CITY OF SABETHA, KANSAS

FINANCIAL STATEMENTS

Year Ending December 31, 2021

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City of Sabetha, Kansas

FINANCIAL STATEMENTS
Year ending December 31, 2021

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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, 2021 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, 2021, 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, 2021, 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 26, 2022

City of Sabetha, Kansas
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2021

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:							
General	$ 791,841	$ -	$ 2,893,116	$ 2,756,916	$ 928,041	$ -	$ 928,041
Special Purpose Funds:							
Library	-	-	153,920	153,920	-	-	-
Airport	185,797	-	684,984	229,025	641,756	-	641,756
Parks and Recreation	-	-	9,374	9,374	-	-	-
Highway	-	-	74,530	74,530	-	-	-
Capital Projects Funds:							
Prairie View Sidewalk	29,222	-	-	-	29,222	-	29,222
Bond and Interest Funds:							
Bond and Interest	134,790	-	474,509	377,301	231,998	-	231,998
Aquatic Center	389,337	-	315,001	222,800	481,538	-	481,538
Business Funds:							
Electric	3,194,839	-	4,542,625	4,869,551	2,867,913	-	2,867,913
Water	349,364	-	1,589,193	1,455,457	483,100	-	483,100
Sewer	183,838	-	1,048,155	897,915	334,078	-	334,078
Related Municipal Entities:							
Mary Cotton Public Library	200,600	-	288,389	262,061	226,928	-	226,928
Sabetha Cemetery	31,631	-	53,382	59,399	25,614	-	25,614
Total Reporting Entity [Excluding Agency Funds]	$ 5,491,259	$ -	$ 12,127,178	$ 11,368,249	$ 6,250,188	$ -	$ 6,250,188

Composition of Cash:		
Bank of Blue Valley		
Checking		$ 5,143
Money Market		45,325
Community National Bank		
Checking		2,749,035
Money Market		10,306
Library Certificate of Deposit		53,376
Greater Manhattan Community Foundation		
Library Investments		20,893
United Bank		
Checking		3,207,917
Money Market		5,031
Court		4,847
EMS		44,583
Library Checking		46,657
Library Savings		93,938
Library Certificate of Deposit		11,980
Cemetery Checking		9,973
Cemetery Money Market		15,641
Library Petty Cash		83
Subtotal		6,324,728
Less: Agency Funds per Schedule 4		[74,540]
Total Reporting Entity [Excluding Agency Funds]		$ 6,250,188

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, 2021

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, 2021:

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 adoption of the final budget has been adjusted to on or before September 20th. The City did not hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and governing body may amend the budget at that time. The budget was not amended for the year ended December 31, 2021.

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, 2021, 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 at December 31, 2021.

Investment Type	Fair Value
Greater Manhattan Community Foundation	
Bond Funds	$ 6,383
Cash & Cash Equivalents	774
Stocks & Mutual Funds	13,736
Total	$ 20,893

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 at December 31, 2021.

At December 31, 2021, the City's carrying amount of deposits was $6,072,187 and the bank balance was $6,138,175. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, $550,466 was covered by federal depository insurance and the balance of $5,587,709 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2021, the Library's carrying amount of deposits was $205,951 and the bank balance was $206,821. 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.

At December 31, 2021, the Cemetery's carrying amount of deposits was $25,614 and the bank balance was $25,614. 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 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were $181,455 and $for the year ended December 31, 2021.

Net Pension Liability. At December 31, 2021, the City's proportionate share of the collective net pension liability reported by KPERS was $1,184,333. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. 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.

NOTE 4 - Long-Term Debt

Changes in General Long-Term Liabilities. During the year ended December 31, 2021, the following changes occurred in long term liabilities:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Amounts Due Within One Year	Interest Paid
Paid for by taxes						
General obligation bonds	$ 7,925,000	$ -	$ 600,000	$ 7,325,000	$ 625,000	$ 217,698
Revolving loans	3,223,376	777,445	242,659	3,758,163	249,752	72,683
Capital leases	516,732	-	262,031	254,700	81,776	12,757
	$ 11,665,108	$ 777,445	$ 1,104,690	$ 11,337,863	$ 956,528	$ 303,138

General Obligation Bonds. The following tables detail the City's general obligation bonds debt at December 31, 2021.

NOTE 4 - Long-Term Debt (Continued)

General obligation bonds outstanding as of December 31, 2021 are as follows:

Purpose	Issuance Date	Maturity Date	Interest Rates	Original Amount	Balance December 31, 2021
Paid for by taxes					
General Obligation Series 2016-A	10/5/2016	9/1/2036	2.00 - 3.00%	$ 3,300,000	$ 2,620,000
General Obligation Series 2018-B	10/15/2018	9/1/2026	3.25%	2,000,000	1,310,000
Paid for by revenues					
General Obligation Series 2018-A	9/27/2018	9/1/2038	4.85%	815,000	735,000
General Obligation Series 2020-A	9/17/2020	9/1/2033	1.75%	2,860,000	2,660,000
					$ 7,325,000

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
2022	$ 390,000	$ 121,175	$ 235,000	$ 82,197	$ 625,000	$ 203,372
2023	405,000	108,862	230,000	77,156	635,000	186,018
2024	2,585,000	96,075	245,000	72,200	2,830,000	168,275
2025	270,000	17,875	250,000	66,983	520,000	84,858
2026	280,000	9,100	245,000	61,523	525,000	70,623
2027 - 2031	-	-	1,330,000	223,207	1,330,000	223,207
2032 - 2036	-	-	740,000	80,190	740,000	80,190
2037 - 2038	-	-	120,000	8,730	120,000	8,730
	$ 3,930,000	$ 353,087	$ 3,395,000	$ 672,186	$ 7,325,000	$ 1,025,273

Revolving Loans. The following tables detail the City's revolving loan debt at December 31, 2021.

Revolving loans outstanding as of December 31, 2021 are as follows:

Purpose	Issuance Date	Maturity Date	Interest Rates	Original Amount	Balance December 31, 2021
Paid for by revenues					
Wastewater System Improvements	3/1/2004	9/1/2025	2.79%	$ 3,250,000	$ 798,959
Wastewater System Improvements	6/3/2016	9/1/2037	2.00%	1,292,032	1,072,757
Water System Improvements	7/18/2019	2/1/2041	2.19%	1,899,945	1,886,447
					$ 3,758,163

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
2022	$ 249,752	$ 41,407
2023	256,308	34,853
2024	263,041	28,118
2025	266,921	24,238
2026	62,274	16,404
2027 - 2031	330,656	62,734
2032 - 2036	365,249	28,141
2037 - 2038	77,514	1,162
	$ 1,871,715	$ 237,057

In 2019, the City arranged for a $1,689,945 loan from the Kansas Water Supply Loan Fund through the Kansas Department of Health and Environment for improving the sanitary sewer collection system of Sabetha. The amortization schedule for the loan has not been finalized as of December 31, 2021, and therefore, has not been included in the future annual debt service requirements above. As of December 31, 2021, the outstanding principal balance was $1,886,447.

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

Capital leases outstanding as of December 31, 2021 are as follows:

Purpose	Issuance Date	Maturity Date	Interest Rates	Original Amount	Balance December 31, 2021
Paid for by taxes and revenues					
Fire Truck	2019	2023	3.55%	$ 198,645	$ 82,130
Ambulance	2020	2025	3.17%	212,905	172,570
					$ 254,700

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

Year Ending December 31,	Principal	Interest
2022	$ 81,776	$ 7,592
2023	84,332	5,037
2024	43,703	2,401
2025	44,889	1,216
	$ 254,700	$ 16,246

NOTE 5 - Compensated Absences

It is the City's policy to pay employees' accrued vacation pay upon termination of employment. As of December 31, 2021, the liability for accrued vacation pay was $64,022.

NOTE 6 - Interfund Transfers

A reconciliation of transfers by fund type for 2021 follows:

From	To	Amount	Regulatory Authority
Parks and Recreation Fund	General Fund	$ 9,374	K.S.A. 68-590
Highway Fund	General Fund	74,530	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	321,000	K.S.A. 12-825d
		$ 418,404	

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, 2021.

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, 2021.

NOTE 10 - Statutory Violations

Actual exceeded budgeted expenditures in the Highway Fund, 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, 2021

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance-Over [Under]
General Funds:					
General	$ 2,980,000	$ 193,208	$ 3,173,208	$ 2,756,916	$ [416,292]
Special Purpose Funds:					
Library	155,555	-	155,555	153,920	[1,635]
Airport	100,000	662,569	762,569	229,025	[533,544]
Parks and Recreation	15,000	-	15,000	9,374	[5,626]
Highway	65,000	-	65,000	74,530	9,530
Bond and Interest Funds:					
Bond and Interest	458,560	-	458,560	377,301	[81,259]
Aquatic Center	222,800	-	222,800	222,800	-
Business Funds:					
Electric	6,000,000	-	6,000,000	4,869,551	[1,130,449]
Water	1,767,000	-	1,767,000	1,455,457	[311,543]
Sewer	929,859	-	929,859	897,915	[31,944]

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, 2021

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 571,862	$ 559,515	$ 12,347
Intergovernmental	411,018	391,998	19,020
Franchise tax	275,028	190,000	85,028
Licenses	6,429	6,000	429
Fines and fees	13,000	22,000	[9,000]
Interest	1,986	20,000	[18,014]
Use of property	36,447	35,000	1,447
Charges for services	683,753	580,000	103,753
Reimbursement	193,208	225,000	[31,792]
Operating transfers	418,404	580,000	[161,596]
Miscellaneous	281,981	199,845	82,136
Total Receipts	2,893,116	$ 2,809,358	$ 83,758
Expenditures			
General Government			
Personnel	232,789	$ 235,000	$ [2,211]
Contractual services	176,112	240,680	[64,568]
Commodities	16,549	19,000	[2,451]
Capital outlay	144,900	-	144,900
Law Enforcement			
Personnel	393,833	410,000	[16,167]
Contractual services	68,991	80,000	[11,009]
Commodities	10,355	24,957	[14,602]
Parks and Recreation			
Personnel	236,715	278,500	[41,785]
Contractual services	137,295	195,000	[57,705]
Commodities	26,127	41,289	[15,162]
Streets			
Personnel	195,687	196,000	[313]
Contractual services	109,638	122,000	[12,362]
Commodities	149,479	127,115	22,364
Capital outlay	11,708	-	11,708
EMT			
Personnel	276,252	277,000	[748]
Contractual services	45,230	30,000	15,230
Commodities	17,430	16,820	610

City of Sabetha, Kansas
General Fund (Continued)
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance-Over [Under]
Expenditures (Continued)			
Industrial development	$ 5,454	$ 5,150	$ 304
Capital outlay	315,772	164,247	151,525
Cemetery subsidy	30,000	30,000	-
Debt service	156,600	487,242	[330,642]
Adjustment for qualifying budget credits	-	193,208	[193,208]
Total Expenditures	2,756,916	$ 3,173,208	$ [416,292]
Receipts Over [Under] Expenditures	136,200		
Unencumbered Cash, Beginning	791,841		
Unencumbered Cash, Ending	$ 928,041		

City of Sabetha, Kansas
Library Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 153,920	$ 153,263	$ 657
Total Receipts	153,920	$ 153,263	$ 657
Expenditures			
Appropriations	153,920	$ 155,555	$ [1,635]
Total Expenditures	153,920	$ 155,555	$ [1,635]
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, 2021

	Actual	Budget	Variance-Over [Under]
Receipts			
Charges for services	$ 22,415	$ 25,000	$ [2,585]
Grants	73,257	-	73,257
Miscellaneous	589,312	-	589,312
Total Receipts	684,984	$ 25,000	$ 659,984
Expenditures			
Contractual services	171,463	$ 75,000	$ 96,463
Commodities	10,762	25,000	[14,238]
Capital outlay	46,800	-	46,800
Adjustment for qualifying budget credits	-	662,569	[662,569]
Total Expenditures	229,025	$ 762,569	$ [533,544]
Receipts Over [Under] Expenditures	455,959		
Unencumbered Cash, Beginning	185,797		
Unencumbered Cash, Ending	$ 641,756		

City of Sabetha, Kansas
Parks and Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 9,374	$ 15,000	$ [5,626]
Total Receipts	9,374	$ 15,000	$ [5,626]
Expenditures			
Operating transfers	9,374	$ 15,000	$ [5,626]
Total Expenditures	9,374	$ 15,000	$ [5,626]
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, 2021

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 74,530	$ 65,000	$ [9,530]
Total Receipts	74,530	$ 65,000	$ [9,530]
Expenditures			
Operating transfers	74,530	$ 65,000	$ 9,530
Total Expenditures	74,530	$ 65,000	$ 9,530
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, 2021

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, 2021

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 444,131	$ 391,263	$ 52,868
Special assessments	30,378	63,073	[32,695]
Total Receipts	474,509	$ 454,336	$ 20,173
Expenditures			
Principal and interest	377,301	$ 458,560	$ [81,259]
Total Expenditures	377,301	$ 458,560	$ [81,259]
Receipts Over [Under] Expenditures	97,208		
Unencumbered Cash, Beginning	134,790		
Unencumbered Cash, Ending	$ 231,998		

See independent auditor's report on the financial statements.

City of Sabetha, Kansas
Aquatic Center Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 315,001	$ 280,500	$ 34,501
Total Receipts	315,001	$ 280,500	$ 34,501
Expenditures			
Debt service	222,800	$ 222,800	$ -
Total Expenditures	222,800	$ 222,800	$ -
Receipts Over [Under] Expenditures	92,201		
Unencumbered Cash, Beginning	389,337		
Unencumbered Cash, Ending	$ 481,538		

City of Sabetha, Kansas
Electric Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance-Over [Under]
Receipts			
Charges to customers	$ 4,507,874	$ 5,300,000	$ [792,126]
Reimbursements	28,130	200,000	[171,870]
Use of money and property	6,621	-	6,621
Total Receipts	4,542,625	$ 5,500,000	$ [957,375]
Expenditures			
Administration	454,861	$ 343,580	$ 111,281
Production	728,547	721,000	7,547
Distribution	3,196,511	3,350,000	[153,489]
Capital outlay	118,632	850,000	[731,368]
Debt service	50,000	235,420	[185,420]
Operating transfers	321,000	500,000	[179,000]
Total Expenditures	4,869,551	$ 6,000,000	$ [1,130,449]
Receipts Over [Under] Expenditures	[326,926]		
Unencumbered Cash, Beginning	3,194,839		
Unencumbered Cash, Ending	$ 2,867,913		

City of Sabetha, Kansas
Water Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance-Over [Under]
Receipts			
Charges to customers	$ 796,851	$ 800,000	$ [3,149]
KDHE loan proceeds	777,445	1,000,000	$ [222,555]
Miscellaneous	12,249	-	12,249
Use of money and property	2,648	-	2,648
Total Receipts	1,589,193	$ 1,800,000	$ [210,807]
Expenditures			
Administration	171,646	$ 200,000	$ [28,354]
Production	957,506	325,000	632,506
Distribution	251,669	232,000	19,669
Capital outlay	29,453	1,000,000	[970,547]
Debt service	34,183	10,000	24,183
Operating transfers	11,000	-	11,000
Total Expenditures	1,455,457	$ 1,767,000	$ [311,543]
Receipts Over [Under] Expenditures	133,736		
Unencumbered Cash, Beginning	349,364		
Unencumbered Cash, Ending	$ 483,100		

City of Sabetha, Kansas
Sewer Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

	Actual	Budget	Variance-Over [Under]
Receipts			
Charges to customers	$ 523,178	$ 560,000	$ [36,822]
Reimbursements	10,896	13,500	[2,604]
Sales tax	315,000	290,000	25,000
Use of money and property	1,986	-	1,986
Grants	197,095	-	197,095
Total Receipts	1,048,155	$ 863,500	$ 184,655
Expenditures			
Administration	155,601	$ 206,000	$ [50,399]
Treatment	192,590	205,000	[12,410]
Capital outlay	115,681	85,000	30,681
Collection	140,384	141,047	[663]
Debt service	291,159	292,812	[1,653]
Operating transfers	2,500	-	2,500
Total Expenditures	897,915	$ 929,859	$ [31,944]
Receipts Over [Under] Expenditures	150,240		
Unencumbered Cash, Beginning	183,838		
Unencumbered Cash, Ending	$ 334,078		

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, 2021

Receipts	
State of Kansas	$ 734
NEKL Association	23,994
City appropriation	153,920
Interest	3,522
Donations and sales	59,790
Reimbursements	4,487
Grants	41,942
Total Receipts	288,389
Expenditures	
Salary and payroll taxes	119,499
Books, periodicals and film	32,263
Supplies	21,735
Utilities	15,630
Maintenance	21,745
Miscellaneous	51,189
Total Expenditures	262,061
Receipts Over [Under] Expenditures	26,328
Unencumbered Cash, Beginning	200,600
Unencumbered Cash, Ending	$ 226,928

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, 2021

Receipts	
City appropriation	$ 30,000
Miscellaneous	7,209
Charges for services	16,173
Total Receipts	53,382
Expenditures	
Salaries	15,591
Payroll taxes	3,909
Contractual service	14,726
Supplies	3,012
Miscellaneous	22,161
Total Expenditures	59,399
Receipts Over [Under] Expenditures	[6,017]
Unencumbered Cash, Beginning	31,631
Unencumbered Cash, Ending	$ 25,614

City of Sabetha, Kansas
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2021

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Tax Fund	$ 24,889	$ 221	$ -	$ 25,110
Municipal Court Fund	5,145	19,460	19,758	4,847
EMS Fund	55,122	558,194	568,733	44,583
Total Agency Funds	$ 85,156	$ 577,875	$ 588,491	$ 74,540