Transient guest tax	\$ 93,638	\$ 77,112	\$ 77,112	\$	-
Use of money and property					
Interest income	701	2,721	2,200		521
Total Receipts	94,339	79,833	\$ 79,312	\$	521
Expenditures					
General government					
Contractual services	51,144	78,402	\$ 78,403	\$	[1]
Transfers to					
Capital Improvement Plan Fund	23,410	19,000	19,300		[300]
Total Expenditures	74,554	97,402	\$ 97,703	\$	[301]
Receipts Over [Under] Expenditures	19,785	[17,569]			
Unencumbered Cash, Beginning	<u>24,127</u>	<u>43,912</u>			
Unencumbered Cash, Ending	\$ 43,912	\$ 26,343			

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

CITY OF IOLA, 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 Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	Current Year			Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>		
Receipts					
Taxes and shared receipt					
Motor fuel tax	\$ 143,450	\$ 145,299	\$ 146,410	\$ [1,111]	
Use of money and property					
Interest income	6,160	27,069	4,000	23,069	
Total Receipts	149,610	172,368	\$ 150,410	\$ 21,958	
Expenditures					
General government					
Capital outlay	23,870	-	\$ -	\$ -	
Total Expenditures	23,870	-	\$ -	\$ -	
Receipts Over [Under] Expenditures	125,740	172,368			
Unencumbered Cash, Beginning	352,465	478,205			
Unencumbered Cash, Ending	\$ 478,205	\$ 650,573			

SCHEDULE 2 - 8

CITY OF IOLA, KANSAS
 EQUIPMENT RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL*
 Regulatory Basis
 For the Years Ended December 31, 2023 and 2022

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Use of money and property		
Interest income	\$ 46,911	\$ 101,003
Other receipts		
Miscellaneous	-	370,851
Transfers from		
General Fund	411,625	147,400
Electric Utility Fund	75,000	130,000
Water Utility Fund	38,166	84,878
Gas Utility Fund	-	30,000
Solid Waste Utility Fund	25,000	25,000
Wastewater Utility Fund	55,750	78,250
Total Receipts	<u>652,452</u>	<u>967,382</u>
Expenditures		
General government		
Capital outlay	<u>209,164</u>	<u>1,448,697</u>
Total Expenditures	<u>209,164</u>	<u>1,448,697</u>
Receipts Over [Under] Expenditures	443,288	[481,315]
Unencumbered Cash, Beginning	<u>2,038,700</u>	<u>2,481,988</u>
Unencumbered Cash, Ending	<u>\$ 2,481,988</u>	<u>\$ 2,000,673</u>

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

CITY OF IOLA, KANSAS
 COMPREHENSIVE STREET PROGRAM FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL*
 Regulatory Basis
 For the Years Ended December 31, 2023 and 2022

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Use of money and property		
Interest income	\$ 25,211	\$ 91,248
Transfers from		
Major Projects Fund	350,000	500,000
Total Receipts	<u>375,211</u>	<u>591,248</u>
 Expenditures		
Capital projects		
Capital outlay	- 699,390	- 699,390
Total Expenditures	<u>-</u>	<u>699,390</u>
 Receipts Over [Under] Expenditures	375,211	[108,142]
 Unencumbered Cash, Beginning	<u>1,693,638</u>	<u>2,068,849</u>
 Unencumbered Cash, Ending	<u>\$ 2,068,849</u>	<u>\$ 1,960,707</u>

* - This fund is not required to be budgeted.

SCHEDULE 2 - 10

CITY OF IOLA, KANSAS
 MAJOR PROJECTS FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL*
 Regulatory Basis
 For the Years Ended December 31, 2023 and 2022

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Taxes and shared receipt		
County sales tax	\$ 935,147	\$ 985,599
Intergovernmental		
Grants	- 935,147	189,080 1,174,679
Total Receipts	<u>935,147</u>	<u>1,174,679</u>
 Expenditures		
Capital projects		
Capital outlay	49,627	452,255
Transfers to		
Comprehensive Street Program Fund	350,000 399,627	500,000 952,255
Total Expenditures	<u>399,627</u>	<u>952,255</u>
 Receipts Over [Under] Expenditures	535,520	222,424
 Unencumbered Cash, Beginning	<u>1,785,610</u>	<u>2,321,130</u>
 Unencumbered Cash, Ending	<u>\$ 2,321,130</u>	<u>\$ 2,543,554</u>

* - This fund is not required to be budgeted.

CITY OF IOLA, KANSAS
CAPITAL IMPROVEMENT PLAN FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL*
Regulatory Basis
For the Years Ended December 31, 2023 and 2022

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Intergovernmental		
Highway connecting links	\$ 401,820	\$ -
Other receipts		
Miscellaneous	27,078	58,133
Transfers from		
Tourism and Convention Fund	23,410	19,000
Electric Utility Fund	225,000	300,000
Gas Utility Fund	-	40,000
Water Utility Fund	295,000	140,788
Wastewater Utility Fund	-	34,988
Total Receipts	<u>972,308</u>	<u>592,909</u>
 Expenditures		
Capital projects		
Contractual services	1,283,298	1,370,195
Transfers to		
General Fund	-	400,000
Total Expenditures	<u>1,283,298</u>	<u>1,770,195</u>
 Receipts Over [Under] Expenditures	[310,990]	[1,177,286]
Unencumbered Cash, Beginning	<u>3,820,707</u>	<u>3,509,717</u>
Unencumbered Cash, Ending	<u>\$ 3,509,717</u>	<u>\$ 2,332,431</u>

* - This fund is not required to be budgeted.

CITY OF IOLA, KANSAS
ELECTRIC UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	Current Year			Variance Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>		
Receipts					
Charges for services					
Electric charges	\$ 11,330,584	\$ 9,818,626	\$ 10,600,000	\$	[781,374]
Energy trax program	9,586	8,030	13,500		[5,470]
Connection fees	6,719	6,687	21,000		[14,313]
Meter installations	3,316	3,100	-		3,100
Use of money and property					
Interest income	82,030	303,666	240,000		63,666
Rental crops and poles	14,720	18,143	35,000		[16,857]
Other receipts					
Miscellaneous	94,148	-	-		-
Total Receipts	<u>11,541,103</u>	<u>10,158,252</u>	<u>\$ 10,909,500</u>	<u>\$</u>	<u>[751,248]</u>
Expenditures					
Generation and distribution					
Personal services	1,160,488	1,238,277	\$ 1,240,000	\$	[1,723]
Contractual services	6,393,989	5,331,597	5,832,850		[501,253]
Commodities	417,205	651,369	610,000		41,369
Capital outlay	76,376	85,530	100,000		[14,470]
Miscellaneous	-	41,467	60,000		[18,533]
Transfers to					
General Fund	1,800,000	1,800,000	1,800,000		-
Special Parks and Recreation Fund	260,000	260,000	260,000		-
Equipment Reserve Fund	75,000	130,000	130,000		-
Capital Improvement Plan Fund	225,000	300,000	300,000		-
Stores Fund	140,000	90,000	90,000		-
Employee Health Insurance Fund	7,000	5,000	-		5,000
Total Expenditures	<u>10,555,058</u>	<u>9,933,240</u>	<u>\$ 10,422,850</u>	<u>\$</u>	<u>[489,610]</u>
Receipts Over [Under] Expenditures	986,045	225,012			
Unencumbered Cash, Beginning	<u>4,534,916</u>	<u>5,520,961</u>			
Unencumbered Cash, Ending	<u>\$ 5,520,961</u>	<u>\$ 5,745,973</u>			

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

CITY OF IOLA, 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 Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	Current Year			Variance Over <u>Under</u>
		<u>Actual</u>	<u>Budget</u>		
Receipts					
Charges for services					
Water charges	\$ 2,423,324	\$ 2,467,618	\$ 2,400,000	\$ 67,618	
Connection fees	5,395	6,285	7,000		[715]
Use of money and property					
Interest income	-	7,447	-		7,447
Other receipts					
Miscellaneous	59,479	60,184	25,000		35,184
Total Receipts	2,488,198	2,541,534	\$ 2,432,000	\$ 109,534	
Expenditures					
Treatment and distribution					
Personal services	584,196	638,552	\$ 592,779	\$ 45,773	
Contractual services	435,247	377,647	367,230		10,417
Commodities	444,526	513,564	398,500		115,064
Capital outlay	36,419	33,884	54,000		[20,116]
Debt service					
Principal	547,637	587,585	587,585		-
Interest	132,428	80,485	80,485		-
Transfers to					
General Fund	200,000	50,000	200,000		[150,000]
Equipment Reserve Fund	38,166	225,666	225,666		-
Stores Fund	33,333	33,333	33,333		-
Employee Health Insurance Fund	3,000	2,000	2,000		-
Capital Improvement Plan Fund	295,000	-	200,000		[200,000]
Total Expenditures	2,749,952	2,542,716	\$ 2,741,578	\$ [198,862]	
Receipts Over [Under] Expenditures	[261,754]	[1,182]			
Unencumbered Cash, Beginning	785,615	523,861			
Unencumbered Cash, Ending	\$ 523,861	\$ 522,679			

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

CITY OF IOLA, KANSAS
GAS 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 Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	Current Year			Variance Over <u>Under</u>
		<u>Actual</u>	<u>Budget</u>		
Receipts					
Charges for services					
Gas charges	\$ 4,034,923	\$ 3,863,172	\$ 4,200,000	\$ [336,828]	
Connection fees	5,225	4,316	5,000		[684]
Use of money and property					
Interest income	7,976	52,076	45,000		7,076
Other receipts					
Miscellaneous	-	641	-		641
Total Receipts	<u>4,048,124</u>	<u>3,920,205</u>	<u>\$ 4,250,000</u>		<u>\$ [329,795]</u>
Expenditures					
Operations					
Personal services	435,102	507,451	\$ 480,000	\$ 27,451	
Contractual services	3,112,808	1,932,017	2,400,000		[467,983]
Commodities	68,406	76,750	70,000		6,750
Capital outlay	11,000	-	20,000		[20,000]
Miscellaneous	-	-	12,000		[12,000]
Transfers to					
General Fund	300,000	600,000	600,000		-
Special Parks and Recreation Fund	63,000	63,000	63,000		-
Equipment Reserve Fund	-	30,000	30,000		-
Capital Improvement Plan Fund	-	40,000	40,000		-
Stores Fund	40,000	40,000	40,000		-
Employee Health Insurance Fund	1,250	2,000	2,000		-
Total Expenditures	<u>4,031,566</u>	<u>3,291,218</u>	<u>\$ 3,757,000</u>		<u>\$ [465,782]</u>
Receipts Over [Under] Expenditures	16,558	628,987			
Unencumbered Cash, Beginning	<u>211,726</u>	<u>228,284</u>			
Unencumbered Cash, Ending	<u>\$ 228,284</u>	<u>\$ 857,271</u>			

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

CITY OF IOLA, KANSAS
 SOLID WASTE 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 Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	Current Year			Variance Over <u>Under</u>
		<u>Actual</u>	<u>Budget</u>		
Receipts					
Charges for services					
Gas charges	\$ 329,294	\$ 356,707	\$ 360,500	\$	[3,793]
Use of money and property					
Interest income	1,173	4,519	8,000		[3,481]
Total Receipts	<u>330,467</u>	<u>361,226</u>	<u>\$ 368,500</u>	<u>\$</u>	<u>[7,274]</u>
Expenditures					
Collection					
Personal services	193,000	219,560	\$ 216,000	\$	3,560
Contractual services	14,295	14,232	20,000		[5,768]
Commodities	18,583	17,459	20,000		[2,541]
Capital outlay	-	3,215	30,000		[26,785]
Miscellaneous	-	-	1,000		[1,000]
Transfers to					
General Fund	65,000	30,000	30,000		-
Equipment Reserve Fund	25,000	25,000	25,000		-
Employee Health Insurance Fund	500	-	500		[500]
Total Expenditures	<u>316,378</u>	<u>309,466</u>	<u>\$ 342,500</u>	<u>\$</u>	<u>[33,034]</u>
Receipts Over [Under] Expenditures	14,089	51,760			
Unencumbered Cash, Beginning	<u>55,458</u>	<u>69,547</u>			
Unencumbered Cash, Ending	<u>\$ 69,547</u>	<u>\$ 121,307</u>			

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

CITY OF IOLA, KANSAS
WASTEWATER 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 Year Ended December 31, 2022)

	Current Year			Variance Over <u>Under</u>
	Prior Year <u>Actual</u>	Actual	Budget	
Receipts				
Charges for services				
Wastewater charges	\$ 790,535	\$ 830,111	\$ 800,000	\$ 30,111
Use of money and property				
Interest income	6,507	26,316	-	26,316
Other receipts				
Miscellaneous	1,998	2,577	500	2,077
Total Receipts	799,040	859,004	\$ 800,500	\$ 58,504
Expenditures				
Collection and treatment				
Personal services	212,588	230,227	\$ 296,327	\$ [66,100]
Contractual services	88,167	57,320	128,450	[71,130]
Commodities	38,324	34,919	45,000	[10,081]
Capital outlay	35,000	64,040	28,000	36,040
Debt service				
Principal	127,175	140,976	-	140,976
Interest	46,010	32,209	-	32,209
Transfers to				
General Fund	100,000	100,000	100,000	-
Equipment Reserve Fund	55,750	78,250	78,250	-
Capital Improvement Plan Fund	-	34,988	200,000	[165,012]
Stores Fund	40,000	40,000	40,000	-
Employee Health Insurance Fund	1,500	1,500	1,500	-
Total Expenditures	744,514	814,429	\$ 917,527	\$ [103,098]
Receipts Over [Under] Expenditures	54,526	44,575		
Unencumbered Cash, Beginning	<u>419,985</u>	<u>474,511</u>		
Unencumbered Cash, Ending	<u>\$ 474,511</u>	<u>\$ 519,086</u>		

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

CITY OF IOLA, KANSAS
 STORM WATER FEES FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 Regulatory Basis
 For the Year Ended December 31, 2023
 (With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	Current Year		Variance Over <u>Under</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges for services				
Wastewater charges	\$ 71,132	\$ 70,976	\$ 72,000	\$ [1,024]
Total Receipts	<u>71,132</u>	<u>70,976</u>	<u>\$ 72,000</u>	<u>\$ [1,024]</u>
Expenditures				
Operations				
Contractual services	1,886	20,647	\$ 50,000	\$ [29,353]
Total Expenditures	<u>1,886</u>	<u>20,647</u>	<u>\$ 50,000</u>	<u>\$ [29,353]</u>
Receipts Over [Under] Expenditures	69,246	50,329		
Unencumbered Cash, Beginning	<u>608,808</u>	<u>678,054</u>		
Unencumbered Cash, Ending	<u>\$ 678,054</u>	<u>\$ 728,383</u>		

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

CITY OF IOLA, KANSAS
STORES FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	Current Year		Variance Over <u>Under</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges for services				
Internal service charges	\$ 289,427	\$ 321,543	\$ 330,000	\$ [8,457]
Transfer from				
Electric Utility Fund	140,000	90,000	90,000	-
Water Utility Fund	33,333	33,333	33,333	-
Gas Utility Fund	40,000	40,000	40,000	-
Wastewater Utility Fund	40,000	40,000	40,000	-
Total Receipts	542,760	524,876	\$ 533,333	\$ [8,457]
Expenditures				
General government				
Personal services	152,203	167,477	\$ 167,100	\$ 377
Contractual services	17,511	13,925	16,950	[3,025]
Commodities	338,318	351,652	370,000	[18,348]
Miscellaneous	-	-	200	[200]
Total Expenditures	508,032	533,054	\$ 554,250	\$ [21,196]
Receipts Over [Under] Expenditures	34,728		[8,178]	
Unencumbered Cash, Beginning	15,904		50,632	
Unencumbered Cash, Ending	\$ 50,632	\$ 42,454		

CITY OF IOLA, KANSAS
EMPLOYEE HEALTH INSURANCE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Amounts For the Year Ended December 31, 2022)

	Prior Year <u>Actual</u>	Current Year		Variance Over <u>Under</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Use of money and property				
Interest income	\$ 10,984	\$ 40,286	\$ 500	\$ 39,786
Other receipts				
Employer contributions	822,758	799,081	1,231,000	[431,919]
Employee contributions	199,840	212,684	-	212,684
Transfer from				
General Fund	26,000	9,000	9,000	-
Electric Utility Fund	7,000	5,000	5,000	-
Water Utility Fund	3,000	2,000	2,000	-
Gas Utility Fund	1,250	2,000	2,000	-
Wastewater Utility Fund	1,500	1,500	1,500	-
Solid Waste Utility Fund	500	-	4,000	[4,000]
Total Receipts	<u>1,072,832</u>	<u>1,071,551</u>	\$ 1,255,000	\$ [183,449]
Expenditures				
General government				
Contractual services	<u>1,042,218</u>	<u>1,056,000</u>	<u>\$ 1,155,000</u>	<u>\$ [99,000]</u>
Total Expenditures	<u>1,042,218</u>	<u>1,056,000</u>	<u>\$ 1,155,000</u>	<u>\$ [99,000]</u>
Receipts Over [Under] Expenditures	30,614	15,551		
Unencumbered Cash, Beginning	<u>751,442</u>	<u>782,056</u>		
Unencumbered Cash, Ending	<u>\$ 782,056</u>	<u>\$ 797,607</u>		

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

SCHEDULE 2 - 20

CITY OF IOLA, KANSAS
WM. GREEN TRUST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL*
Regulatory Basis
For the Years Ended December 31, 2023 and 2022

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Other receipts	\$ _____ -	\$ _____ -
Donations	_____ -	_____ -
Total Receipts	<u>_____ -</u>	<u>_____ -</u>
 Expenditures		
General government	_____ -	_____ -
Contractual services	_____ -	_____ -
Commodities	5,591	746
Total Expenditures	<u>5,591</u>	<u>746</u>
 Receipts Over [Under] Expenditures	[5,591]	[746]
 Unencumbered Cash, Beginning	25,432	19,841
 Unencumbered Cash, Ending	<u>\$ 19,841</u>	<u>\$ 19,095</u>

* - This fund is not required to be budgeted.

SCHEDULE 2 - 20

CITY OF IOLA, KANSAS
WM. GREEN TRUST FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL*
Regulatory Basis
For the Years Ended December 31, 2023 and 2022

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Other receipts		
Donations	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>
 Expenditures		
General government		
Commodities	5,591	746
Total Expenditures	<u>5,591</u>	<u>746</u>
 Receipts Over [Under] Expenditures	[5,591]	[746]
 Unencumbered Cash, Beginning	25,432	19,841
 Unencumbered Cash, Ending	<u>\$ 19,841</u>	<u>\$ 19,095</u>

* - This fund is not required to be budgeted.

CITY OF IOLA, KANSAS
 JOSEPH & MARY WOLF MEMORIAL FUND*
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
 Regulatory Basis
 For the Years Ended December 31, 2023 and 2022

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Use of money and property		
Interest income	\$ 1,696	\$ 1,760
Total Receipts	<u>1,696</u>	<u>1,760</u>
Expenditures		
General government		
Miscellaneous	6,000	-
Total Expenditures	<u>6,000</u>	<u>-</u>
Receipts Over [Under] Expenditures	[4,304]	1,760
Unencumbered Cash, Beginning	<u>25,149</u>	<u>20,845</u>
Unencumbered Cash, Ending	<u>\$ 20,845</u>	<u>\$ 22,605</u>

* - This fund is not required to be budgeted.

CITY OF IOLA, KANSAS
 AGENCY FUNDS
 SCHEDULE OF RECEIPTS AND DISBURSEMENTS
 Regulatory Basis
 For the Year Ended December 31, 2023

<u>FUND</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Clean-up	\$ 4,291	\$ 132	\$ -	\$ 4,423
Community Involvement Task Force	18,899	25,403	4,406	39,896
Fire Insurance Proceeds	9,756	7,854	7,350	10,260
Special Law Enforcement	21,182	6,664	400	27,446
Kansas Sales Tax	118,934	549,557	541,695	126,796
Police Calendar	1,013	1,500	59	2,454
Total Agency Funds	<u>\$ 174,075</u>	<u>\$ 591,110</u>	<u>\$ 553,910</u>	<u>\$ 211,275</u>

CITY OF IOLA, KANSAS
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal ALN Number</u>	<u>Expenditures</u>
<u>U.S. Department of the Treasury</u>		
Passed Through Kansas Governor's Office:		
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>558,691</u>
 Total U.S. Department of the Treasury		 <u>558,691</u>
 <u>U.S. Department of the Health and Human Services</u>		
Passed Through Kansas Department of Health and Environment:		
State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	93.366	<u>10,000</u>
 Total U.S. Department of the Health and Human Services		 <u>10,000</u>
 <u>U.S. Department of the Transportation</u>		
Passed Through Kansas Department of Transportation:		
State and Community Highway Safety Cluster:		
State and Community Highway Safety	20.600	<u>535</u>
Total State and Community Highway Safety Cluster		<u>535</u>
Recreational Trails Program	20.219	<u>142,449</u>
 Total U.S. Department of Transportation		 <u>142,984</u>
 <u>U.S. Department of Housing and Urban Development</u>		
Passed Through Kansas Department of Commerce:		
Community Development Block Grants	14.228	<u>349,579</u>
 Total U.S. Department of Housing and Urban Development		 <u>349,579</u>
 Total Expenditures of Federal Awards		 <u>\$ 1,061,254</u>

CITY OF IOLA, KANSAS
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

1. Organization

The City of Iola, Kansas, (the City), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The City elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position as of December 31, 2023.

5. Outstanding Loans

The City did not have any outstanding loans under any federal grants as of December 31, 2023.

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the Schedule of Expenditures of Federal Awards.

CITY OF IOLA, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified (Regulatory Basis)
Adverse (GAAP)

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted?

Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance?

Yes X No

Identification of major programs:

ALN Number(s)

Name of Federal Program or Cluster

21.027

COVID - 19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes X No

CITY OF IOLA, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2023

Section II - Financial Statement Findings

Current Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted.

CITY OF IOLA, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2023

Section II - Financial Statement Findings

Prior Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Prior Year Findings

None Noted.

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

Mayor and City Council
City of Iola, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statements of the City of Iola, Kansas (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 3, 2024.

Internal Control Over Financial Reporting

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

A deficiency in internal controls 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

September 3, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Mayor and City Council
City of Iola, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the City of Iola, Kansas (the City), with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirement referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grants agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion of the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgement and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 Example Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies, and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Internal Control Over Compliance

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

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City as of and for the year ended December 31, 2023, and have issued our report thereon dated September 3, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

September 3, 2024