City of Cottonwood Falls
Chase County, Kansas

Independent Auditors' Report and
Regulatory Basis Financial Statement
Year Ended December 31, 2024

City of Cottonwood Falls
Chase County, Kansas

Regulatory Basis Financial Statement
Year Ended December 31, 2024

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Independent Auditors' Report

Mayor and City Council
City of Cottonwood Falls, Kansas

Adverse and Unmodified Opinions
We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Cottonwood Falls, Kansas, a municipality, as of and for the year ended December 31, 2024 and the related notes to the financial statement.

Adverse Opinion on the U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion and Unmodified Opinions section of our report, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Cottonwood Falls, Kansas, as of December 31, 2024, or the changes in its financial position or cash flows for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Cottonwood Falls, Kansas, 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 Opinion 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 of Cottonwood Falls, Kansas, 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 my adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles. As discussed in Note 1 of the financial statement, the financial statement is prepared by the City of Cottonwood Falls, Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Cottonwood Falls' 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 Responsibility 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 of Cottonwood Falls' 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 of Cottonwood Falls' 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.

Report on Regulatory – Required 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 schedules of regulatory basis receipts and expenditures-actual and budget, and schedule of regulatory basis 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 but 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Cottonwood Falls, Kansas as of and for the year ended December 31, 2023 (not presented herein), and have issued my report dated October 8, 2024, which contained an unmodified opinion on the basic financial statement. The 2023 basic financial statement and my report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/chief-financial-officer/municipal-services/municipal-audits. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2024 (Schedule 2 as listed in the table of contents) is presented for analysis and are not a required part of the basic financial statement. Such 2023 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 basic financial statement. The 2023 comparative information has been subjected to the auditing procedures applied in the audit of the 2023 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2023 basic financial statement or to the 2023 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the 2023 comparative information is fairly stated in all material respects, in relation to the basic financial statement as a whole for the year ended December 31, 2023, on the basis of accounting described in Note 1.

Cindy Jensen CPA

Cindy Jensen, CPA
September 24, 2025

City of Cottonwood Falls
Chase County, Kansas

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

	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances & Accounts Payable	Ending Cash Balance
General Fund	$ 290,569	$ 0	$ 468,427	$ 523,734	$ 235,262	$ 17,155	$ 252,417
Special Purpose Funds							
Sales Tax Fund	943,650	0	227,347	158,282	1,012,715	31	1,012,746
Special Highway	98,842	0	23,057	2,419	119,480	0	119,480
Special Parks & Recreation	16,327	0	3,023	0	19,350	0	19,350
Municipal Equipment Reser	2,561	0	0	0	2,561	0	2,561
Swope Park Equipment	6,843	0	0	0	6,843	0	6,843
Veteran's Memorial	9,494	0	31,960	18,093	23,361	0	23,361
Cottonwood Falls Volunteer	80	0	0	0	80	0	80
Pool Renovation	4,793	0	0	0	4,793	0	4,793
Bill North Courtyard	7	0	0	0	7	0	7
Chase Disc Golf	1,291	0	275	0	1,566	0	1,566
Christmas Lights	81	0	0	0	81	0	81
ARPA fund	131,160	0	0	0	131,160	0	131,160
Capital Projects Funds:							
RHID	0	0	500,460	500,460	0	0	0
Capital Projects	114,455	0	66,486	187,490	(6,549)	63,739	57,190
Business Fund							
Sewer	97,846	0	61,841	39,639	120,048	851	120,899
Solid Waste	155,178	0	165,452	156,179	164,451	6,712	171,163
Water	205,234	0	364,061	355,392	213,903	19,314	233,217
Total Reporting Entity(Excluding Agency Funds Schedule 3)	$ 2,078,411	$ 0	$ 1,912,389	$ 1,941,688	$ 2,049,112	$ 107,802	$ 2,156,914

Composition of Cash Balance:	
Checking	$ 1,902,479
Certificates of Deposit	258,190
Petty Cash	311
Total Cash Balance	2,160,980
Less: Agency Funds per Schedule 3	(4,066)
Total Reporting Entity	$ 2,156,914

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

City of Cottonwood Falls
Chase County, Kansas

Notes to the Financial Statement
December 31, 2024

Note 1 – Summary of Significant Accounting Principles

Financial Reporting Entity

The City of Cottonwood Falls is a governmental entity governed by an elected five-member Council and Mayor. The City's major operations include public safety and transportation, culture and recreation, and general administrative services. The City also operates three major business type activities: a sewer system, a solid waste system, and a water system.

This financial statement presents the City of Cottonwood Falls (the municipality) but does not include any related municipal entities of the City of Cottonwood Falls.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds, which are used to record the City's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, or limitations including State Statutes and City Ordinances. The following types of funds comprise the financial activities of the City.

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 revenue sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

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

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

Agency Fund – used to report assets held by the municipal reporting entity in a purely custodial capacity.

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 of 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, 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.

Note 1 – Summary of Significant Accounting Policies (Cont.)

Use of Estimates

The preparation of the financial statement in conformity with the regulatory basis of accounting requires management to make estimates and assumptions that affect the reported amounts of cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures at the date of the financial statement. Accordingly, actual results could differ from those estimates.

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 municipality 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 municipality 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. There were no such budget amendments for this year.

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 prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, and certain other special purpose funds as noted in the presentation of the appropriate Schedule 2.

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

Note 2 – Stewardship, Compliance and Accountability

Compliance with Finance Related Legal and Contractual Provisions

References made herein to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports and legal representatives of the municipality.

K.S.A. 10-130 requires that the City transmit bond payments to the state at least 20 days prior to the due date. The payment was received by the state 19 days prior.

K.S.A. 10-1113 requires that no indebtedness be created in a fund in excess of available monies in that fund. The Capital Projects Fund was negative at year end. This is a grant reimbursable fund and therefore, no violation occurred.

K.S.A. 12-1608 requires that an annual financial statement be published. This publication was not made.

Management is not aware of any other noncompliance with Kansas statutes.

Note 3 – Deposits and Investments

K.S.A. 9-1401 established 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.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 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%. Deposits were legally secured at December 31, 2024.

At year-end, the carrying amount of the City's deposits was $2,160,669 and the bank balance was $2,157,277. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $500,000 was covered by federal depository insurance and $1,657,277 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The City held no investments at December 31, 2024.

Note 4 – Property Taxes

The City certifies its' budget to the county clerk annually. Using this certified budget and those of other political subdivisions within the county, the county clerk spreads the annual assessment onto the tax rolls and levies property tax on November 1 of each year. The property tax is payable in two installments. The first installment is due December 20 of the same year, and the second installment is due May 10 of the subsequent year. The county treasurer collects and distributes the property taxes. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the following years operations.

Note 5 – Long-Term Debt

General Obligation Bond

The City issued Series 2022 general obligation bonds in the amount of $475,000 in 2022. These bonds were used to finance street improvements. The bonds carry and interest rate of 2.25%. Annual payments were scheduled beginning November 8, 2023.

KDHE loan

The City of Cottonwood Falls entered into a loan agreement with the Kansas Dept. of Health and Environment on October 1, 2012, to finance a portion of the cost to replace water lines, associated service lines, and meters in the City. The original authorized loan amount was $1,100,000, which was amended on October 19, 2015 to $1,166,876. The City made a payment of $34,302 on February 1, 2015. Semi-annual principal and interest payments in the amount of $36,250 began on August 1, 2015. The payments are due on February 1 and August 1 of each year, with the final payment to be made on August 1, 2034. Payments on this loan are to be made from revenues of the Water fund.

Lease Agreements

The City entered into a lease agreement with Cottonwood Valley Bank for the purchase of a 2020 Mower on February 28, 2020 for $12,791. The City made an initial payment of $3,000. Ten semi-annual payments of $1,104 were scheduled beginning August 28, 2020. The lease terminates in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation, and the City must return the leased equipment to the lessor. Payments on this lease will be made from the General, Water, and Sewer funds.

The City entered into a lease agreement with Cottonwood Valley Bank for the purchase of a 2021 Peterbilt on May 19, 2021 for $150,900. The City made an initial payment of $60,900. Seventy-two monthly payments of $1,321 were scheduled beginning August 5, 2021. The lease terminates in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation, and the City must return the leased equipment to the lessor. Payments on this lease will be made from the Solid Waste fund.

Note 5 – Long-Term Debt (Cont)

Changes in long-term liabilities for the year ended December 31, 2024 were as follows:

	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Due January 1	Additions	Reductions/ Payments	Balance Due December 31	Interest Paid
GO Bonds Series 2022	2.25%	11/8/2022	$ 475,000	11/8/2042	$ 455,929	$ 0	$ 19,501	$ 436,428	$ 10,258
KDHE Water loan	2.25%	10/1/2012	$ 1,166,876	8/1/2034	700,669	0	56,813	643,856	15,447
Finance leases:									
2020 Mower	4.5%	2/28/2020	$ 9,791	2/28/2025	3,169	0	2,089	1,080	119
2021 Pete	1.75%	5/19/2021	$ 90,000	7/5/2027	55,007	0	15,006	40,001	842
Total contractual indebtedness					$ 1,214,774	$ 0	$ 93,409	$ 1,121,365	$ 26,666

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

	2025	2026	2027	2028	2029	2030-2034	2035-2039	2040-2042	Total
Principal									
GO Bonds Series 2022	$ 19,939	$ 20,388	$ 20,847	$ 21,316	$ 21,795	$ 116,557	$ 130,274	$ 85,312	$ 436,428
KDHE Water loan	58,099	59,413	60,757	62,132	63,538	339,917	0	0	643,856
2020 mower	1,080	0	0	0	0	0	0	0	1,080
2021 Pete	15,270	15,540	9,191	0	0	0	0	0	40,001
Total Principal	94,388	95,341	90,795	83,448	85,333	456,474	130,274	85,312	1,121,365
Interest									
GO Bonds Series 2022	9,820	9,371	8,912	8,443	7,964	32,238	18,521	3,865	99,134
KDHE Water loan	14,162	12,847	11,503	10,128	8,722	21,386	0	0	78,748
2020 mower	25	0	0	0	0	0	0	0	25
2021 Pete	578	308	54	0	0	0	0	0	940
Total Interest	24,585	22,526	20,469	18,571	16,686	53,624	18,521	3,865	178,847
Total Principal & Interest	$ 118,973	$ 117,867	$ 111,264	$ 102,019	$ 102,019	$ 510,098	$ 148,795	$ 89,177	$ 1,300,212

Note 6 – 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. These risks are covered by commercial insurance purchased from independent third parties. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were no significant reductions insurance coverage from coverage in prior years.

Note 7 – Other Long-Term Obligations from Operations

Compensated Absences

The City employees earn and accumulate up to 5 days of vacation during the first year of employment; earn 10 days and accumulate 15 days up to 7 years of employment; and earn 15 days and accumulate 15 days thereafter. Employees having accumulated more vacation days before the August 2, 1993 adoption of this policy are allowed to carry forward those days under the prior policy. The City's full-time employees earn up to 12 days per year of sick time and part-time employees earn up to 6 days per year. No employee may accumulate more than 100 days of sick leave and no sick pay is paid upon separation of service. Compensated absence payments are made from the fund that corresponds to the employee's duties.

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 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 8 – Defined Benefit Pension Plan

Plan Description

The City of Cottonwood Falls, Kansas 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 may be found on the website at www.kpers.org or by writing to KPERS (611 S Kansas, Suite 100, Topeka, Ks. 66603) or by calling 1-888-275-5737.

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is KPERS 1, KPERS 2, or a KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 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 rate for KPERS 1, KPERS 2, and KPERS 3 to 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

Note 8 – Defined Benefit Pension Plan (Cont.)

Contributions (Cont)
Program) and the statutory contribution rate was 9.26% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the City of Cottonwood Falls were $24,460 for the year ended December 31, 2024.

Net Pension Liability
At December 31, 2024, the City's proportionate share of the collective net pension liability reported by KPERS was $221,748. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in 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 website at www.kpers.org or can be obtained as described above.

Note 9 – Public Wholesale Water Supply District #26

Public Wholesale Water Supply District No. 26 was formed on May 31, 2011 for the purpose of providing water to its members. Members of the District are: The City of Cottonwood Falls, the City of Strong City, and the Chase County Rural Water District No. The City's minimum commitment is 2,425,000 gallons per month. The contract extends 40 years from the date of initial delivery of water which was in March 2016.

The City entered into a contract with PWWSD#26 to provide water system operator services. The City of Cottonwood Falls will operate the plant when Strong City personnel are absent and shall alternate holiday and weekend duties with Strong City personnel. PWWSD#26 agrees to reimburse the City based on the hourly rate of the employee, including leave, benefits, and employer payroll taxes plus an additional 10%. The term of the agreement is for one year and continues indefinitely until either party gives written notice.

The City entered into a contract with PWWSD#26 to lease the City's existing water wells and water rights. PWWSD#26 will pay the City $100 annually for a term of 40 years or as long as the lessee produces potable water in sufficient quantities, whichever occurs first.

Note 10 – American Rescue Plan Act

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed by the President. ARPA is a $1.9 trillion economic stimulus plan which allocates to the State of Kansas $5 billion in funds. Included in those funds are $131,660 of funds available to Cottonwood Falls. To date, the City has received all funds. The City disbursed these funds in 2025.

Note 11 – Capital Projects

In 2023, the City received a State of Kansas Community Development Block Grant in the amount of $161,100 to assist in its' ADA project projected to cost $214,800. The project was completed in 2025 at a cost of $193,120.

The City agreed to be the pass-through entity for a housing project by the Chase County Old School Development District. The project was a Kansas Department of Commerce Reinvestment Housing Incentive District project (RHID). As of December 31, 2024, $500,460 had been received and spent on behalf of the project.

Note 12 – Subsequent Events

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date that the financial statement was available to be issued.

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Regulatory – Required Supplementary Information

City of Cottonwood Falls
Chase County, Kansas

Schedule 1

Summary of Expenditures-Actual and Budget
Regulatory Basis
Budgeted Funds Only
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 Fund	$ 742,349	$ 0	$ 742,349	$ 523,734	$ (218,615)
Special Purpose Funds					
Sales Tax	1,335,674	0	1,335,674	158,282	(1,177,392)
Special Highway	119,428	0	119,428	2,419	(117,009)
Special Parks & Recreation	19,935	0	19,935	0	(19,935)
Business Funds					
Sewer	140,793	0	140,793	39,639	(101,154)
Solid Waste	355,945	0	355,945	156,179	(199,766)
Water	555,340	0	555,340	355,392	(199,948)

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2A

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

GENERAL FUND

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
Chase County	$ 334,670	$ 347,464	$ 349,260	$ (1,796)
Liquor Tax	3,231	3,023	3,720	(697)
Community Building Rent	6,636	4,501	6,000	(1,499)
Court Fees	158	143	300	(157)
Franchise Fees	45,107	44,411	41,300	3,111
Licenses & Permits	198	655	700	(45)
Municipal Building Rental	5,655	8,865	6,500	2,365
Park Rental	6,975	6,656	9,000	(2,344)
Fireworks	5,785	5,305	5,000	305
Swimming Pool	24,856	25,016	20,500	4,516
Interest	0	1,670	166	1,504
Misc Reimbursements & Other	18,922	20,718	21,870	(1,152)
Transfers In	0	0	0	0
Total Receipts	452,193	468,427	464,316	4,111
Expenditures				
General Government	223,753	217,448	420,790	(203,342)
Streets	40,628	48,298	60,000	(11,702)
Streets-debt service	29,759	29,759	29,759	0
Airport	2,986	4,718	8,100	(3,382)
Pool	50,039	58,220	46,000	12,220
Parks	31,625	37,971	56,000	(18,029)
Public Safety	26,913	34,145	27,000	7,145
Employee Benefits	50,720	51,675	51,000	675
Law Enforcement	8,000	12,000	12,000	0
Housing Authority	9,600	9,600	9,600	0
Industrial Development	6,000	6,000	6,000	0
Dump	7,445	8,468	7,000	1,468
Fireworks	5,242	5,432	4,100	1,332
Other	0	0	5,000	(5,000)
Total Expenditures	492,710	523,734	742,349	(218,615)
Receipts Over (Under) Expenditures	(40,517)	(55,307)	$ (278,033)	$ 222,726
Unencumbered Cash, January 1	331,086	290,569		
Unencumbered Cash, December 31	$ 290,569	$ 235,262		

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2B

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

SALES TAX FUND

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Sales Tax	$ 283,981	$ 227,347	$ 285,900	$ (58,553)
Other reimbursements	0	0	0	0
Total Receipts	283,981	227,347	285,900	(58,553)
Expenditures				
Beautification, Econ Dev & Streets	125,671	158,282	1,335,674	(1,177,392)
Adjustment for Budget Credits	0	0	0	0
Total Expenditures	125,671	158,282	1,335,674	(1,177,392)
Receipts Over (Under) Expenditures	158,310	69,065	$ (1,049,774)	$ 1,118,839
Unencumbered Cash, January 1	785,340	943,650		
Unencumbered Cash, December 31	$ 943,650	$ 1,012,715		

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2C

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

SPECIAL HIGHWAY

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
State of Kansas Gas Tax	$ 22,494	$ 23,057	$ 23,320	$ (263)
Other Receipts	0	0	0	0
Total Receipts	22,494	23,057	23,320	(263)
Expenditures				
Highway maintenance	3,260	2,419	119,428	(117,009)
Adjustment for Budget Credits	0	0	0	0
Total Expenditures	3,260	2,419	119,428	(117,009)
Receipts Over (Under) Expenditures	19,234	20,638	$ (96,108)	$ 116,746
Unencumbered Cash, January 1	79,608	98,842		
Unencumbered Cash, December 31	$ 98,842	$ 119,480		

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2D

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

SPECIAL PARKS AND RECREATION

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Liquor Tax	$ 3,231	$ 3,023	$ 3,720	$ (697)
Other Receipts	0	0	0	0
Total Receipts	3,231	3,023	3,720	(697)
Expenditures				
Parks & Recreation	0	0	19,935	(19,935)
Adjustment for Budget Credits	0	0	0	0
Total Expenditures	0	0	19,935	(19,935)
Receipts Over (Under) Expenditures	3,231	3,023	$ (16,215)	$ 19,238
Unencumbered Cash, January 1	13,096	16,327		
Unencumbered Cash, December 31	$ 16,327	$ 19,350		

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2E

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

MUNICIPAL EQUIPMENT RESERVE

	Prior Year Actual	Current Year Actual
Receipts		
Miscellaneous Receipts	$ 0	$ 0
Transfers In	0	0
Total Receipts	0	0
Expenditures		
Equipment	0	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, January 1	2,561	2,561
Unencumbered Cash, December 31	$ 2,561	$ 2,561

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2F

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

SWOPE PARK EQUIPMENT

	Prior Year Actual	Current Year Actual
Receipts		
Donations	$ 0	$ 0
Other	0	0
Total Receipts	0	0
Expenditures		
Park equipment	408	0
Other	0	0
Total Expenditures	408	0
Receipts Over (Under) Expenditures	(408)	0
Unencumbered Cash, January 1	7,251	6,843
Unencumbered Cash, December 31	$ 6,843	$ 6,843

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2G

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

VETERANS MEMORIAL

	Prior Year Actual	Current Year Actual
Receipts		
Donations	$ 4,675	$ 25
Other Receipts	207	31,935
Total Receipts	4,882	31,960
Expenditures		
Banners & supplies	413	18,093
Other	847	0
Total Expenditures	1,260	18,093
Receipts Over (Under) Expenditures	3,622	13,867
Unencumbered Cash, January 1	5,872	9,494
Unencumbered Cash, December 31	$ 9,494	$ 23,361

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2H

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

COTTONWOOD FALLS VOLUNTEERS

	Prior Year Actual	Current Year Actual
Receipts		
Donations	$ 0	$ 0
Other	0	0
Total Receipts	0	0
Expenditures		
Contractual	0	0
Other	0	0
Total Expenditures	0	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, January 1	80	80
Unencumbered Cash, December 31	$ 80	$ 80

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2I

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

POOL RENOVATION

	Prior Year Actual	Current Year Actual
Receipts		
Donations	$ 0	$ 0
Expenditures		
Capital Outlay	0	0
Other	0	0
Total Expenditures	0	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, January 1	4,793	4,793
Unencumbered Cash, December 31	$ 4,793	$ 4,793

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2J

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

BILL NORTH COURTYARD

	Prior Year Actual	Current Year Actual
Receipts		
Donations	$ 0	$ 0
Other receipts	0	0
Total Receipts	0	0
Expenditures		
Commodities	0	0
Contractual	0	0
Total Expenditures	0	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, January 1	7	7
Unencumbered Cash, December 31	$ 7	$ 7

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2K

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

CHASE DISC GOLF

	Prior Year Actual	Current Year Actual
Receipts		
Donations	$ 46	$ 275
Other receipts	0	0
Total Receipts	46	275
Expenditures		
Commodities	711	0
Contractual	0	0
Capital Outlay	0	0
Total Expenditures	711	0
Receipts Over (Under) Expenditures	(665)	275
Unencumbered Cash, January 1	1,956	1,291
Unencumbered Cash, December 31	$ 1,291	$ 1,566

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2L

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

CHRISTMAS LIGHTS

	Prior Year Actual	Current Year Actual
Receipts		
Donations	$ 0	$ 0
Other	0	0
Total Receipts	0	0
Expenditures		
Commodities	0	0
Contractual	0	0
Total Expenditures	0	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, January 1	81	81
Unencumbered Cash, December 31	$ 81	$ 81

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2M

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

ARPA

	Prior Year Actual	Current Year Actual
Receipts		
Grants	$ 0	$ 0
Other	0	0
Total Receipts	0	0
Expenditures		
ARPA program	0	0
Other	0	0
Total Expenditures	0	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, January 1	131,160	131,160
Unencumbered Cash, December 31	$ 131,160	$ 131,160

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2N

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

RHID

	Prior Year Actual	Current Year Actual
Receipts		
Grants	$ 0	$ 500,460
Other	0	0
Total Receipts	0	500,460
Expenditures		
RHID project	0	500,460
Other	0	0
Total Expenditures	0	500,460
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, January 1	0	0
Unencumbered Cash, December 31	$ 0	$ 0

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2O

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

CAPITAL PROJECT FUND

	Prior Year Actual	Current Year Actual
Receipts		
CDBG	$ 177,991	$ 66,486
USDA	0	0
Other	0	0
Total Receipts	177,991	66,486
Expenditures		
Project expenditures	75,006	187,490
Other	0	0
Total Expenditures	75,006	187,490
Receipts Over (Under) Expenditures	102,985	(121,004)
Unencumbered Cash, January 1	11,470	114,455
Unencumbered Cash, December 31	$ 114,455	$ (6,549)

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2P

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

SEWER

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Charges for Services	$ 61,572	$ 61,509	$ 63,000	$ (1,491)
Other Receipts	517	332	0	332
Total Receipts	62,089	61,841	63,000	(1,159)
Expenditures				
Personal Service	19,745	21,394	26,200	(4,806)
Contractual	15,758	15,655	25,000	(9,345)
Commodities	2,960	2,480	10,000	(7,520)
Capital Outlay	221	110	79,593	(79,483)
Total Expenditures	38,684	39,639	140,793	(101,154)
Receipts Over (Under) Expenditures	23,405	22,202	$ (77,793)	$ 99,995
Unencumbered Cash, January 1	74,441	97,846		
Unencumbered Cash, December 31	$ 97,846	$ 120,048		

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2Q

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

SOLID WASTE

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Charges for Services	$ 163,473	$ 165,452	$ 169,000	$ (3,548)
Other Receipts	0	0	0	0
Total Receipts	163,473	165,452	169,000	(3,548)
Expenditures				
Personal Service	104,826	90,336	81,900	8,436
Contractual	37,400	45,473	46,000	(527)
Commodities	4,784	6,435	7,600	(1,165)
Strong City	10,691	10,158	12,000	(1,842)
Capital Outlay	9,430	3,777	208,445	(204,668)
Total Expenditures	167,131	156,179	355,945	(199,766)
Receipts Over (Under) Expenditures	(3,658)	9,273	$ (186,945)	$ 196,218
Unencumbered Cash, January 1	158,836	155,178		
Unencumbered Cash, December 31	$ 155,178	$ 164,451		

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 2R

Schedule of Receipts and Expenditures-Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2024
With Comparative Actual Totals for the Prior Year Ended December 31, 2023

WATER

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Charges for Services	$ 347,729	$ 362,895	$ 340,000	$ 22,895
Other Receipts	1,605	1,166	5,200	(4,034)
Total Receipts	349,334	364,061	345,200	18,861
Expenditures				
Personal Service	68,104	63,488	69,000	(5,512)
Contractual	6,392	3,243	6,000	(2,757)
Commodities	28,312	24,202	16,000	8,202
Water purchased	189,259	192,144	200,000	(7,856)
Capital Outlay	171	55	192,080	(192,025)
Loan payments	72,260	72,260	72,260	0
Total Expenditures	364,498	355,392	555,340	(199,948)
Receipts Over (Under) Expenditures	(15,164)	8,669	$ (210,140)	$ 218,809
Unencumbered Cash, January 1	220,398	205,234		
Unencumbered Cash, December 31	$ 205,234	$ 213,903		

See accompanying auditor's report.

City of Cottonwood Falls
Chase County, Kansas

Schedule 3

Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2024

AGENCY FUNDS

Fund	Cash Balance Beginning	Cash Receipts	Cash Disbursements	Cash Balance End
Customer Deposits	$ 1,050	$ 0	$ 0	$ 1,050
Payroll Clearing	1,785	112,108	111,133	2,760
Sales Tax Clearing	630	3,151	3,525	256
Total	$ 3,465	$ 115,259	$ 114,658	$ 4,066

See accompanying auditor's report.