CITY OF SPEARVILLE, KANSAS

FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Spearville, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash of the City of Spearville, Kansas, as of and for the year ended December 31, 2023 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Spearville, Kansas, as of December 31, 2023, 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 accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the City of Spearville, Kansas, as of December 31, 2023, 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.

Basis for Adverse and Unmodified Opinions

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

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

As discussed in Note A of the financial statement, the financial statement is prepared by the City of Spearville, 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.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 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.

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash (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 purposes of additional 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 accompanying supplementary 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 Spearville, Kansas as of and for the year ended December 31, 2022 (not presented herein), and have issued our report thereon dated September 11, 2023, which contained an unmodified opinion on the basic financial statement. The 2022 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/accounts-reports/local-government/municipal-services/municipal-audits. The 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for the year ended December 31, 2023 (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 2022 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 2022 basic financial statement. The 2022 comparative information was subjected to the auditing procedures applied in the audit of the 2022 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 2022 basic financial statement or to the 2022 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 2022 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, 2022, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

July 29, 2024

CITY OF SPEARVILLE, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
REGULATORY BASIS

For the Year Ended December 31, 2023

Fund	Beginning unencumbered cash balance	Prior year canceled encumbrances
General fund	$ 426,949	$ -
Special purpose funds:		
Special street	8,301	-
Capital improvement	442,738	-
Crime stoppers	1,330	-
Community development	360,345	-
Woodbury trust	18,540	-
Laudick estate	107,902	-
Tom Feist foundation	7,191	-
Equipment reserve	244,843	-
Grants	-	-
Total special purpose funds	1,191,190	-
Bond and interest funds:		
Bond and interest	50,792	-
Public Building Commission bond and interest	-	-
Total bond and interest funds	50,792	-
Capital project fund:		
Spearville Public Building Commission project	540,812	-
Business funds:		
Gas utility	189,569	-
Water utility	541,176	-
Sewer utility	4,875	-
Sanitation utility	38,000	-
Gas utility reserve	85,000	-
Water capital outlay	547,588	-
Total business funds	1,406,208	-
Total - excluding agency funds	$ 3,615,951	$ -
Composition of cash balance:		
Checking accounts		
Money market accounts		
Federated Government Obligation fund		
Savings accounts		
Certificates of deposit		
Petty cash		
Total cash		
Agency funds		
Total cash - excluding agency funds		

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

STATEMENT 1

Receipts	Expenditures	Ending unencumbered cash balance	Add encumbrances and accounts payable	Ending cash balance
$ 527,819	$ 429,332	$ 525,436	$ -	$ 525,436
21,952	26,818	3,435	-	3,435
217,532	-	660,270	-	660,270
49	-	1,379	-	1,379
15,773	66	376,052	-	376,052
355	-	18,895	-	18,895
3,144	52,472	58,574	-	58,574
249,654	92,505	164,340	-	164,340
25,000	69,824	200,019	-	200,019
61,000	48,000	13,000	-	13,000
594,459	289,685	1,495,964	-	1,495,964
27,495	7,468	70,819	-	70,819
136,394	136,333	61	-	61
163,889	143,801	70,880	-	70,880
13,537	546,068	8,281	-	8,281
414,774	385,624	218,719	-	218,719
233,123	286,615	487,684	-	487,684
92,391	84,771	12,495	-	12,495
71,319	81,087	28,232	-	28,232
-	-	85,000	-	85,000
94,968	71,625	570,931	-	570,931
906,575	909,722	1,403,061	-	1,403,061
$ 2,206,279	$ 2,318,608	$ 3,503,622	$ -	$ 3,503,622

	$ 2,162,898
	58,574
	8,342
	1,268,598
	13,786
	100
	3,512,298
	(8,676)
	$ 3,503,622

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 Spearville is a municipal corporation governed by an elected mayor and five-member council. This regulatory financial statement presents the City of Spearville (the municipality) and the Public Building Commission (part of the municipality).

Public Building Commission. The City of Spearville, Kansas, pursuant to Ordinance No. 703-A, has created the City of Spearville, Kansas Public Building Commission (PBC), a municipal corporation of the State of Kansas whereas the PBC has been granted the authority to function as a public building commission pursuant to the authority of K.S.A. 12-1757 et seq. For financial reporting, the financial activities of the Public Building Commission are accounted for within a non-budgeted capital project fund, and the revenue bond issue is accounted for in a bond and interest fund.

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, 2023:

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 funds – 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.

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Presentation – Fund Accounting (CONTINUED)

Business funds – funds financed in whole or in part by fees charged to users of the goods or services.

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

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), 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:

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.

If the municipality is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The municipality did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held, and the governing body may amend the budget at that time. There were no such budget amendments for this year.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. 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 regulatory receipts are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, utility reserve funds, agency funds, or the Capital Improvement, Crime Stoppers, Community Development, Woodbury Trust, Laudick Estate, Tom Feist Foundation, Equipment Reserve, and Grants special purpose funds.

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

B. DEPOSITS AND INVESTMENTS

As of December 31, 2023, the City had the following investments and maturities.

Investment Type	Fair Value	Maturity	Rating
Federated Government Obligation Fund #395	$ 8,342	< 1 Year	AAAm

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 to 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 municipality may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of investments as of December 31, 2023 was as follows:

Investment	Percentage of Investments
Federated Government Obligation Fund #395	100%

B. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2023.

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

At December 31, 2023 the carrying amount of the City's deposits, including certificates of deposit, was $3,503,856 and the bank balance was $3,609,238. Of the bank balance, $1,000,000 was covered by federal depository insurance and $2,609,238 was collateralized with securities held by the pledging financial institutions agents in the City's name.

C. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2023, were as follows:

Issue	Balance beginning of year	Additions	Reductions/ net change	Balance end of year	Interest paid
General obligation bonds:					
Street Improvements					
Issued July 31, 2017					
In the amount of $78,000					
At interest rate of 4.25%					
Maturing September 1, 2032	$ 58,000	$ -	$ 5,000	$ 53,000	$ 2,465
Water Improvements Refunding					
Issued October 14, 2020					
In the amount of $1,210,000					
At interest rate of 0.90 - 3.00%					
Maturing October 1, 2043	1,115,000	-	50,000	1,065,000	21,625
Total GO bonds	1,173,000	-	55,000	1,118,000	24,090
Revenue bonds:					
Spearville PBC Revenue Bonds					
Series 2022					
Issued October 5, 2022					
In the amount of $1,500,000					
At interest rate of 4.00%					
Maturing September 1, 2037	1,500,000	-	80,000	1,420,000	54,333
Weather event loan:					
City Utility Low-Interest Loan					
Issued March 23, 2021					
In the amount of $250,000					
At variable interest rate of 2.68%					
Maturing January 1, 2026	150,289	-	48,769	101,520	3,703
Total long-term debt	$2,823,289	$ -	$ 183,769	$2,639,520	$ 82,126

C. LONG-TERM DEBT (CONTINUED)

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

	Principal due	Interest due	Total due
2024	$ 55,000	$ 23,378	$ 78,378
2025	55,000	22,715	77,715
2026	55,000	22,052	77,052
2027	56,000	21,265	77,265
2028	56,000	20,435	76,435
2029-2033	276,000	87,023	363,023
2034-2038	265,000	60,663	325,663
2039-2043	300,000	26,575	326,575
Total	$ 1,118,000	$ 284,106	$ 1,402,106

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

	Principal due	Interest due	Total due
2024	$ 80,000	$ 56,800	$ 136,800
2025	80,000	53,600	133,600
2026	85,000	50,400	135,400
2027	85,000	47,000	132,000
2028	90,000	43,600	133,600
2029-2033	510,000	160,600	670,600
2034-2037	490,000	50,000	540,000
Total	$ 1,420,000	$ 462,000	$ 1,882,000

The revenue bond payments are made by the PBC solely from the rentals received from the Unified School District #381, Ford County, Kansas and the Spearville Recreation Commission.

Current maturities of the weather event loan and interest through maturity are as follows:

	Principal due	Interest due	Total due
2024	$ 50,052	$ 2,504	$ 52,555
2025	51,468	1,087	52,555
Total	$ 101,520	$ 3,591	$ 105,110

D. CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City nor the State, or any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in this financial statement.

D. CONDUIT DEBT OBLIGATIONS (CONTINUED)

As of December 31, 2023, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of $5,304,192.

E. INTERFUND TRANSACTIONS

Operating transfers were as follows:

From	To	Statutory authority	Amount
General	Capital improvement	K.S.A. 12-1,118	$ 124,963
General	Equipment reserve	K.S.A. 12-1,117	5,000
Sanitation utility	Equipment reserve	K.S.A. 12-825d	20,000
Water utility	Capital improvement	K.S.A. 12-825d	75,000
Water utility	Water capital outlay	K.S.A. 12-825d	29,160
			$ 254,123

F. 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 the financial statement.

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

Death and disability other post-employment benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate was set at 1% and contributions were $2,781 for the year ended December 31, 2023.

Paid Time Off benefits. Effective for the year ended December 31, 2023, all full-time employees are eligible to receive paid time off based on their years of employment. An employee can carry unused paid time off at the end of the calendar year and place it into either their paid time off bank or family medical leave bank (FMLA). The paid time off bank can accumulate a maximum of 10 days and this is payable upon the employee's separation. The FMLA bank can accumulate a maximum of 15 days that is not paid upon separation.

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; natural disasters; and medical needs of employees. The City purchases commercial insurance to cover health, property, liability, and worker's compensation claims. There has been no reduction in coverage from the prior year and settlements have not exceeded coverage in the past three years.

H. DEFINED BENEFIT PENSION PLAN

General Information About the 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 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is 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 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from the City were $23,442 for the year ended December 31, 2023.

Net Pension Liability

At December 31, 2023, the City's proportionate share of the collective net pension liability reported by KPERS was $247,951. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. 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 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.

I. JOINT VENTURES

In March 2022, the City of Spearville, pursuant to Ordinance No 703-A, created the City of Spearville, Kansas Public Building Commission (PBC). The governing body of the PBC adopted Resolution No. 2022-4 on September 14, 2022, authorizing the Issuer to (1) issue the City of Spearville, Kansas Public Building Commission Revenue Bonds, Series 2022 (Unified School District No. 381 (the District)/Spearville Recreation Commission (the Commission) Project) (the "Series 2022 Bonds") in the amount of $1,500,000 for the purpose of providing a portion of the funds necessary to construct, furnish and equip a new swimming pool and all improvements related thereto (the "Facility"); (2) enter into an Indenture, with Security Bank of Kansas City for the purpose of issuing and securing the Series 2022 Bonds (the Bonds), as therein provided, and (3) enter into the lease with the District, dated October 5, 2022 herewith (the "Lease"), pursuant to which the Issuer will cause the proceeds of the Series 2022 Bonds to be used to construct the Facility and will lease the Project to the District in consideration of rental payments which are to be sufficient, during any term of the Lease, to pay the principal of, redemption premium, if any, and interest on the Bonds as the same become due.

The District adopted Resolution No. 523 on August 8, 2022, which resolution: (a) authorized the District to enter into the Lease; and (b) authorized the District, as sublessor, to enter into this sublease with the Commission, as sublessee, pursuant to which the District will sublease the Project to the Commission. The Bonds of the PBC are payable from the rentals received by the PBC from the Commission per a sublease agreement entered into with the District.

J. SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through July 29, 2024 and does not believe any events have occurred which affect the financial statement as presented.

REGULATORY–REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

CITY OF SPEARVILLE, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2023

Fund	Certified budget	Adjustment for qualifying budget credits	Total budget for comparison	Expenditures chargeable to current year	Variance favorable (unfavorable)
General fund	$ 565,000	$ -	$ 565,000	$ 429,332	$ 135,668
Special purpose fund:					
Special street	62,536	-	62,536	26,818	35,718
Bond and interest fund:					
Bond and interest	50,315	-	50,315	7,468	42,847
PBC bond and interest	200,000	-	200,000	136,333	63,667
Business funds:					
Gas utility	550,000	-	550,000	385,624	164,376
Water utility	541,625	-	541,625	286,615	255,010
Sewer utility	112,500	-	112,500	84,771	27,729
Sanitation utility	99,000	-	99,000	81,087	17,913
Total	$ 2,180,976	$ -	$ 2,180,976	$ 1,438,048	$ 742,928

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	$ 159,344	$ 169,490	$ 174,072	$ (4,582)
Delinquent tax	2,182	6,632	500	6,132
Motor vehicle tax	36,007	34,882	36,637	(1,755)
Recreational vehicle tax	461	565	665	(100)
16/20M truck tax	-	-	852	(852)
Commercial vehicle tax	3,731	3,852	3,149	703
Sales tax	131,185	155,577	90,000	65,577
Licenses and permits	6,898	5,138	1,000	4,138
Fines	635	1,580	100	1,480
Charges for services	3,100	2,625	1,500	1,125
Franchise fees	48,071	45,909	30,000	15,909
Interest	24,084	90,924	2,500	88,424
Miscellaneous	5,294	10,645	5,000	5,645
Total receipts	420,992	527,819	$ 345,975	$ 181,844
Expenditures:				
General government	126,647	127,406	$ 223,000	$ 95,594
Public safety	110,127	151,205	102,000	(49,205)
Highways and streets	1,595	20,758	50,000	29,242
Transfer to capital improvement	39,669	124,963	75,000	(49,963)
Transfer to equipment reserve	-	5,000	75,000	70,000
Transfer to special street	-	-	40,000	40,000
Total expenditures	278,038	429,332	$ 565,000	$ 135,668
Receipts over (under) expenditures	142,954	98,487		
Unencumbered cash, beginning of year	283,995	426,949	$ 219,025	$ 207,924
Unencumbered cash, end of year	$ 426,949	$ 525,436		

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

SPECIAL STREET FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Gasoline tax	$ 21,130	$ 21,402	$ 21,800	$ (398)
Charges for services	525	550	-	550
Transfer from general	-	-	40,000	(40,000)
Total receipts	21,655	21,952	$ 61,800	$ (39,848)
Expenditures:				
Street maintenance	20,620	26,818	$ 62,536	$ 35,718
Receipts over (under) expenditures	1,035	(4,866)		
Unencumbered cash, beginning of year	7,266	8,301	$ 736	$ 7,565
Unencumbered cash, end of year	$ 8,301	$ 3,435		

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

CAPITAL IMPROVEMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022	2023
Receipts:		
Transfer from general	$ 39,669	$ 124,963
Transfer from water utility	-	75,000
Interest	4,490	17,569
Total receipts	44,159	217,532
Expenditures		
Commodities	7,494	-
Receipts over (under) expenditures	36,665	217,532
Unencumbered cash, beginning of year	406,073	442,738
Unencumbered cash, end of year	$ 442,738	$ 660,270

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

CRIME STOPPERS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022	2023
Receipts:		
Interest and donations	$ 13	$ 49
Expenditures	-	-
Receipts over (under) expenditures	13	49
Unencumbered cash, beginning of year	1,317	1,330
Unencumbered cash, end of year	$ 1,330	$ 1,379

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

COMMUNITY DEVELOPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022	2023
Receipts:		
Loan principal	$ 7,868	$ 2,268
Interest	5,309	13,505
Total receipts	13,177	15,773
Expenditures:		
Administrative	278	66
Receipts over (under) expenditures	12,899	15,707
Unencumbered cash, beginning of year	347,446	360,345
Unencumbered cash, end of year	$ 360,345	$ 376,052

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

WOODBURY TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022	2023
Receipts:		
Interest	$ 97	$ 355
Expenditures:		
Donations	-	-
Receipts over (under) expenditures	97	355
Unencumbered cash, beginning of year	18,443	18,540
Unencumbered cash, end of year	$ 18,540	$ 18,895

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

LAUDICK ESTATE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022	2023
Receipts:		
Interest	$ 1,049	$ 3,144
Expenditures:		
Debt service:		
Principal	49,846	48,769
Interest	469	3,703
Total expenditures	50,315	52,472
Receipts over (under) expenditures	(49,266)	(49,328)
Unencumbered cash, beginning of year	157,168	107,902
Unencumbered cash, end of year	$ 107,902	$ 58,574

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

TOM FEIST FOUNDATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022	2023
Receipts:		
Donations	$ -	$ 100,000
Refund of construction costs	-	149,654
Total receipts	-	249,654
Expenditures:		
Contractual services	13,386	-
Capital outlay	1,138,816	92,505
Total expenditures	1,152,202	92,505
Receipts over (under) expenditures	(1,152,202)	157,149
Unencumbered cash, beginning of year	1,159,393	7,191
Unencumbered cash, end of year	$ 7,191	$ 164,340

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

EQUIPMENT RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022	2023
Receipts:		
Miscellaneous	$ 7,727	$ -
Transfer from general	-	25,000
Total receipts	7,727	25,000
Expenditures:		
Capital outlay	56,200	69,824
Receipts over (under) expenditures	(48,473)	(44,824)
Unencumbered cash, beginning of year	293,316	244,843
Unencumbered cash, end of year	$ 244,843	$ 200,019

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

GRANTS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022	2023
Receipts:		
Federal grants	$ -	$ 35,000
Local grants	-	26,000
Total receipts	-	61,000
Expenditures:		
Contractual services	-	13,000
Transfer to grant reciepent	-	35,000
Total expenditures	-	48,000
Receipts over (under) expenditures	-	13,000
Unencumbered cash, beginning of year	-	-
Unencumbered cash, end of year	$ -	$ 13,000

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

BOND AND INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Special assessments	$ 9,137	$ 27,495	$ 5,000	$ 22,495
Expenditures:				
Debt service:				
Principal	4,000	5,000	$ 5,000	$ -
Interest and commissions	2,637	2,468	2,565	97
Cash basis reserve	-	-	42,750	42,750
Total expenditures	6,637	7,468	$ 50,315	$ 42,847
Receipts over (under) expenditures	2,500	20,027		
Unencumbered cash, beginning of year	48,292	50,792	$ 46,557	$ 4,235
Unencumbered cash, end of year	$ 50,792	$ 70,819	$ 1,242	$ 50,751

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

PUBLIC BUILDING COMMISSION BOND AND INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Lease income	$ -	$ 136,299	$ 200,000	$ (63,701)
Interest income	-	95	-	95
Total receipts	-	136,394	$ 200,000	$ (63,606)
Expenditures:				
Debt service:				
Principal	-	80,000	$ 145,000	$ 65,000
Interest and commissions	-	56,333	55,000	(1,333)
Total expenditures	-	136,333	$ 200,000	$ 63,667
Receipts over (under) expenditures	-	61		
Unencumbered cash, beginning of year	-	-	$ -	$ -
Unencumbered cash, end of year	$ -	$ 61		

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

SPEARVILLE PUBLIC BUILDING COMMISION PROJECT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022	2023
Receipts:		
Bond proceeds	$ 1,547,945	$ -
Return of bond issuance costs	-	7,639
Interest income	5,641	5,898
Total receipts	1,553,586	13,537
Expenditures:		
Capital outlay	912,484	546,068
Debt issuance costs	100,290	-
Total expenditures	1,012,774	546,068
Receipts over (under) expenditures	540,812	(532,531)
Unencumbered cash, beginning of year	-	540,812
Unencumbered cash, end of year	$ 540,812	$ 8,281

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

GAS UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Customer charges	$ 384,572	$ 414,774	$ 400,000	$ 14,774
Expenditures:				
Personal services	77,210	86,015	$ 80,000	$ (6,015)
Contractual services	265,398	290,239	300,000	9,761
Commodities	6,856	9,370	15,000	5,630
Capital outlay	1,768	-	25,000	25,000
Transfer to gas utility reserve	-	-	20,000	20,000
Transfer to capital improvement	-	-	70,000	70,000
Transfer to equipment reserve	-	-	40,000	40,000
Total expenditures	351,232	385,624	$ 550,000	$ 164,376
Receipts over (under) expenditures	33,340	29,150		
Unencumbered cash, beginning of year	156,229	189,569	$ 151,229	$ 38,340
Unencumbered cash, end of year	$ 189,569	$ 218,719	$ 1,229	$ 217,490

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

WATER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Customer charges	$ 277,581	$ 233,123	$ 260,000	$ (26,877)
Miscellaneous	210	-	-	-
Total receipts	277,791	233,123	$ 260,000	$ (26,877)
Expenditures:				
Personal services	90,456	99,413	$ 80,000	$ (19,413)
Contractual services	89,691	54,620	50,000	(4,620)
Commodities	22,323	24,785	40,000	15,215
Capital outlay	5,936	3,637	100,000	96,363
Debt service:				
Principal	-	-	50,000	50,000
Interest	-	-	21,625	21,625
Transfer to water capital outlay	29,160	29,160	100,000	70,840
Transfer to capital improvement	-	75,000	50,000	(25,000)
Transfer to equipment reserve	-	-	50,000	50,000
Total expenditures	237,566	286,615	$ 541,625	$ 255,010
Receipts over (under) expenditures	40,225	(53,492)		
Unencumbered cash, beginning of year	500,951	541,176	$ 283,826	$ 257,350
Unencumbered cash, end of year	$ 541,176	$ 487,684	$ 2,201	$ 485,483

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

SEWER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Customer charges	$ 77,941	$ 92,391	$ 85,000	$ 7,391
Expenditures:				
Personal services	64,202	69,030	$ 60,000	$ (9,030)
Contractual services	10,944	14,531	25,000	10,469
Commodities	988	1,210	2,500	1,290
Capital outlay	-	-	25,000	25,000
Total expenditures	76,134	84,771	$ 112,500	$ 27,729
Receipts over (under) expenditures	1,807	7,620		
Unencumbered cash, beginning of year	3,068	4,875	$ 27,569	$ (22,694)
Unencumbered cash, end of year	$ 4,875	$ 12,495	$ 69	$ 12,426

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

SANITATION UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

		2023		
	2022	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Customer charges	$ 67,450	$ 71,319	$ 75,000	$ (3,681)
Expenditures:				
Contractual services	57,456	61,087	$ 75,000	$ 13,913
Commodities	1,004	-	-	-
Transfer to capital improvement	-	-	14,000	14,000
Transfer to equipment reserve	-	20,000	10,000	(10,000)
Total expenditures	58,460	81,087	$ 99,000	$ 17,913
Receipts over (under) expenditures	8,990	(9,768)		
Unencumbered cash, beginning of year	29,010	38,000	$ 24,010	$ 13,990
Unencumbered cash, end of year	$ 38,000	$ 28,232	$ 10	$ 28,222

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

GAS UTILITY RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022	2023
Receipts:		
Transfer from gas utility	$ -	$ -
Expenditures:	-	-
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning of year	85,000	85,000
Unencumbered cash, end of year	$ 85,000	$ 85,000

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

WATER CAPITAL OUTLAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022	2023
Receipts:		
Cash rent and leases	$ 77,223	$ 65,808
Transfers from water utility	29,160	29,160
Total receipts	106,383	94,968
Expenditures:		
Debt service:		
Principal	50,000	50,000
Interest	22,125	21,625
Total expenditures	72,125	71,625
Receipts over (under) expenditures	34,258	23,343
Unencumbered cash, beginning of year	513,330	547,588
Unencumbered cash, end of year	$ 547,588	$ 570,931

See Independent Auditor's Report.

SCHEDULE 3

CITY OF SPEARVILLE, KANSAS

AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the Year Ended December 31, 2023

Fund	Beginning cash balance	Receipts	Disbursements	Ending cash balance
Utility deposits	$ 7,400	$ 2,500	$ 1,225	$ 8,675
RHID construction	-	94,135	94,134	1
	$ 7,400	$ 96,635	$ 95,359	$ 8,676

See Independent Auditor's Report.