

CITY OF LEOTI, KANSAS

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2019**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
<u>FINANCIAL SECTION</u>	
Statement 1	
Summary Statement of Receipts, Expenditures and Unencumbered Cash.....	4
Notes to the Financial Statement	5
<u>REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule 1	
Summary of Expenditures - Actual and Budget.....	12
Schedule 2	
Schedule of Receipts and Expenditures	
2-1 General Fund.....	13
<u>Special Purpose Funds</u>	
2-2 Ambulance and Fire Equipment Fund.....	15
2-3 Special Highway Fund	16
2-4 Non-Budgeted Special Purpose Funds	17
<u>Business Funds</u>	
2-5 Water Operating Fund	18
2-6 Sanitation Operating Fund	19
2-7 Sewer Operating Fund.....	20
2-8 Storm Water Operating Fund	21
2-9 Non-Budgeted Business Funds	22
<u>Agency Funds</u>	
Schedule 3	
Summary of Receipts and Disbursements.....	23

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Leoti, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of the City of Leoti, Kansas, as of and for the year ended December 31, 2019 and the related notes to the financial statement.

Management's Responsibility 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 A; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A, the financial statement is prepared by the City of Leoti, 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 A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, 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 Leoti, Kansas as of December 31, 2019, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the City of Leoti, Kansas as of December 31, 2019, 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 A.

Other Matters

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 (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures, and summary 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, 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 A.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Leoti, Kansas as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated August 26, 2019, which contained an unmodified opinion on the basic financial statement. The 2018 basic financial statement and our accompanying 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/oar/municipal-services/municipal-audits>. The 2018 actual column (2018 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for year ended December 31, 2019 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2018 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 2018 basic financial statement. The 2018 comparative information was subjected to the auditing procedures applied in the audit of the 2018 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 2018 basic financial statement or to the 2018 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 2018 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, 2018, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

September 11, 2020

CITY OF LEOTI, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS

For the Year Ended December 31, 2019

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>	<u>Receipts</u>
General fund	\$ 391,303	\$ -	\$ 1,164,582
Special purpose funds:			
Ambulance and fire equipment	131,263	-	29,760
Special highway	32,655	-	39,547
Non-budgeted special purpose funds:			
Fire equipment reserve	131,289	-	4,089
Equipment reserve	542,911	-	-
Saturday cinema	2,100	-	3,150
Capital improvement general	7,500	-	-
Sidewalk project	72,728	-	-
LED sign project	-	-	45,204
Total special purpose funds	920,446	-	121,750
Business funds:			
Water operating	1,664,814	-	654,254
Sanitation operating	395,638	-	261,659
Sewer operating	503,299	-	212,570
Storm water operating	55,121	-	8,742
Non-budgeted business funds:			
Water reserve	670,098	-	-
Sanitation reserve	77,112	-	-
Sewer reserve	90,000	-	-
Total business funds	3,456,082	-	1,137,225
Total reporting entity - excluding agency funds	\$ 4,767,831	\$ -	\$ 2,423,557
Composition of cash balance:			
Cash on hand			
Petty cash account			
General checking account			
Money market accounts			
Certificates of deposit			
Total cash			
Agency funds			
Total reporting entity - excluding agency funds			

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

STATEMENT 1

<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 1,147,214	\$ 408,671	\$ 41,494	\$ 450,165
160,000	1,023	-	1,023
35,220	36,982	35,220	72,202
-	135,378	-	135,378
83,862	459,049	19,600	478,649
1,897	3,353	-	3,353
-	7,500	-	7,500
-	72,728	-	72,728
45,204	-	-	-
<u>326,183</u>	<u>716,013</u>	<u>54,820</u>	<u>770,833</u>
693,883	1,625,185	29,532	1,654,717
200,420	456,877	4,865	461,742
237,556	478,313	2,689	481,002
892	62,971	75	63,046
-	670,098	-	670,098
-	77,112	-	77,112
-	90,000	-	90,000
<u>1,132,751</u>	<u>3,460,556</u>	<u>37,161</u>	<u>3,497,717</u>
<u>\$ 2,606,148</u>	<u>\$ 4,585,240</u>	<u>\$ 133,475</u>	<u>\$ 4,718,715</u>
			\$ 200
			1,300
			149,164
			4,086,170
			<u>500,000</u>
			4,736,835
			<u>(18,120)</u>
			<u>\$ 4,718,715</u>

CITY OF LEOTI, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement, schedules, and notes are representations of the City's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

The City of Leoti is a municipal corporation governed by an elected mayor and five-member council. The City has no related municipal entities.

2. Basis of Presentation - Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2019:

REGULATORY BASIS FUND TYPES

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.

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 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.

4. 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), 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:

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

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the 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 utility reserve funds and the following special purpose funds:

- Fire Equipment Reserve Fund
- Equipment Reserve Fund
- Saturday Cinema Fund
- Capital Improvement General Fund
- Sidewalk Project Fund
- LED Sign Project Fund

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

B. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main 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.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2019.

At December 31, 2019, the carrying amount of the City's deposits, including certificates of deposit, was \$4,736,635 and the bank balance was \$4,746,975. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$4,246,975 was collateralized with securities held by the pledging financial institutions agents in the City's name.

C. DEFINED BENEFIT PENSION PLAN

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

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.89% for the fiscal year ended December 31, 2019. Contributions to the pension plan from the City were \$28,349 for the year ended December 31, 2019.

Net Pension Liability

At December 31, 2019, the City's proportionate share of the collective net pension liability reported by KPERS was \$260,750. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. 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 this financial statement.

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

D. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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

D. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONTINUED)

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

Death and Disability Other Post-Employment Benefits. As provided by K.S.A. 74-4927, disabled members in 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 was set at 1% for the year ended December 31, 2019, and contributions by the City totaled \$3,189 for 2019.

Vacation Leave. Vacation leave is earned and credited according to a table in the employee handbook. Time is credited to the employee on a monthly basis and begins at 40 hours per year for employees with 1-2 years employment, 80 hours for 3-9 years employment, and 120 hours for 10 or more years. Vacation must be used by the end of each employment year. Any unused vacation at the end of the employment year will be paid out at 50% on the next scheduled pay date. Upon termination, employees will be paid for unused vacation at their regular rate of pay unless said employee fails to provide at least two weeks written notice in advance of their voluntary termination.

Sick Leave. Full time employees earn 4 hours of sick leave for each complete pay period. Sick leave may be accumulated up to 360 hours, but unused sick leave is not paid upon resignation or termination. Employees may use up to 24 hours of their accumulated sick leave per employment year for personal leave at their discretion.

Section 125 Plan. The City offers a Section 125 plan for all employees electing to participate. It is used for a variety of insurance, retirement and other benefits. The City withholds the amounts from the employee's compensation and remits the withholding to the plan administrator.

Section 457 Deferred Compensation Plan. The City offers a Section 457 deferred compensation plan to all employees on a voluntary basis. The City does not contribute to the plan and the plan is administered by a third party.

E. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2019, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General Obligation Bonds:					
Refunding and improvement issued February 11, 2015 in the amount of \$2,675,000 at interest rate of 2.75% maturing February 11, 2055	\$2,459,476	\$ -	\$ 340,711	\$2,118,765	\$ 67,636
Revolving Loan:					
Sewer improvements issued March 11, 2011 in the amount of \$592,149 at interest rate of 3.06% maturing March 1, 2032	451,826	-	26,295	425,531	13,626

E. LONG-TERM DEBT (CONTINUED)

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
Capital Lease: 2015 Ravo Street Sweeper issued January 1, 2015 in the amount of \$182,199 at interest rate of 2.35% maturing January 1, 2020	\$ 62,176	\$ -	\$ 62,176	\$ -	\$ 2,086
Total long-term debt	<u>\$2,973,478</u>	<u>\$ -</u>	<u>\$ 429,182</u>	<u>\$2,544,296</u>	<u>\$ 83,348</u>

Current maturities of general obligation bonds and interest for the next five years and in five-year increments through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2020	\$ 241,831	\$ 63,766	\$ 305,597
2021	42,795	51,757	94,552
2022	44,158	50,439	94,597
2023	45,372	49,224	94,596
2024	46,620	47,977	94,597
2025-2029	252,700	220,194	472,894
2030-2034	289,617	183,323	472,940
2035-2039	331,706	141,233	472,939
2040-2044	379,912	93,027	472,939
2045-2049	435,074	37,819	472,893
2050	<u>8,980</u>	<u>247</u>	<u>9,227</u>
Total	<u>\$ 2,118,765</u>	<u>\$ 939,006</u>	<u>\$ 3,057,771</u>

Current maturities of revolving loans and interest for the next five years and in five-year increments through maturity are as follows:

2020	\$ 27,105	\$ 12,815	\$ 39,920
2021	27,941	11,980	39,921
2022	28,803	11,118	39,921
2023	29,691	10,230	39,921
2024	30,606	9,315	39,921
2025-2029	167,783	31,822	199,605
2030-2032	<u>113,602</u>	<u>6,160</u>	<u>119,762</u>
	<u>\$ 425,531</u>	<u>\$ 93,440</u>	<u>\$ 518,971</u>

F. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statutory authority</u>
General	Fire equipment reserve	\$ 4,089	K.S.A. 12-1,117
Sanitation operating	General	75,000	K.S.A. 12-825d
Sewer operating	General	<u>100,000</u>	K.S.A. 12-825d
		<u>\$ 179,089</u>	

G. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members.

The City pays an annual premium to KMIT for workers' compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

The City continues to carry commercial insurance for all other risks of loss including property, liability, crime, inland marine, auto, umbrella, linebacker, data compromise, and fidelity bonds. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years and there have been no significant reductions in coverage.

H. SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 11, 2020, the date on which the financial statement was available to be used. Management's evaluation concluded that the following subsequent events are required to be recognized or disclosed in these financial statements:

In January 2020 the City was approved for a Community Development Block Grant through the State of Kansas Department of Commerce in the amount of \$596,450 to reconstruct approximately seven blocks of 7th Street. In addition to the grant funds, the City shall provide \$596,450 in other sources of funds for the project.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the pandemic. Accordingly, while management cannot quantify the financial and other impact to the City as of the date of this report, management believes that a material impact on the City's financial position and results of future operations is reasonably possible.

**REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF LEOTI, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019

Fund	Certified budget	Adjustment for qualifying budget credits	Total budget for comparison	Expenditures chargeable to current year	Variance favorable (unfavorable)
General fund	\$ 1,171,150	\$ -	\$ 1,171,150	\$ 1,147,214	\$ 23,936
Special purpose funds:					
Ambulance and fire equipment	160,000	-	160,000	160,000	-
Special highway	176,000	-	176,000	35,220	140,780
Business funds:					
Water operating	752,047	-	752,047	693,883	58,164
Sanitation operating	312,000	-	312,000	200,420	111,580
Sewer operating	330,921	-	330,921	237,556	93,365
Storm water operating	56,000	-	56,000	892	55,108
Total	<u>\$ 2,958,118</u>	<u>\$ -</u>	<u>\$ 2,958,118</u>	<u>\$ 2,475,185</u>	<u>\$ 482,933</u>

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2018	2019		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Taxes:				
Ad valorem property tax	\$ 462,710	\$ 475,271	\$ 473,383	\$ 1,888
Delinquent tax	20,096	11,752	2,411	9,341
Motor vehicle tax	103,428	105,976	98,869	7,107
Recreation vehicle tax	932	1,077	941	136
16/20M vehicle tax	2,202	1,869	2,146	(277)
Shared revenue:				
Local alcoholic liquor	1,227	1,154	782	372
Local sales tax	125,538	115,775	100,000	15,775
Compensating use tax	38,082	26,914	27,000	(86)
Licenses, fees, fines and permits:				
Franchise fees	121,869	119,371	117,000	2,371
Fines and penalties	8,917	9,778	1,000	8,778
Other licenses, fees, and permits	6,832	5,962	4,000	1,962
Interest:				
Interest on idle funds	23,023	33,882	9,000	24,882
Other:				
County fire contract	30,000	30,000	30,000	-
Miscellaneous	17,120	11,713	5,000	6,713
Rent	14,400	14,400	14,400	-
Sale of equipment	-	35,000	-	35,000
Transfers:				
Sanitation operating	-	75,000	-	75,000
Sewer operating	-	100,000	100,000	-
Neighborhood revitalization rebate	(10,056)	(10,312)	(10,431)	119
Total receipts	966,320	1,164,582	\$ 975,501	\$ 189,081
Expenditures:				
General government:				
Personal services	182,885	189,321	\$ 143,000	\$ (46,321)
Contractual services	86,090	94,844	110,000	15,156
Commodities	29,421	30,604	39,500	8,896
Capital outlay	5,000	9,950	25,000	15,050
Reimbursed expenditures	(5,928)	(12,090)	-	12,090
Total general government	297,468	312,629	317,500	4,871
Appropriations:				
Airport	1,900	1,400	1,400	-
Cemetery	1,900	1,400	1,400	-
WCED	42,750	42,750	42,750	-
Golf course	19,500	17,500	17,500	-
Historical society	6,500	6,500	-	(6,500)
Total appropriations	72,550	69,550	63,050	(6,500)
Public safety:				
Law enforcement agreement	87,000	87,000	87,000	-

CITY OF LEOTI, KANSAS

GENERAL FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019		Variance favorable (unfavorable)	
	2018	Actual		Budget
Expenditures (continued):				
Public safety (continued):				
Fire department:				
Personal services	\$ 8,793	\$ 9,029	\$ 9,100	\$ 71
Contractual services	22,969	34,268	37,200	2,932
Commodities	35,199	45,727	47,500	1,773
Capital outlay	-	11,187	10,500	(687)
Total fire department	66,961	100,211	104,300	4,089
Total public safety	153,961	187,211	191,300	4,089
Public works:				
Personal services	92,000	92,138	112,500	20,362
Contractual services	175,331	156,458	75,000	(81,458)
Commodities	30,549	47,246	45,000	(2,246)
Capital outlay	6,328	222,399	90,900	(131,499)
Total public works	304,208	518,241	323,400	(194,841)
Culture and recreation - parks:				
Personal services	15,000	21,000	21,000	-
Municipal court:				
Personal services	5,849	148	9,700	9,552
Contractual services	32,575	34,346	30,000	(4,346)
Commodities	-	-	200	200
Total municipal court	38,424	34,494	39,900	5,406
Transfers:				
Fire equipment reserve	37,338	4,089	-	(4,089)
Equipment reserve	-	-	115,000	115,000
Special highway	-	-	100,000	100,000
Total transfers	37,338	4,089	215,000	210,911
Total expenditures	918,949	1,147,214	\$ 1,171,150	\$ 23,936
Receipts over (under) expenditures	47,371	17,368		
Unencumbered cash, beginning of year	343,932	391,303	\$ 195,649	\$ 195,654
Unencumbered cash, end of year	\$ 391,303	\$ 408,671	\$ -	\$ 408,671

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

AMBULANCE AND FIRE EQUIPMENT FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>		<u>Variance favorable (unfavorable)</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts:				
Taxes:				
Ad valorem property tax	\$ 22,780	\$ 24,426	\$ 24,324	\$ 102
Delinquent tax	865	479	119	360
Motor vehicle tax	4,696	5,238	4,867	371
Recreation vehicle tax	42	53	46	7
16/20M vehicle tax	47	94	106	(12)
Neighborhood revitalization rebate	<u>(495)</u>	<u>(530)</u>	<u>(536)</u>	<u>6</u>
Total receipts	27,935	29,760	<u>\$ 28,926</u>	<u>\$ 834</u>
Expenditures:				
Capital outlay	<u>-</u>	<u>160,000</u>	<u>\$ 160,000</u>	<u>\$ -</u>
Receipts over (under) expenditures	27,935	(130,240)		
Unencumbered cash, beginning of year	<u>103,328</u>	<u>131,263</u>	<u>\$ 131,074</u>	<u>\$ 189</u>
Unencumbered cash, end of year	<u>\$ 131,263</u>	<u>\$ 1,023</u>	<u>\$ -</u>	<u>\$ 1,023</u>

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

SPECIAL HIGHWAY FUND

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS**

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2018</u>	<u>2019</u>		<u>Variance favorable (unfavorable)</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts:				
Gas tax	\$ 39,467	\$ 39,547	\$ 39,310	\$ 237
Transfer from general	-	-	100,000	(100,000)
Total receipts	<u>39,467</u>	<u>39,547</u>	<u>\$ 139,310</u>	<u>\$ (99,763)</u>
Expenditures:				
Highways and streets:				
Contractual services	<u>45,000</u>	<u>35,220</u>	<u>\$ 176,000</u>	<u>\$ 140,780</u>
Receipts over (under) expenditures	(5,533)	4,327		
Unencumbered cash, beginning of year	<u>38,188</u>	<u>32,655</u>	<u>\$ 37,358</u>	<u>\$ (4,703)</u>
Unencumbered cash, end of year	<u>\$ 32,655</u>	<u>\$ 36,982</u>	<u>\$ 668</u>	<u>\$ 36,314</u>

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2019

	Fire equipment reserve	Equipment reserve	Saturday cinema	Capital improvement general	Sidewalk project	LED sign project	Total
Receipts:							
Donations	\$ -	\$ -	\$ 3,150	\$ -	\$ -	\$ 45,204	\$ 48,354
Transfer from general	4,089	-	-	-	-	-	4,089
Total receipts	4,089	-	3,150	-	-	45,204	52,443
Expenditures:							
Contractual services	-	-	1,770	-	-	-	1,770
Commodities	-	-	127	-	-	-	127
Capital outlay	-	19,600	-	-	-	45,204	64,804
Debt service:							
Principal	-	62,176	-	-	-	-	62,176
Interest	-	2,086	-	-	-	-	2,086
Total expenditures	-	83,862	1,897	-	-	45,204	130,963
Receipts over (under) expenditures	4,089	(83,862)	1,253	-	-	-	(78,520)
Unencumbered cash, beginning of year	131,289	542,911	2,100	7,500	72,728	-	756,528
Unencumbered cash, end of year	\$ 135,378	\$ 459,049	\$ 3,353	\$ 7,500	\$ 72,728	\$ -	\$ 678,008

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

WATER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019		Variance favorable (unfavorable)	
	2018	Actual		Budget
Receipts:				
Charges for service	\$ 611,760	\$ 629,249	\$ 575,000	\$ 54,249
Penalties	6,308	6,379	5,000	1,379
Installations/connections	3,250	3,275	1,500	1,775
Coin box sales	5,301	4,280	4,500	(220)
Miscellaneous	5,600	11,071	-	11,071
USDA grant income	41,238	-	-	-
Total receipts	673,457	654,254	\$ 586,000	\$ 68,254
Expenditures:				
Distribution:				
Personal services	84,684	74,436	\$ 155,000	\$ 80,564
Contractual services	92,544	140,919	128,700	(12,219)
Commodities	35,328	70,181	55,000	(15,181)
Capital outlay	3,000	-	105,000	105,000
Debt service:				
Principal	39,622	340,711	39,622	(301,089)
Interest	68,725	67,636	68,725	1,089
Transfer to water reserve	-	-	200,000	200,000
Total expenditures	323,903	693,883	\$ 752,047	\$ 58,164
Receipts over (under) expenditures	349,554	(39,629)		
Unencumbered cash, beginning of year	1,315,260	1,664,814	\$ 1,249,214	\$ 415,600
Unencumbered cash, end of year	\$ 1,664,814	\$ 1,625,185	\$ 1,083,167	\$ 542,018

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

SANITATION OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2018	2019		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Sanitation collection fees	\$ 256,564	\$ 257,409	\$ 250,000	\$ 7,409
Yard waste collection fees	2,234	92	-	92
Penalties	3,001	2,788	2,500	288
Containers sold	1,073	589	1,000	(411)
Miscellaneous	704	781	500	281
Total receipts	<u>263,576</u>	<u>261,659</u>	<u>\$ 254,000</u>	<u>\$ 7,659</u>
Expenditures:				
Personal services	84,575	81,279	\$ 85,000	\$ 3,721
Contractual services	20,763	28,060	25,000	(3,060)
Commodities	24,294	16,081	27,000	10,919
Capital outlay	-	-	50,000	50,000
Transfer to general	-	75,000	-	(75,000)
Transfer to sanitation reserve	-	-	25,000	25,000
Transfer to equipment reserve	-	-	100,000	100,000
Total expenditures	<u>129,632</u>	<u>200,420</u>	<u>\$ 312,000</u>	<u>\$ 111,580</u>
Receipts over (under) expenditures	133,944	61,239		
Unencumbered cash, beginning of year	<u>261,694</u>	<u>395,638</u>	<u>\$ 247,193</u>	<u>\$ 148,445</u>
Unencumbered cash, end of year	<u>\$ 395,638</u>	<u>\$ 456,877</u>	<u>\$ 189,193</u>	<u>\$ 267,684</u>

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

SEWER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2018	2019		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Sewer fees	\$ 213,516	\$ 210,509	\$ 210,000	\$ 509
Penalties	2,096	2,061	2,400	(339)
Total receipts	<u>215,612</u>	<u>212,570</u>	<u>\$ 212,400</u>	<u>\$ 170</u>
Expenditures:				
Personal services	48,950	42,425	\$ 46,000	\$ 3,575
Contractual services	30,852	25,024	30,000	4,976
Commodities	14,965	13,514	15,000	1,486
Capital outlay	24,193	16,672	100,000	83,328
Debt service:				
Principal	25,508	26,295	26,295	-
Interest	13,235	13,626	13,626	-
Transfer to general	-	100,000	100,000	-
Total expenditures	<u>157,703</u>	<u>237,556</u>	<u>\$ 330,921</u>	<u>\$ 93,365</u>
Receipts over (under) expenditures	57,909	(24,986)		
Unencumbered cash, beginning of year	<u>445,390</u>	<u>503,299</u>	<u>\$ 335,470</u>	<u>\$ 167,829</u>
Unencumbered cash, end of year	<u>\$ 503,299</u>	<u>\$ 478,313</u>	<u>\$ 216,949</u>	<u>\$ 261,364</u>

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

STORM WATER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2018	2019		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Storm water fees	\$ 8,625	\$ 8,653	\$ 8,800	\$ (147)
Penalties	99	89	120	(31)
Total receipts	<u>8,724</u>	<u>8,742</u>	<u>\$ 8,920</u>	<u>\$ (178)</u>
Expenditures:				
Contractual services	2,500	892	\$ 3,000	\$ 2,108
Commodities	-	-	3,000	3,000
Capital outlay	-	-	50,000	50,000
Total expenditures	<u>2,500</u>	<u>892</u>	<u>\$ 56,000</u>	<u>\$ 55,108</u>
Receipts over (under) expenditures	6,224	7,850		
Unencumbered cash, beginning of year	<u>48,897</u>	<u>55,121</u>	<u>\$ 51,817</u>	<u>\$ 3,304</u>
Unencumbered cash, end of year	<u>\$ 55,121</u>	<u>\$ 62,971</u>	<u>\$ 4,737</u>	<u>\$ 58,234</u>

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CITY OF LEOTI, KANSAS

NON-BUDGETED BUSINESS FUNDS

**SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

For the Year Ended December 31, 2019

	Water reserve	Sanitation reserve	Sewer reserve	Total
Receipts	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Receipts over (under) expenditures	-	-	-	-
Unencumbered cash, beginning of year	<u>670,098</u>	<u>77,112</u>	<u>90,000</u>	<u>837,210</u>
Unencumbered cash, end of year	<u>\$ 670,098</u>	<u>\$ 77,112</u>	<u>\$ 90,000</u>	<u>\$ 837,210</u>

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the Year Ended December 31, 2019

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Landfill	<u>\$ 17,019</u>	<u>\$ 76,502</u>	<u>\$ 75,401</u>	<u>\$ 18,120</u>

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