CITY OF LEOTI, KANSAS
MUNICIPALITY

REGULATORY BASIS FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2024

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LEWIS, HOOPER & DICK LLC
certified public accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council Members
City of Leoti, Kansas

Report on the Audit of the Financial Statement

Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2024, and the aggregate receipts and expenditures for the year then ended in accordance with the basis of accounting practices prescribed or permitted by the State of Kansas to demonstrate compliance with the *Kansas Municipal Audit and Accounting Guide's (KMAAG)* regulatory basis of accounting and budget laws as described in Note 1.

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 section of our report, the accompanying financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City as of December 31, 2024, or changes in financial position and cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *KMAAG*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of accounting practices prescribed or permitted by the State of Kansas to demonstrate compliance with the *KMAAG*'s regulatory basis of accounting and budget laws, 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 and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the accounting practices prescribed or permitted by the State of Kansas to demonstrate compliance with the *KMAAG*'s regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the *KMAAG* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and the *KMAAG*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the regulatory basis fund summary statement of receipts, expenditures and unencumbered cash (the financial statement) as a whole. The regulatory basis summary of expenditures – actual and budget, and the regulatory basis individual fund schedules of receipts and expenditures, and the regulatory basis schedule of receipts and disbursements – agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the financial statement; however, they are required to be presented under the provisions of the *KMAAG*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records

used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with GAAS and the *KMAAG*. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with GAAS and the *KMAAG*, the financial statement of the City as of and for the year ended December 31, 2023, (not presented herein), and have issued our report thereon dated June 10, 2024, which contained an unmodified opinion on the financial statement. The 2023 financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link: https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/municipal-audits. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for the year ended December 31, 2024, (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 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 financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 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 financial statement or to the 2023 financial statement itself, and other additional procedures in accordance with GAAS and the *KMAAG*. In our opinion, the 2023 comparative information is fairly stated in all material respects in relation to the financial statement as a whole for the year ended December 31, 2023, on the basis of accounting described in Note 1.

Other Information

Management is responsible for the other information included in the financial statement. The other information comprises the other information section (Graphs as listed in the table of contents) but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Lewis, Hooper + Dick, LLC

LEWIS, HOOPER & DICK, LLC

March 4, 2025

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

Fund	Unencumbered Cash 1/1/24	Receipts	Expenditures	Unencumbered Cash 12/31/24	Outstanding Encumbrances and Payables	Treasurer's Cash 12/31/24
General	$ 443,189	$ 1,456,086	$ 1,380,790	$ 518,485	$ 85,144	$ 603,629
Special Purpose Funds:						
Ambulance and Fire Equipment	136,909	29,976	-	166,885	-	166,885
Animal Shelter	-	420	-	420	-	420
Capital Improvement General	157,500	50,000	-	207,500	-	207,500
Equipment Reserve	869,791	-	12,300	857,491	-	857,491
Fire Equipment Reserve	21,908	186,206	-	208,114	-	208,114
Saturday Cinema	2,256	-	1,195	1,061	-	1,061
Sidewalk Reserve	72,728	100,000	36,728	136,000	-	136,000
Special Highway	222,688	667,510	860,192	30,006	-	30,006
Total Special Purpose Funds	1,483,780	1,034,112	910,415	1,607,477	-	1,607,477
Business Funds:						
Sanitation Utility:						
Sanitation Operating	71,195	277,266	289,927	58,534	940	59,474
Sanitation Reserve	177,112	25,000	-	202,112	-	202,112
Sewer Utility:						
Sewer Operating	55,097	206,149	209,330	51,916	122	52,038
Sewer Reserve	90,000	-	-	90,000	-	90,000
Storm Water Operating	94,489	8,822	1,391	101,920	-	101,920
Water Utility:						
Water Operating	961,964	700,736	782,131	880,569	12,177	892,746
Water Reserve	1,370,098	200,000	23,291	1,546,807	-	1,546,807
Total Business Funds	2,819,955	1,417,973	1,306,070	2,931,858	13,239	2,945,097
Total Reporting Entity (memorandum only)	$ 4,746,924	$ 3,908,171	$ 3,597,275	$ 5,057,820	$ 98,383	$ 5,156,203

Composition of cash:		
Demand deposits:		
Western State Bank	$ 48,480	
Security State Bank	5,996	
Total demand deposits		$ 54,476
Time deposits:		
Western State Bank		807,577
Certificates of deposit:		
Western State Bank	1,050,176	
Security State Bank	3,261,189	
Total certificates of deposit		4,311,365
Plus deposits in transit		2,539
Less outstanding checks		(3,614)
Cash on hand		200
Total cash		5,172,543
Less Agency Funds per Schedule 3		(16,340)
Total cash (excluding Agency Funds)		$ 5,156,203

The accompanying Notes to the Financial Statement are an integral part of this statement.

CITY OF LEOTI, KANSAS
Notes to the Financial Statement
For the Year Ended December 31, 2024

1. Summary of significant accounting policies

The City of Leoti, Kansas, (the City), was incorporated under the provisions of the State of Kansas. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services. Other services include utilities operations.

A. Financial reporting entity

The City is governed by an elected five-member council and a mayor. This financial statement presents the City of Leoti (the municipality) and its related municipal entities. The related municipal entities are included in the City's reporting entity because they were established to benefit the City and/or its constituents.

The City has no organizations, functions or activities which are considered related municipal entities.

B. 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.

C. Regulatory basis fund types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The following fund types are used by 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 funds – used to account for the proceeds of specific tax levies and other specific receipt sources (other than capital project and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest funds – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

1. Summary of significant accounting policies (continued)

C. Regulatory basis fund types (continued)
Capital Project funds – 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 funds – funds financed in whole or in part by fees charged to users of the goods or services (e.g., enterprise and internal service fund etc...).

Trust funds – used to report assets held in trust for the benefit of the municipal financial reporting entity (e.g., pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc...).

Agency funds – used to report assets held by the municipal reporting entity in a purely custodial capacity (e.g., payroll clearing fund, etc...).

D. Cash and investments
Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the City (except for investments in the Kansas Municipal Investment Pool). Cash includes amounts in demand deposits, time deposits and certificates of deposit. Interest income earned, unless specifically designated, is allocated to the general fund.

E. Property taxes and special assessments
The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas are the responsibility of the counties. The County Appraiser annually determines assessed valuations based on real property transactions as recorded by the Register of Deeds and personal property holdings reported by taxpayers. The County Clerk spreads the annual assessment on the tax rolls and the County Treasurer collects the taxes for all taxing entities within the County.

Taxes are assessed on a calendar year basis, are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1st of the ensuing year. One-half of the property taxes are due December 20th and distributed to the City by January 20th to finance a portion of the current year's budget. The second half is due May 10th and distributed to the City by June 5th. The City Treasurer draws available funds from the County Treasurer's office at designated times throughout the year.

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments received prior to or after the issuance of general obligation bonds are recorded as receipts in the appropriate project fund. Further, state statutes require levying additional general ad valorem property taxes in the Bond and Interest Fund to finance delinquent special assessments receivable.

1. Summary of significant accounting policies (continued)

F. Interfund transactions and reimbursements

Quasi-external transactions (i.e., transactions that would be treated as receipts or expenditures if they involved organizations external to the governmental unit, such as internal service fund billings to departments) are accounted for as receipts or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

G. Memorandum totals

Totals on the financial statement are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. No consolidated financial information is presented nor are all required disclosures presented for these amounts.

2. Stewardship, compliance and accountability

A. Budgetary information

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

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in 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 budget amendments during the year; however a qualifying budget adjustment was made to the Special Highway fund for $628,768 due to a grant awarded in the current year.

2. Stewardship, compliance and accountability (continued)

A. Budgetary information (continued)
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 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 projects funds, trust funds, and the following special purpose and business funds:

Animal Shelter Fund
Capital Improvement General Fund
Equipment Reserve Fund
Fire Equipment Reserve Fund
Saturday Cinema Fund
Sidewalk Reserve Fund
Sanitation Reserve Fund
Sewer Reserve Fund
Water Reserve 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. Noncompliance with finance-related legal and contractual provisions
References made herein to the statutes are not intended as interpretation of law, but are offered for consideration of the Kansas Department of Administration's Chief Financial Officer and interpretation by the County Attorney and the legal representative of the City.

There are no known material violations of finance-related legal and contractual provisions including Kansas statutes, regulations, contracts, debt covenants, or other agreements for the year ended December 31, 2024.

3. Detailed notes on all funds

A. Deposits and investments
A reconciliation of cash and investments as shown in the composition of cash on the summary statement of receipts, expenditures and unencumbered cash on Statement 1 is as follows:

Cash on hand	$ 200
Carrying amount of deposits	5,172,343
Total cash	$ 5,172,543

3. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

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.

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%. The City does not use designated "peak periods". The City had an unsecured balance of $35,053 at Security State Bank at December 31, 2024.

At December 31, 2024, the City's carrying amount of deposits was $5,172,343 and the bank balance was $5,173,418. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $554,476 was covered by federal depository insurance and $4,583,889 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The City's cash deposits at year end are as follows:

	Western State Bank	Security State Bank
FDIC coverage	$ 298,480	$ 255,996
Pledged securities at market value	4,080,697	2,976,136
Total coverage	$ 4,379,177	$ 3,232,132
Funds on deposit	$ 1,906,233	$ 3,267,185
Funds at risk	$ -	$ 35,053

Custodial credit risk - investments

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

3. Detailed notes on all funds (continued)

B. Capital projects in process

Capital project authorizations with approved change orders compared to expenditures from inception at December 31, 2024, are as follows:

	Project Authorization	Expenditures to Date	Committed
Earl Street project	$ 1,138,332	$ 1,131,727	$ -
CCLIP project	116,038	91,596	-
Fire barn concrete	19,570	19,570	-
Water tower reface	95,670	-	95,670
Solar traffic signs	36,728	36,728	-
Crack sealing SE quadrant	81,450	81,450	-
Chip sealing SE quadrant	110,500	104,362	-
Crack sealing SW quadrant	80,700	74,609	-

C. Long-term debt

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

Issue	Date of Issue	Maximum Rate	Amount of Issue	Date of Final Maturity	Balance 1/1/24	Additions	Reductions/ Payments	Balance 12/31/24	Interest Paid
General obligation bond:									
Refunding and improvement bond	02/11/2015	2.75%	$ 2,675,000	02/11/2043	$ 1,144,609	$ -	$ 46,620	$ 1,097,989	$ 31,477
Finance lease:									
Edmunds GovTech	12/16/2024	4.18%	$ 90,745	10/31/2026	-	87,999	-	87,999	-
Total contractual indebtedness					$ 1,144,609	$ 87,999	$ 46,620	$ 1,185,988	$ 31,477

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

	Year								
	2025	2026	2027	2028	2029	2030-2034	2035-2039	2040-2043	Total
Principal:									
General obligation bond	$ 47,729	$ 49,215	$ 50,568	$ 51,959	$ 53,229	$ 289,617	$ 331,706	$ 223,966	$ 1,097,989
Finance lease	67,362	20,637	-	-	-	-	-	-	87,999
Total principal	115,091	69,852	50,568	51,959	53,229	289,617	331,706	223,966	1,185,988
Interest:									
General obligation bond	30,195	28,882	27,529	26,138	24,709	100,726	58,656	12,553	309,388
Finance lease	1,883	863	-	-	-	-	-	-	2,746
Total interest	32,078	29,745	27,529	26,138	24,709	100,726	58,656	12,553	312,134
Total principal and interest	$ 147,169	$ 99,597	$ 78,097	$ 78,097	$ 77,938	$ 390,343	$ 390,362	$ 236,519	$ 1,498,122

Legal debt margin

The debt limit per K.S.A. 10-308 is thirty percent of the assessed tangible valuation of the City given by the County Assessor to the County Clerk on the preceding August 25th each year. The amount of debt outstanding does not exceed the statutory limit.

3. Detailed notes on all funds (continued)

D. Interfund transfers between funds
Interfund operating transfers are as follows:

From	To	Statutory Authority	Amount
General	Capital Improvement General	12-1,118	$ 50,000
General	Fire Equipment Reserve	12-1,117	39,592
Sanitation Operating	General	12-825d	100,000
Sanitation Operating	Sanitation Reserve	12-825d	25,000
Sewer Operating	General	12-825d	100,000
Water Operating	Water Reserve	12-825d	200,000
Total			$ 514,592

4. Other information

A. 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. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

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

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

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

C. Compensated absences
The City's policy is to recognize the costs of compensated absences when paid. The City's policy regarding vacation leave pay permits full-time employees to accumulate vacation days at the maximum rate of 120 hours per year. Any additional 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.

4. Other information (continued)

C. Compensated absences (continued)
The City's policy regarding sick leave pay permits full-time employees to earn leave days at a rate of 4 hours of sick leave for each complete pay period for total accumulation of 360 hours. Sick leave may be used for sick leave and personal leave. The City does not pay employees for unused sick leave.

D. 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 Annual Comprehensive 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 their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.26% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the City were $35,274 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 $345,527. 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 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.

F. Subsequent event
Subsequent to December 31, 2024, the City approved projects totaling $160,324.

REGULATORY REQUIRED SUPPLEMENTARY INFORMATION

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

Fund	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget	Expenditures Chargeable to Current Year Budget	Variance Over (Under)
General	$ 1,453,550	$ -	$ 1,453,550	$ 1,380,790	$ (72,760)
Special Purpose Funds:					
Ambulance and Fire Equipment	158,000	-	158,000	-	(158,000)
Special Highway	339,331	628,768	968,099	860,192	(107,907)
Business Funds:					
Sanitation Operating	351,000	-	351,000	289,927	(61,073)
Sewer Operating	240,000	-	240,000	209,330	(30,670)
Storm Water Operating	66,000	-	66,000	1,391	(64,609)
Water Operating	1,112,796	-	1,112,796	782,131	(330,665)

CITY OF LEOTI, KANSAS
General Fund
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)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts:				
Ad valorem tax	$ 515,334	$ 521,022	$ 547,448	$ (26,426)
Delinquent tax	34,190	7,975	2,694	5,281
Motor vehicle tax	108,027	107,983	103,762	4,221
Recreational vehicle tax	1,811	1,397	1,597	(200)
Sales and compensating use tax	193,947	213,280	142,000	71,280
Local alcohol tax	2,859	999	1,047	(48)
Franchise taxes	108,758	98,210	100,000	(1,790)
Grants	4,312	4,414	-	4,414
Contractual	40,861	47,160	44,400	2,760
Licenses and permits	5,215	6,349	4,000	2,349
Sale of assets	30,000	-	-	-
Fines and forfeitures	8,882	4,291	6,000	(1,709)
Donations	701	470	-	470
Miscellaneous	23,854	18,221	-	18,221
Interest on idle funds	112,788	224,315	90,000	134,315
Transfer from Sanitation Operating	100,000	100,000	100,000	-
Transfer from Sewer Operating	100,000	100,000	100,000	-
Total receipts	1,391,539	1,456,086	$ 1,242,948	$ 213,138
Expenditures:				
General government:				
Personnel	221,489	239,141	$ 355,000	$ (115,859)
Contractual	120,839	133,121	125,000	8,121
Commodities	26,559	39,784	50,000	(10,216)
Capital outlay	12,500	112,500	20,000	92,500
Total general government	381,387	524,546	550,000	(25,454)
Appropriations:				
Airport	1,400	1,400	1,400	-
Cemetery	1,400	1,400	1,400	-
WCED	42,750	42,750	42,750	-
Golf Course	20,000	20,000	20,000	-
Historical Society	6,500	6,500	6,500	-
Total appropriations	72,050	72,050	72,050	-
Public safety:				
Law enforcement	87,000	90,000	90,000	-

(continued)

CITY OF LEOTI, KANSAS
General Fund
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)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
(continued)				
Expenditures: (continued)				
Public safety: (continued)				
Fire department:				
Personnel	$ 4,402	$ 9,038	$ 9,100	$ (62)
Contractual	32,306	34,974	42,200	(7,226)
Commodities	44,727	29,513	52,500	(22,987)
Capital outlay	-	-	10,500	(10,500)
Total fire department	81,435	73,525	114,300	(40,775)
Total public safety	168,435	163,525	204,300	(40,775)
Public works:				
Personnel	139,423	98,511	184,000	(85,489)
Contractual	226,468	311,777	225,000	86,777
Commodities	43,501	44,038	45,000	(962)
Capital outlay	-	-	100,000	(100,000)
Total public works	409,392	454,326	554,000	(99,674)
Parks:				
Personnel	30,000	30,000	30,000	-
Municipal court:				
Personnel	4,845	4,841	11,000	(6,159)
Contractual	37,823	41,910	32,000	9,910
Commodities	-	-	200	(200)
Total municipal court	42,668	46,751	43,200	3,551
Transfer to Capital Improvement General	150,000	50,000	-	50,000
Transfer to Fire Equipment Reserve	-	39,592	-	39,592
Total expenditures	1,253,932	1,380,790	$ 1,453,550	$ (112,352)
Receipts over expenditures	137,607	75,296		
Unencumbered cash, beginning	305,582	443,189		
Unencumbered cash, ending	$ 443,189	$ 518,485		

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, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts:				
Ad valorem tax	$ 30,276	$ 24,468	$ 25,711	$ (1,243)
Delinquent tax	1,787	387	124	263
Motor vehicle tax	4,954	5,056	4,781	275
Recreational vehicle tax	966	65	73	(8)
Total receipts	37,983	29,976	$ 30,689	$ (713)
Expenditures:				
Capital outlay	-	-	$ 158,000	$ (158,000)
Total expenditures	-	-	$ 158,000	$ (158,000)
Receipts over expenditures	37,983	29,976		
Unencumbered cash, beginning	98,926	136,909		
Unencumbered cash, ending	$ 136,909	$ 166,885		

CITY OF LEOTI, KANSAS
Animal Shelter Fund
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)

	Prior Year Actual	Current Year Actual
Receipts:		
Grants	$ -	$ 420
Total receipts	-	420
Expenditures:		
Commodities	-	-
Total expenditures	-	-
Receipts over expenditures	-	420
Unencumbered cash, beginning	-	-
Unencumbered cash, ending	$ -	$ 420

CITY OF LEOTI, KANSAS
Capital Improvement General Fund
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)

	Prior Year Actual	Current Year Actual
Receipts:		
Transfer from General	$ 150,000	$ 50,000
Total receipts	150,000	50,000
Expenditures:		
Capital outlay	-	-
Total expenditures	-	-
Receipts over expenditures	150,000	50,000
Unencumbered cash, beginning	7,500	157,500
Unencumbered cash, ending	$ 157,500	$ 207,500

CITY OF LEOTI, KANSAS
Equipment Reserve Fund
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)

	Prior Year Actual	Current Year Actual
Receipts:		
Transfer from Sanitation Operating	$ 100,000	$ -
Total receipts	100,000	-
Expenditures:		
Capital outlay	140,596	12,300
Total expenditures	140,596	12,300
Receipts under expenditures	(40,596)	(12,300)
Unencumbered cash, beginning	910,387	869,791
Unencumbered cash, ending	$ 869,791	$ 857,491

CITY OF LEOTI, KANSAS
Fire Equipment Reserve Fund
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)

	Prior Year Actual	Current Year Actual
Receipts:		
Grants	$ -	$ 146,614
Transfer from General	-	39,592
Total receipts	-	186,206
Expenditures:		
Capital outlay	-	-
Total expenditures	-	-
Receipts over expenditures	-	186,206
Unencumbered cash, beginning	21,908	21,908
Unencumbered cash, ending	$ 21,908	$ 208,114

CITY OF LEOTI, KANSAS
Saturday Cinema Fund
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)

	Prior Year Actual	Current Year Actual
Receipts:		
Donations	$ -	$ -
Total receipts	-	-
Expenditures:		
Contractual	-	1,175
Commodities	-	20
Total expenditures	-	1,195
Receipts under expenditures	-	(1,195)
Unencumbered cash, beginning	2,256	2,256
Unencumbered cash, ending	$ 2,256	$ 1,061

CITY OF LEOTI, KANSAS
Sidewalk Reserve Fund
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)

	Prior Year Actual	Current Year Actual
Receipts:		
Grants	$ -	$ 100,000
Total receipts	-	100,000
Expenditures:		
Capital outlay	-	36,728
Total expenditures	-	36,728
Receipts over expenditures	-	63,272
Unencumbered cash, beginning	72,728	72,728
Unencumbered cash, ending	$ 72,728	$ 136,000

CITY OF LEOTI, KANSAS
Special Highway Fund
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)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts:				
State payments	$ 38,507	$ 38,742	$ 39,180	$ (438)
Grants	-	628,768	628,768	-
Total receipts	38,507	667,510	$ 667,948	$ (438)
Expenditures:				
Contractual	116,500	120,465	$ 339,331	$ (218,866)
Capital outlay	-	739,727	628,768	110,959
Total expenditures	116,500	860,192	$ 968,099	$ (107,907)
Receipts under expenditures	(77,993)	(192,682)		
Unencumbered cash, beginning	300,681	222,688		
Unencumbered cash, ending	$ 222,688	$ 30,006		

CITY OF LEOTI, KANSAS
Sanitation Operating Fund
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)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts:				
Sanitation collections	$ 270,863	$ 274,644	$ 265,000	$ 9,644
Penalties	2,524	2,597	-	2,597
Miscellaneous	70	25	-	25
Total receipts	273,457	277,266	$ 265,000	$ 12,266
Expenditures:				
Personnel	108,316	118,468	$ 121,000	$ (2,532)
Contractual	21,697	21,970	25,000	(3,030)
Commodities	16,848	24,489	30,000	(5,511)
Capital outlay	-	-	50,000	(50,000)
Transfer to General	100,000	100,000	100,000	-
Transfer to Equipment Reserve	100,000	-	-	-
Transfer to Sanitation Reserve	25,000	25,000	25,000	-
Total expenditures	371,861	289,927	$ 351,000	$ (61,073)
Receipts under expenditures	(98,404)	(12,661)		
Unencumbered cash, beginning	169,599	71,195		
Unencumbered cash, ending	$ 71,195	$ 58,534		

CITY OF LEOTI, KANSAS
Sanitation Reserve Fund
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)

	Prior Year Actual	Current Year Actual
Receipts:		
Transfer from Sanitation Operating	$ 25,000	$ 25,000
Total receipts	25,000	25,000
Expenditures:		
Capital outlay	-	-
Total expenditures	-	-
Receipts over expenditures	25,000	25,000
Unencumbered cash, beginning	152,112	177,112
Unencumbered cash, ending	$ 177,112	$ 202,112

CITY OF LEOTI, KANSAS
Sewer Operating Fund
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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts:				
Sewer collections	$ 201,087	$ 204,315	$ 215,000	$ (10,685)
Penalties	1,797	1,834	2,000	(166)
Total receipts	202,884	206,149	$ 217,000	$ (10,851)
Expenditures:				
Personnel	48,721	58,881	$ 60,000	$ (1,119)
Contractual	44,171	42,668	40,000	2,668
Commodities	10,742	7,781	40,000	(32,219)
Debt principal	70,564	-	-	-
Debt interest	1,377	-	-	-
Transfer to General	100,000	100,000	100,000	-
Total expenditures	275,575	209,330	$ 240,000	$ (30,670)
Receipts under expenditures	(72,691)	(3,181)		
Unencumbered cash, beginning	127,788	55,097		
Unencumbered cash, ending	$ 55,097	$ 51,916		

CITY OF LEOTI, KANSAS
Sewer Reserve Fund
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)

	Prior Year Actual	Current Year Actual
Receipts:		
Transfer from Water Operating	$ -	$ -
Total receipts	-	-
Expenditures:		
Transfer to Water and Sewer Utility	-	-
Total expenditures	-	-
Receipts over expenditures	-	-
Unencumbered cash, beginning	90,000	90,000
Unencumbered cash, ending	$ 90,000	$ 90,000

CITY OF LEOTI, KANSAS
Storm Water Operating Fund
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)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts:				
Storm water collections	$ 8,635	$ 8,725	$ 8,800	$ (75)
Penalties	97	97	100	(3)
Total receipts	8,732	8,822	$ 8,900	$ (78)
Expenditures:				
Contractual	896	1,391	$ 3,000	$ (1,609)
Commodities	-	-	3,000	(3,000)
Capital outlay	-	-	60,000	(60,000)
Total expenditures	896	1,391	$ 66,000	$ (64,609)
Receipts over expenditures	7,836	7,431		
Unencumbered cash, beginning	86,653	94,489		
Unencumbered cash, ending	$ 94,489	$ 101,920		

CITY OF LEOTI, KANSAS
Water Operating Fund
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)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts:				
Water collections	$ 631,618	$ 667,783	$ 575,000	$ 92,783
Penalties	5,687	5,492	5,000	492
Connection fees	2,975	2,650	1,500	1,150
Coin box sales	5,664	4,923	4,500	423
Miscellaneous	11,081	19,888	-	19,888
Total receipts	657,025	700,736	$ 586,000	$ 114,736
Expenditures:				
Personnel	83,954	83,016	$ 230,000	$ (146,984)
Contractual	131,912	157,220	168,700	(11,480)
Commodities	53,075	38,484	75,000	(36,516)
Capital outlay	-	225,314	150,000	75,314
Debt principal	45,372	46,620	45,372	1,248
Debt interest	43,724	31,477	43,724	(12,247)
Additional debt service	400,000	-	200,000	(200,000)
Transfer to Water Reserve	200,000	200,000	200,000	-
Total expenditures	958,037	782,131	$ 1,112,796	$ (330,665)
Receipts under expenditures	(301,012)	(81,395)		
Unencumbered cash, beginning	1,262,976	961,964		
Unencumbered cash, ending	$ 961,964	$ 880,569		

CITY OF LEOTI, KANSAS
Water Reserve Fund
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)

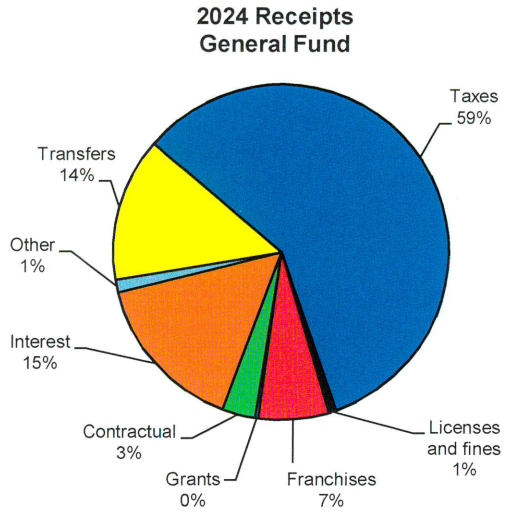
	Prior Year Actual	Current Year Actual
Receipts:		
Transfer from Water Operating	$ 200,000	$ 200,000
Total receipts	200,000	200,000
Expenditures:		
Capital outlay	-	23,291
Total expenditures	-	23,291
Receipts over expenditures	200,000	176,709
Unencumbered cash, beginning	1,170,098	1,370,098
Unencumbered cash, ending	$ 1,370,098	$ 1,546,807

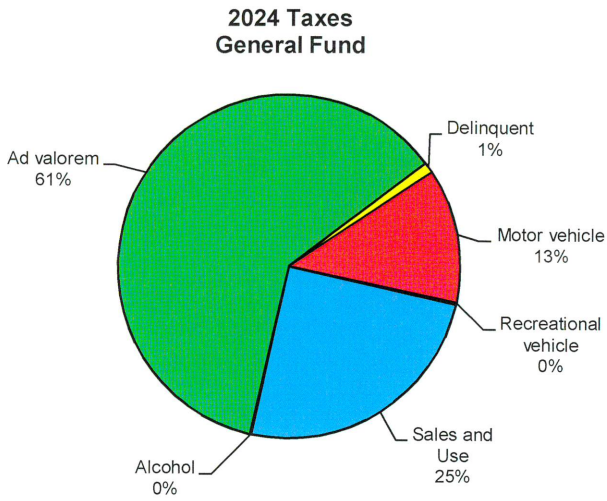
CITY OF LEOTI, KANSAS
Agency Funds
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2024

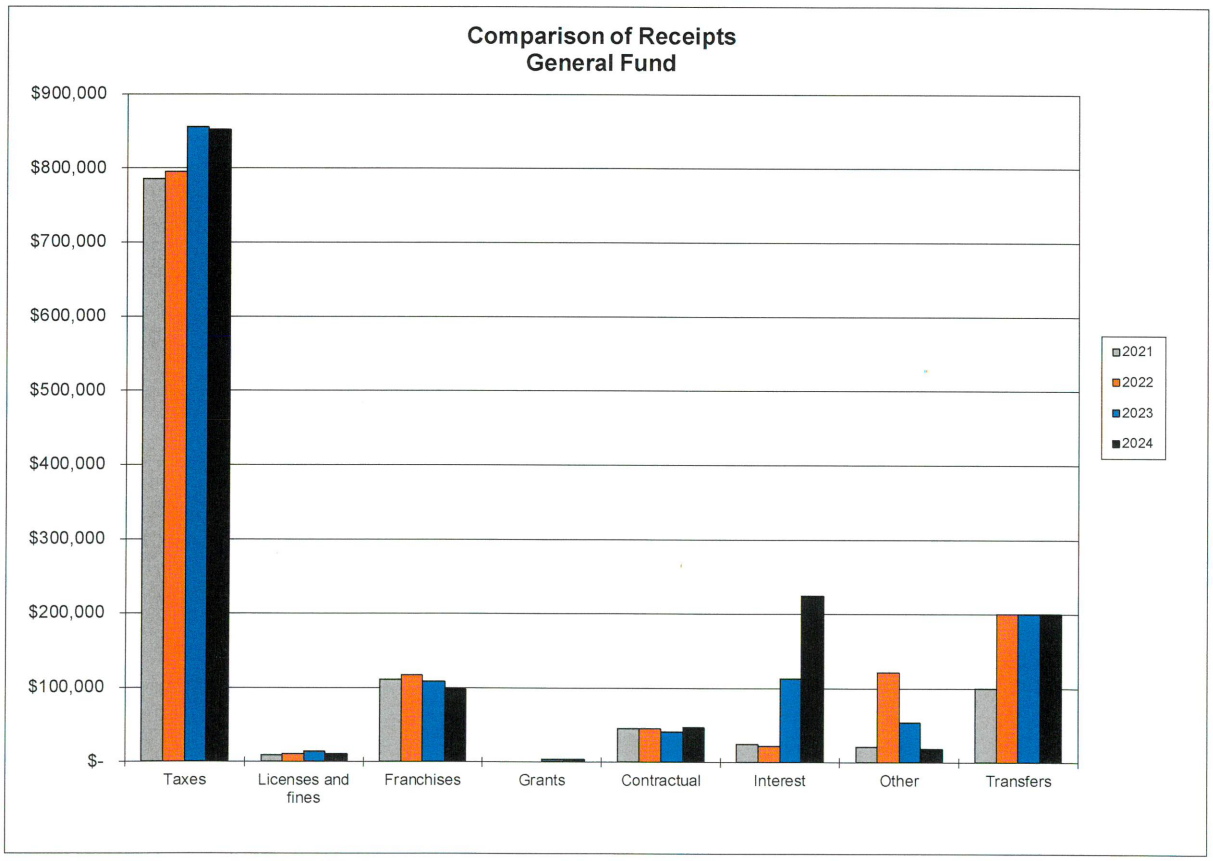
	Cash Balance 1/1/24	Receipts	Disburse-ments	Cash Balance 12/31/24
Agency Funds:				
Landfill	$ 21,613	$ 78,142	$ 83,415	$ 16,340
Total Agency Funds	$ 21,613	$ 78,142	$ 83,415	$ 16,340

OTHER INFORMATION

CITY OF LEOTI, KANSAS
Receipts - General Fund
Regulatory Basis
For the Year Ended December 31

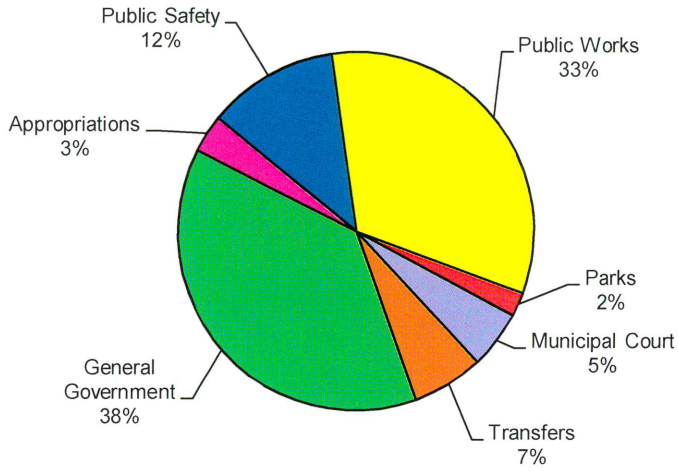


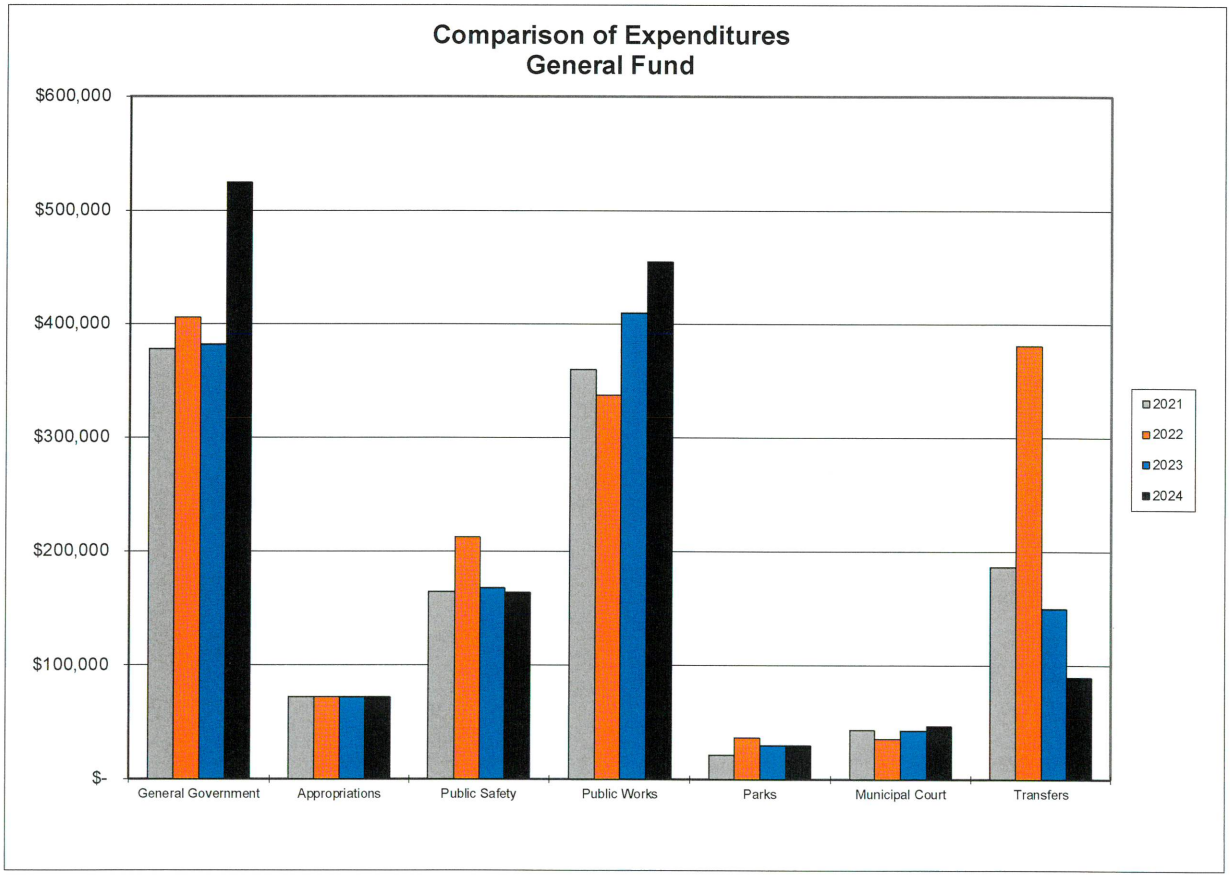




CITY OF LEOTI, KANSAS
Expenditures - General Fund
Regulatory Basis
For the Year Ended December 31

2024 Expenditures
General Fund





CITY OF LEOTI, KANSAS
Comparison of Receipts and Expenditures - General Fund
Regulatory Basis
For the Year Ended December 31

