CITY OF SABETHA, KANSAS

FINANCIAL STATEMENTS

Year Ending December 31, 2024

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City of Sabetha, Kansas

FINANCIAL STATEMENTS
Year ending December 31, 2024

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GORDONCPA
AUDITING
ACCOUNTING
CONSULTING

4205 W 6th St Ste C
Lawrence, KS 66049

(785) 371-4847
cpagordon.com

INDEPENDENT AUDITOR'S REPORT

Mayor and City Commission
City of Sabetha, Kansas

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In 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, 2024, 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, 2024, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

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 opinions.

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

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

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

April 22, 2025

CITY OF SABETHA, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2024

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustment	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:							
General	$ 1,250,431	$ -	$ 4,054,571	$ 3,929,159	$ 1,375,843	$ -	$ 1,375,843
Special Purpose Funds:							
Library	-	-	148,923	148,923	-	-	-
Airport	123,393	-	244,416	180,268	187,541	-	187,541
Parks and Recreation	-	-	11,081	11,081	-	-	-
Highway	-	-	67,737	67,737	-	-	-
Capital Projects Funds:							
Prairie View Sidewalk	29,222	-	-	-	29,222	-	29,222
Bond and Interest Funds:							
Bond and Interest	218,622	-	353,182	385,925	185,879	-	185,879
Aquatic Center	741,427	-	331,531	224,750	848,208	-	848,208
Business Funds:							
Electric	3,829,325	-	5,043,426	4,794,207	4,078,544	-	4,078,544
Water	406,091	-	842,670	838,002	410,759	-	410,759
Sewer	563,763	-	1,403,398	1,536,636	430,525	-	430,525
Related Municipal Entities:							
Mary Cotton Public Library	161,470	-	231,764	260,163	133,071	[1,784]	131,287
Sabetha Cemetery	48,184	-	58,773	59,192	47,765	-	47,765
Total Reporting Entity [Excluding Agency Funds]	$ 7,371,928	$ -	$ 12,791,472	$ 12,436,043	$ 7,727,357	$ [1,784]	$ 7,725,573

Composition of Cash:		
Bank of Blue Valley		
Checking		$ 4,968
Money Market		5,657
Community National Bank		
Checking		6,720,154
Money Market		355
Library Certificate of Deposit		70,451
Greater Manhattan Community Foundation		
Library Investments		26,406
United Bank		
Checking		841,233
Money Market		5,077
Court		3,494
EMS		32,743
Library Checking		34,431
Cemetery Checking		28,639
Cemetery Money Market		19,125
Subtotal		7,792,733
Less: Agency Funds per Schedule 4		[67,160]
Total Reporting Entity [Excluding Agency Funds]		$ 7,725,573

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

CITY OF SABETHA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2024

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Sabetha (the City) is a municipal corporation governed by a five-member commission. These financial statements present only the primary government of the City and the Mary Cotton Public Library and Sabetha Cemetery related municipal entities. They exclude one of the related municipal entities for which the City is considered financially accountable:

The Sabetha Housing Authority

Separate financial statements may be obtained directly from the above.

Basis of Accounting

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

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

Special Assessments. As provided by Kansas statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as regulatory receipts in the appropriate project. Special assessments received after the issuance of bonds are recorded as regulatory receipts in the Bond and Interest Fund.

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the City for the year ended December 31, 2024:

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

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

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

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.

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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.)

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

Budgetary Information

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

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

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

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 governing body may amend the budget at that time. The budget was not amended for the year ended December 31, 2024.

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 statements 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 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.

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

NOTE 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.

NOTE 2 - Deposits and Investments (Continued)

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, 2024, the City held no investments.

KSA 12-1225(h) authorizes library boards to invest or reinvest gifts and donations and any dividends, interest, rent, or income derived from the gifts in the manner the board deems will best serve the interest of the library. The Mary Cotton Public Library had the following unsecured investments from gifts and donations as of December 31, 2024.

Investment Type	Fair Value
Greater Manhattan Community Foundation	
Bond Funds	$ 8,203
Cash & Cash Equivalents	914
Stocks & Mutual Funds	17,289
Total	$ 26,406

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, 2024.

As of December 31, 2024, the City's carrying amount of deposits was $7,606,180 and the bank balance was $7,709,283. The bank balance was held by three banks, alleviating a concentration of credit risk. Of the bank balance, $510,798 was covered by federal depository insurance and the balance of $7,198,485 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

As of December 31, 2024, the Library's carrying amount of deposits was $104,882 and the bank balance was $105,102. The bank balance was held by two banks resulting in a concentration of credit risk. All of the Library's bank balance was covered by federal depository insurance.

As of December 31, 2024, the Cemetery's carrying amount of deposits was $47,765 and the bank balance was $47,765. The bank balance was held by one bank resulting in a concentration of credit risk. All of the Cemetery's bank balance was covered by federal depository insurance.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the 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 and the Library participate in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

NOTE 3 - Defined Benefit Pension Plan (Continued)

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 Death and Disability Program) and the statutory contribution rate was 9.263% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the City were $199,203 and $7,400 from the Library for the year ended December 31, 2024.

Net Pension Liability. As of December 31, 2024, the City's and Library's proportionate share of the collective net pension liability reported by KPERS were $1,714,933 and $76,897, respectively. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. The City's and Library's proportion of the net pension liability was based on the ratio of the City's and Library'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.

NOTE 4 - Long-Term Debt

Changes in Long-Term Liabilities. During the year ended December 31, 2024, the following changes occurred in long term liabilities:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Interest Paid
Paid for by taxes					
General obligation bonds	$ 6,065,000	$ -	$ 660,000	$ 5,405,000	$ 168,275
Revolving loans	4,259,857	435,019	376,081	4,318,796	34,561
Finance leases	88,592	400,000	43,703	444,889	2,401
	$ 10,413,449	$ 835,019	$ 1,079,784	$ 10,168,684	$ 205,237

General Obligation Bonds. The following tables detail the City's general obligation bonds debt as of December 31, 2024.

NOTE 4 - Long-Term Debt (Continued)

General obligation bonds outstanding as of December 31, 2024 are as follows:

Purpose	Issuance Date	Maturity Date	Interest Rates	Original Amount	Balance December 31, 2024
Paid for by taxes					
General Obligation Series 2016-A	10/5/2016	9/1/2036	2.00 - 3.00%	$3,300,000	$ 2,170,000
General Obligation Series 2018-B	10/15/2018	9/1/2026	3.25%	2,000,000	550,000
Paid for by revenues					
General Obligation Series 2018-A	9/27/2018	9/1/2038	4.85%	815,000	645,000
General Obligation Series 2020-A	9/17/2020	9/1/2033	1.75%	2,860,000	2,040,000
					$ 5,405,000

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

Year Ending	Paid for by Taxes		Paid for by Revenues		Total	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 425,000	$ 82,975	$ 250,000	$ 66,983	$ 675,000	$ 149,958
2026	440,000	69,550	245,000	61,523	685,000	131,073
2027	165,000	55,650	255,000	56,150	420,000	111,800
2028	170,000	50,700	265,000	50,603	435,000	101,303
2029	170,000	45,600	265,000	44,725	435,000	90,325
2030 - 2034	935,000	148,350	1,175,000	132,278	2,110,000	280,628
2035 - 2038	415,000	18,750	230,000	28,372	645,000	47,122
	$ 2,720,000	$ 471,575	$ 2,685,000	$ 440,632	$ 5,405,000	$ 912,207

Revolving Loans. The following tables detail the City's revolving loan debt as of December 31, 2024.

Revolving loans outstanding as of December 31, 2024 are as follows:

Purpose	Issuance Date	Maturity Date	Interest Rates	Original Amount	Balance December 31, 2024
Paid for by revenues					
Wastewater System Improvements	3/1/2004	9/1/2025	2.79%	$3,250,000	$ 208,117
Wastewater System Improvements	6/3/2016	9/1/2037	2.00%	1,292,032	896,739
Wastewater System Improvements	10/25/2022	3/1/2044	2.12%	1,597,217	1,562,792
Water System Improvements	7/18/2019	2/1/2041	2.19%	1,899,945	1,651,147
					$ 4,318,796

NOTE 4 - Long-Term Debt (Continued)

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

Year Ending December 31,	Total Principal	Interest
2025	$ 415,679	$ 33,825
2026	212,071	48,615
2027	216,575	45,661
2028	221,172	53,398
2029	225,869	60,215
2030 - 2034	1,203,362	234,637
2035 - 2039	1,176,960	117,351
2040 - 2044	647,108	25,155
	$ 4,318,796	$ 618,857

Finance Leases. The City has entered into lease agreements as lessee for financing the acquisition of equipment.

Finance leases outstanding as of December 31, 2024 are as follows:

Purpose	Issuance Date	Maturity Date	Interest Rates	Original Amount	Balance December 31, 2024
Paid for by taxes and revenues					
Ambulance	2020	2025	3.17%	$ 212,905	$ 44,889
Fire truck	2024	2029	5.95%	400,000	400,000
					$ 444,889

The annual debt service requirements to maturity for finance leases are as follows:

Year Ending December 31,	Principal	Interest
2025	$ 115,924	$ 25,016
2026	75,261	19,573
2027	79,739	15,095
2028	84,456	10,379
2029	89,509	5,326
	$ 444,889	$ 75,390

On July 24, 2024, the City entered into a lease purchase agreement with a local bank for the purchase of a firetruck. Terms of the agreement call for annual principal and interest payments. The lease carries a 5.95% interest rate and is scheduled to mature on July 24, 2029.

NOTE 5 - Compensated Absences

It is the City's policy to pay employees' accrued vacation pay upon termination of employment. As of December 31, 2024, the liability for accrued vacation pay was $64,191.

NOTE 6 - Interfund Transfers

A reconciliation of transfers by fund type for 2024 follows:

From	To	Amount	Regulatory Authority
Parks and Recreation Fund	General Fund	$ 11,081	K.S.A. 68-590
Highway Fund	General Fund	67,737	K.S.A. 79-2958
Water Fund	General Fund	11,000	K.S.A. 12-825d
Sewer Fund	General Fund	2,500	K.S.A. 12-825d
Electric Fund	General Fund	471,000	K.S.A. 12-825d
		$ 563,318	

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; natural disasters and other events for which the City carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 - Commitments and 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 disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are 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 will not have a material effect on the financial statements of the City as of December 31, 2024.

The City is a party to various claims, none of which is expected to have material financial impact on the City.

NOTE 9 - Other Post-Employment Benefits

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

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

Death and Disability Other Post-Employment Benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2024.

NOTE 10 - Stewardship, Compliance, and Accountability

Expenditures in the Library Fund exceeded the adopted budget for the year ended December 31, 2024, which is a violation of K.S.A. 79-2935.

Schedule 1

CITY OF SABETHA, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance-Over [Under]
General Funds:					
General	$ 3,592,704	$ 566,953	$ 4,159,657	$ 3,929,159	$ [230,498]
Special Purpose Funds:					
Library	135,425	-	135,425	148,923	13,498
Airport	100,000	169,496	269,496	180,268	[89,228]
Parks and Recreation	15,000	-	15,000	11,081	[3,919]
Highway	69,890	-	69,890	67,737	[2,153]
Bond and Interest Funds:					
Bond and Interest	385,925	-	385,925	385,925	-
Aquatic Center	224,750	-	224,750	224,750	-
Business Funds:					
Electric	6,250,000	-	6,250,000	4,794,207	[1,455,793]
Water	1,121,372	-	1,121,372	838,002	[283,370]
Sewer	2,595,000	-	2,595,000	1,536,636	[1,058,364]

See independent auditor's report on the financial statements.

CITY OF SABETHA, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 1,051,139	$ 442,422	$ 608,717
Special assessments	30,634	-	30,634
Intergovernmental	-	33,150	[33,150]
Franchise tax	285,498	300,000	[14,502]
Licenses	5,980	5,600	380
Fines and fees	16,750	8,000	8,750
Interest	56,980	-	56,980
Use of property	21,708	31,000	[9,292]
Charges for services	683,315	600,000	83,315
Reimbursement	166,953	75,000	91,953
Miscellaneous	772,296	57,619	714,677
Lease proceeds	400,000	-	400,000
Operating transfers	563,318	606,890	[43,572]
Total Receipts	4,054,571	$ 2,159,681	$ 1,894,890
Expenditures			
General Government			
Personnel	191,954	$ 475,000	$ [283,046]
Contractual services	156,079	-	156,079
Commodities	22,617	-	22,617
Capital outlay	667,387	-	667,387
Law Enforcement			
Personnel	358,171	500,000	[141,829]
Contractual services	117,248	-	117,248
Commodities	11,454	-	11,454
Parks and Recreation			
Personnel	289,317	500,000	[210,683]
Contractual services	145,182	-	145,182
Commodities	37,042	-	37,042
Capital outlay	182,183	-	182,183
Streets			
Personnel	162,679	500,000	[337,321]
Contractual services	110,682	-	110,682
Commodities	131,513	-	131,513
Capital outlay	25,000	-	25,000
EMT			
Personnel	296,644	415,000	[118,356]
Contractual services	46,909	-	46,909
Commodities	24,079	-	24,079

CITY OF SABETHA, KANSAS
General Fund (Continued)
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Actual	Budget	Variance-Over [Under]
Expenditures (Continued)			
Industrial development	$ 5,261	$ 5,000	$ 261
Capital outlay	761,158	650,000	111,158
Cemetery subsidy	30,000	30,000	-
Debt service	156,600	202,704	[46,104]
Miscellaneous	-	315,000	[315,000]
Adjustment for qualifying budget credits	-	566,953	[566,953]
Total Expenditures	3,929,159	$ 4,159,657	$ [230,498]
Receipts Over [Under] Expenditures	125,412		
Unencumbered Cash, Beginning	1,250,431		
Unencumbered Cash, Ending	$ 1,375,843		

CITY OF SABETHA, KANSAS
Library Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 148,923	$ 13,982	$ 134,941
Total Receipts	148,923	$ 13,982	$ 134,941
Expenditures			
Appropriations	148,923	$ 135,425	$ 13,498
Total Expenditures	148,923	$ 135,425	$ 13,498
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	$ -		

CITY OF SABETHA, KANSAS
Airport Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Actual	Budget	Variance-Over [Under]
Receipts			
Charges for services	$ 74,920	$ 64,053	$ 10,867
Grants	169,496	-	169,496
Total Receipts	244,416	$ 64,053	$ 180,363
Expenditures			
Contractual services	58,223	$ 19,947	$ 38,276
Commodities	33,962	5,000	28,962
Capital outlay	88,083	75,053	13,030
Adjustment for qualifying budget credits	-	169,496	[169,496]
Total Expenditures	180,268	$ 269,496	$ [89,228]
Receipts Over [Under] Expenditures	64,148		
Unencumbered Cash, Beginning	123,393		
Unencumbered Cash, Ending	$ 187,541		

CITY OF SABETHA, KANSAS
Parks and Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 11,081	$ 15,000	$ [3,919]
Total Receipts	11,081	$ 15,000	$ [3,919]
Expenditures			
Operating transfers	11,081	$ 15,000	$ [3,919]
Total Expenditures	11,081	$ 15,000	$ [3,919]
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	$ -		

CITY OF SABETHA, KANSAS
Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 67,737	$ 69,890	$ [2,153]
Total Receipts	67,737	$ 69,890	$ [2,153]
Expenditures			
Operating transfers	67,737	$ 69,890	$ [2,153]
Total Expenditures	67,737	$ 69,890	$ [2,153]
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	$ -		

CITY OF SABETHA, KANSAS
Prairie View Sidewalk Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2024

Receipts	
Miscellaneous	$ -
Total Receipts	-
Expenditures	
Capital outlay	-
Total Expenditures	-
Receipts Over [Under] Expenditures	-
Unencumbered Cash, Beginning	29,222
Unencumbered Cash, Ending	$ 29,222

*- This fund is not required to be budgeted.

CITY OF SABETHA, KANSAS
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 288,976	$ 32,162	$ 256,814
Special assessments	64,206	30,000	34,206
Total Receipts	353,182	$ 62,162	$ 291,020
Expenditures			
Principal and interest	385,925	$ 385,925	$ -
Total Expenditures	385,925	$ 385,925	$ -
Receipts Over [Under] Expenditures	[32,743]		
Unencumbered Cash, Beginning	218,622		
Unencumbered Cash, Ending	$ 185,879		

CITY OF SABETHA, KANSAS
Aquatic Center Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 331,531	$ 248,000	$ 83,531
Total Receipts	331,531	$ 248,000	$ 83,531
Expenditures			
Debt service	224,750	$ 224,750	$ -
Total Expenditures	224,750	$ 224,750	$ -
Receipts Over [Under] Expenditures	106,781		
Unencumbered Cash, Beginning	741,427		
Unencumbered Cash, Ending	$ 848,208		

CITY OF SABETHA, KANSAS
Electric Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Actual	Budget	Variance-Over [Under]
Receipts			
Charges to customers	$ 4,794,473	$ 6,180,000	$ [1,385,527]
Reimbursements	59,019	50,000	9,019
Use of money and property	189,934	35,000	154,934
Total Receipts	5,043,426	$ 6,265,000	$ [1,221,574]
Expenditures			
Administration	299,682	$ 375,000	$ [75,318]
Production	958,560	800,000	158,560
Distribution	2,261,523	4,000,000	[1,738,477]
Capital outlay	753,442	500,000	253,442
Debt service	50,000	75,000	[25,000]
Operating transfers	471,000	500,000	[29,000]
Total Expenditures	4,794,207	$ 6,250,000	$ [1,455,793]
Receipts Over [Under] Expenditures	249,219		
Unencumbered Cash, Beginning	3,829,325		
Unencumbered Cash, Ending	$ 4,078,544		

CITY OF SABETHA, KANSAS
Water Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Actual	Budget	Variance-Over [Under]
Receipts			
Charges to customers	$ 748,680	$ 900,000	$ [151,320]
Miscellaneous	18,016	-	18,016
Use of money and property	75,974	12,000	63,974
Total Receipts	842,670	$ 912,000	$ [69,330]
Expenditures			
Administration	195,483	$ 200,000	$ [4,517]
Production	269,439	470,000	[200,561]
Distribution	201,076	295,000	[93,924]
Capital outlay	34,154	50,000	[15,846]
Debt service	126,850	95,372	31,478
Operating transfers	11,000	11,000	-
Total Expenditures	838,002	$ 1,121,372	$ [283,370]
Receipts Over [Under] Expenditures	4,668		
Unencumbered Cash, Beginning	406,091		
Unencumbered Cash, Ending	$ 410,759		

See independent auditor's report on the financial statements.

CITY OF SABETHA, KANSAS
Sewer Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024

	Actual	Budget	Variance-Over [Under]
Receipts			
Charges to customers	$ 552,974	$ 615,000	$ [62,026]
Reimbursements	461,913	11,500	450,413
Sales tax	331,531	365,000	[33,469]
Use of money and property	56,980	7,500	49,480
Miscellaneous	-	40,000	[40,000]
Grants	-	1,100,000	[1,100,000]
Total Receipts	1,403,398	$ 2,139,000	$ [735,602]
Expenditures			
Administration	240,756	$ 285,000	$ [44,244]
Treatment	246,157	245,000	1,157
Capital outlay	517,221	1,615,341	[1,098,120]
Collection	179,804	155,000	24,804
Debt service	350,198	292,159	58,039
Operating transfers	2,500	2,500	-
Total Expenditures	1,536,636	$ 2,595,000	$ [1,058,364]
Receipts Over [Under] Expenditures	[133,238]		
Unencumbered Cash, Beginning	563,763		
Unencumbered Cash, Ending	$ 430,525		

CITY OF SABETHA, KANSAS
Mary Cotton Public Library - Related Municipal Entity
General Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2024

Receipts	
State of Kansas	$ 4,424
NEKL Association	26,237
City appropriation	148,923
Interest	8,559
Donations and sales	4,120
Reimbursements	6,461
Grants	33,040
Total Receipts	231,764
Expenditures	
Salary and payroll taxes	151,973
Books, periodicals and film	28,127
Supplies	1,931
Utilities	19,895
Maintenance	37,965
Miscellaneous	20,272
Total Expenditures	260,163
Receipts Over [Under] Expenditures	[28,399]
Unencumbered Cash, Beginning	161,470
Unencumbered Cash, Ending	$ 133,071

CITY OF SABETHA, KANSAS
Sabetha Cemetery - Related Municipal Entity
General Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2024

Receipts	
City appropriation	$ 30,000
Interest	34
Miscellaneous	1,191
Charges for services	27,548
Total Receipts	58,773
Expenditures	
Salaries	16,555
Payroll taxes	4,156
Contractual service	27,565
Supplies	5,522
Miscellaneous	5,394
Total Expenditures	59,192
Receipts Over [Under] Expenditures	[419]
Unencumbered Cash, Beginning	48,184
Unencumbered Cash, Ending	$ 47,765

CITY OF SABETHA, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2024

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Tax Fund	$ 30,923	$ -	$ -	$ 30,923
Municipal Court Fund	4,510	21,507	22,523	3,494
EMS Fund	49,426	497,012	513,695	32,743
Total Agency Funds	$ 84,859	$ 518,519	$ 536,218	$ 67,160