CITY OF SABETHA, KANSAS

FINANCIAL STATEMENTS

Year Ending December 31, 2023

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City of Sabetha, Kansas

FINANCIAL STATEMENTS
Year ending December 31, 2023

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GORDONCPA
AUDITING
ACCOUNTING
CONSULTING

4205 W 6th St Ste C
Lawrence, KS 66049

(785) 371-4847
cpagordon.com

INDEPENDENT AUDITOR'S REPORT

Mayor and City Commission
City of Sabetha, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Sabetha, Kansas, (the City), as of and for the year ended December 31, 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 of Adverse and Unmodified Opinions" section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2023, or the changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 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 1.

Basis for Adverse and Unmodified Opinions

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

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

As discussed in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

June 17, 2024

CITY OF SABETHA, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2023

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustment	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:							
General	$ 1,003,669	$ -	$ 3,102,718	$ 2,855,956	$ 1,250,431	$ -	$ 1,250,431
Special Purpose Funds:							
Library	-	-	151,394	151,394	-	-	-
Airport	101,947	-	120,241	98,795	123,393	-	123,393
Parks and Recreation	-	-	16,871	16,871	-	-	-
Highway	-	-	67,736	67,736	-	-	-
Capital Projects Funds:							
Prairie View Sidewalk	29,222	-	-	-	29,222	-	29,222
Bond and Interest Funds:							
Bond and Interest	234,150	-	363,642	379,170	218,622	-	218,622
Aquatic Center	609,924	-	355,753	224,250	741,427	-	741,427
Business Funds:							
Electric	2,993,124	-	5,592,514	4,756,313	3,829,325	-	3,829,325
Water	419,935	-	858,980	872,824	406,091	-	406,091
Sewer	469,157	-	2,082,177	1,987,571	563,763	26,697	590,460
Related Municipal Entities:							
Mary Cotton Public Library	201,060	-	274,829	314,419	161,470	[1,647]	159,823
Sabetha Cemetery	40,111	-	76,018	67,945	48,184	-	48,184
Total Reporting Entity [Excluding Agency Funds]	$ 6,102,299	$ -	$ 13,062,873	$ 11,793,244	$ 7,371,928	$ 25,050	$ 7,396,978

Composition of Cash:		
Bank of Blue Valley		
Checking		$ 4,606
Money Market		5,530
Community National Bank		
Checking		6,803,708
Money Market		352
Library Certificate of Deposit		108,186
Greater Manhattan Community Foundation		
Library Investments		23,137
United Bank		
Checking		400,640
Money Market		5,058
Court		4,510
EMS		49,426
Library Checking		28,498
Library Savings		2
Cemetery Checking		46,899
Cemetery Money Market		1,285
Subtotal		7,481,837
Less: Agency Funds per Schedule 4		[84,859]
Total Reporting Entity [Excluding Agency Funds]		$ 7,396,978

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

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Sabetha (the City) is a municipal corporation governed by a five-member commission. These financial statements present only the primary government of the City and the Mary Cotton Public Library and Sabetha Cemetery related municipal entities. They exclude one of the related municipal entities for which the City is considered financially accountable:

The Sabetha Housing Authority

Separate financial statements may be obtained directly from the above.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting* Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Special Assessments. As provided by Kansas statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as regulatory receipts in the appropriate project. Special assessments received after the issuance of bonds are recorded as regulatory receipts in the Bond and Interest Fund.

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the City for the year ended December 31, 2023:

General Fund - the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund - used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

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

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

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

Agency Fund - used to report assets held by a municipal reporting entity in a purely custodial capacity (i.e. payroll clearing fund, county treasurer tax collection accounts, etc.).

Budgetary Information

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

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and governing body may amend the budget at that time. The budget was not amended for the year ended December 31, 2023.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for capital project funds.

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

NOTE 2 - Deposits and Investments

Deposits. K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

NOTE 2 - Deposits and Investments (Continued)

Investments. K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices. As of December 31, 2023, the City held no investments.

KSA 12-1225(h) authorizes library boards to invest or reinvest gifts and donations and any dividends, interest, rent, or income derived from the gifts in the manner the board deems will best serve the interest of the library. The Mary Cotton Public Library had the following unsecured investments from gifts and donations as of December 31, 2023.

Investment Type	Fair Value
Greater Manhattan Community Foundation	
Bond Funds	$ 7,133
Cash & Cash Equivalents	641
Stocks & Mutual Funds	15,364
Total	$ 23,137

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods." All deposits were legally secured as of December 31, 2023.

As of December 31, 2023, the City's carrying amount of deposits was $7,273,830 and the bank balance was $7,352,687. The bank balance was held by three banks, alleviating a concentration of credit risk. Of the bank balance, $510,311 was covered by federal depository insurance and the balance of $6,842,376 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

As of December 31, 2023, the Library's carrying amount of deposits was $136,686 and the bank balance was $217,248. The bank balance was held by two banks resulting in a concentration of credit risk. All of the Library's bank balance was covered by federal depository insurance.

As of December 31, 2023, the Cemetery's carrying amount of deposits was $48,184 and the bank balance was $48,184. The bank balance was held by one bank resulting in a concentration of credit risk. All of the Cemetery's bank balance was covered by federal depository insurance.

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

NOTE 3 - Defined Benefit Pension Plan

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

NOTE 3 - Defined Benefit Pension Plan (Continued)

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for Death and Disability Program) and the statutory contribution rate was 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from the City were $174,603 and $7,008 from the Library for the year ended December 31, 2023.

Net Pension Liability. As of December 31, 2023, the City's and Library's proportionate share of the collective net pension liability reported by KPERS were $1,809,359 and $78,189, respectively. 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 and Library's proportion of the net pension liability was based on the ratio of the City's and Library's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup of KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

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

NOTE 4 - Long-Term Debt

Changes in Long-Term Liabilities. During the year ended December 31, 2023, the following changes occurred in long term liabilities:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Interest Paid
Paid for by taxes					
General obligation bonds	$ 6,700,000	$ -	$ 635,000	$ 6,065,000	$ 185,748
Revolving loans	3,430,895	1,162,198	333,236	4,259,857	70,910
Finance leases	172,924	-	84,332	88,592	5,037
	$ 10,303,819	$ 1,162,198	$ 1,052,567	$ 10,413,449	$ 261,695

General Obligation Bonds. The following tables detail the City's general obligation bonds debt as of December 31, 2023.

NOTE 4 - Long-Term Debt (Continued)

General obligation bonds outstanding as of December 31, 2023 are as follows:

Purpose	Issuance Date	Maturity Date	Interest Rates	Original Amount	Balance December 31, 2023
Paid for by taxes					
General Obligation Series 2016-A	10/5/2016	9/1/2036	2.00 - 3.00%	$3,300,000	$ 2,325,000
General Obligation Series 2018-B	10/15/2018	9/1/2026	3.25%	2,000,000	810,000
Paid for by revenues					
General Obligation Series 2018-A	9/27/2018	9/1/2038	4.85%	815,000	675,000
General Obligation Series 2020-A	9/17/2020	9/1/2033	1.75%	2,860,000	2,255,000
					$ 6,065,000

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	Paid for by Taxes		Paid for by Revenues		Total	
December 31,	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 415,000	$ 96,075	$ 245,000	$ 72,200	$ 660,000	$ 168,275
2025	425,000	82,975	250,000	66,983	675,000	149,958
2026	440,000	69,550	245,000	61,523	685,000	131,073
2027	165,000	55,650	255,000	56,150	420,000	111,800
2028	170,000	50,700	265,000	50,603	435,000	101,303
2029 - 2033	905,000	175,500	1,390,000	163,423	2,295,000	338,923
2034 - 2038	615,000	37,200	280,000	41,952	895,000	79,152
	$ 3,135,000	$ 567,650	$ 2,930,000	$ 512,832	$ 6,065,000	$ 1,080,482

Revolving Loans. The following tables detail the City's revolving loan debt as of December 31, 2023.

Revolving loans outstanding as of December 31, 2023 are as follows:

Purpose	Issuance Date	Maturity Date	Interest Rates	Original Amount	Balance December 31, 2023
Paid for by revenues					
Wastewater System Improvements	3/1/2004	9/1/2025	2.79%	$3,250,000	$ 410,545
Wastewater System Improvements	6/3/2016	9/1/2037	2.00%	1,292,032	956,583
Wastewater System Improvements	10/25/2022	3/1/2044	2.12%	1,597,217	1,162,198
Water System Improvements	7/18/2019	2/1/2041	2.19%	1,899,945	1,730,531
					$ 4,259,857

NOTE 4 - Long-Term Debt (Continued)

The annual debt service requirements to maturity for revolving loans are as follows:

Year Ending December 31,	Total Principal	Interest
2024	$ 342,425	$ 34,106
2025	348,780	29,947
2026	145,193	44,913
2027	148,270	42,127
2028	151,412	39,283
2029 - 2033	806,595	151,591
2034 - 2038	816,739	71,272
2039 - 2041	337,499	10,966
	$ 3,096,913	$ 424,204

In 2023, the City arranged for a $1,597,217 loan from the Kansas Water Pollution Control Revolving Fund through the Kansas Department of Health and Environment for improving the wastewater system of Sabetha. The amortization schedule for the loan has not been finalized as of December 31, 2023, and, therefore, has not been included in the future annual debt service requirements above. As of December 31, 2023, the outstanding principal balance on the loan was $1,162,198.

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

Finance leases outstanding as of December 31, 2023 are as follows:

Purpose	Issuance Date	Maturity Date	Interest Rates	Original Amount	Balance December 31, 2023
Paid for by taxes and revenues					
Ambulance	2020	2025	3.17%	$ 212,905	$ 88,592

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

Year Ending December 31,	Principal	Interest
2024	$ 43,703	$ 2,401
2025	44,889	1,216
	$ 88,592	$ 3,617

NOTE 5 - Compensated Absences

It is the City's policy to pay employees' accrued vacation pay upon termination of employment. As of December 31, 2023, the liability for accrued vacation pay was $61,412.

NOTE 6 - Interfund Transfers

A reconciliation of transfers by fund type for 2023 follows:

From	To	Amount	Regulatory Authority
Parks and Recreation Fund	General Fund	$ 16,871	K.S.A. 68-590
Highway Fund	General Fund	67,736	K.S.A. 79-2958
Water Fund	General Fund	11,000	K.S.A. 12-825d
Sewer Fund	General Fund	2,500	K.S.A. 12-825d
Electric Fund	General Fund	71,000	K.S.A. 12-825d
Electric Fund	General Fund	300,000	K.S.A. 12-825d
		$ 469,107	

NOTE 7 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the City carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 - Commitments and Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statements of the City as of December 31, 2023.

The City is a party to various claims, none of which is expected to have material financial impact on the City.

NOTE 9 - Other Post-Employment Benefits

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

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

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

NOTE 10 - Statutory Violations

Actual exceeded budgeted expenditures in the Parks and Recreation Fund, which is a violation of K.S.A. 79-2935.

Schedule 1

CITY OF SABETHA, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance-Over [Under]
General Funds:					
General	$ 3,072,663	$ 207,422	$ 3,280,085	$ 2,855,956	$ [424,129]
Special Purpose Funds:					
Library	161,258	-	161,258	151,394	[9,864]
Airport	100,000	45,980	145,980	98,795	[47,185]
Parks and Recreation	15,000	-	15,000	16,871	1,871
Highway	71,820	-	71,820	67,736	[4,084]
Bond and Interest Funds:					
Bond and Interest	526,721	-	526,721	379,170	[147,551]
Aquatic Center	224,250	-	224,250	224,250	-
Business Funds:					
Electric	6,250,000	-	6,250,000	4,756,313	[1,493,687]
Water	1,050,740	-	1,050,740	872,824	[177,916]
Sewer	2,595,000	-	2,595,000	1,987,571	[607,429]

See independent auditor's report on the financial statements.

CITY OF SABETHA, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 1,072,800	$ 709,095	$ 363,705
Special assessments	30,890	-	30,890
Intergovernmental	68,842	143,650	[74,808]
Franchise tax	340,504	275,000	65,504
Licenses	6,609	5,600	1,009
Fines and fees	10,500	19,500	[9,000]
Interest	49,478	5,000	44,478
Use of property	29,272	31,000	[1,728]
Charges for services	714,682	625,000	89,682
Reimbursement	207,422	100,000	107,422
Operating transfers	469,107	671,320	[202,213]
Miscellaneous	102,612	188,545	[85,933]
Total Receipts	3,102,718	$ 2,773,710	$ 329,008
Expenditures			
General Government			
Personnel	177,160	$ 430,000	$ [252,840]
Contractual services	247,842	-	247,842
Commodities	18,197	-	18,197
Law Enforcement			
Personnel	419,838	420,000	[162]
Contractual services	174,090	-	174,090
Commodities	15,629	-	15,629
Parks and Recreation			
Personnel	271,989	420,000	[148,011]
Contractual services	180,441	-	180,441
Commodities	40,490	-	40,490
Streets			
Personnel	152,565	424,500	[271,935]
Contractual services	148,782	-	148,782
Commodities	116,914	-	116,914
Capital outlay	47,250	-	47,250
EMT			
Personnel	289,336	375,000	[85,664]
Contractual services	24,237	-	24,237
Commodities	25,142	-	25,142

CITY OF SABETHA, KANSAS
General Fund (Continued)
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance-Over [Under]
Expenditures (Continued)			
Industrial development	$ 9,689	$ 5,000	$ 4,689
Capital outlay	309,765	522,194	[212,429]
Cemetery subsidy	30,000	30,000	-
Debt service	156,600	245,969	[89,369]
Miscellaneous	-	200,000	[200,000]
Adjustment for qualifying budget credits	-	207,422	[207,422]
Total Expenditures	2,855,956	$ 3,280,085	$ [424,129]
Receipts Over [Under] Expenditures	246,762		
Unencumbered Cash, Beginning	1,003,669		
Unencumbered Cash, Ending	$ 1,250,431		

CITY OF SABETHA, KANSAS
Library Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 151,394	$ 161,116	$ [9,722]
Total Receipts	151,394	$ 161,116	$ [9,722]
Expenditures			
Appropriations	151,394	$ 161,258	$ [9,864]
Total Expenditures	151,394	$ 161,258	$ [9,864]
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	$ -		

CITY OF SABETHA, KANSAS
Airport Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance-Over [Under]
Receipts			
Charges for services	$ 70,659	$ 34,000	$ 36,659
Miscellaneous	3,602	-	3,602
Grants	45,980	-	45,980
Total Receipts	120,241	$ 34,000	$ 86,241
Expenditures			
Contractual services	64,806	$ 50,000	$ 14,806
Commodities	28,739	5,000	23,739
Capital outlay	5,250	45,000	[39,750]
Adjustment for qualifying budget credits	-	45,980	[45,980]
Total Expenditures	98,795	$ 145,980	$ [47,185]
Receipts Over [Under] Expenditures	21,446		
Unencumbered Cash, Beginning	101,947		
Unencumbered Cash, Ending	$ 123,393		

CITY OF SABETHA, KANSAS
Parks and Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 16,871	$ 15,000	$ 1,871
Total Receipts	16,871	$ 15,000	$ 1,871
Expenditures			
Operating transfers	16,871	$ 15,000	$ 1,871
Total Expenditures	16,871	$ 15,000	$ 1,871
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	$ -		

CITY OF SABETHA, KANSAS
Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 67,736	$ 71,820	$ [4,084]
Total Receipts	67,736	$ 71,820	$ [4,084]
Expenditures			
Operating transfers	67,736	$ 71,820	$ [4,084]
Total Expenditures	67,736	$ 71,820	$ [4,084]
Receipts Over [Under] Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	$ -		

CITY OF SABETHA, KANSAS
Prairie View Sidewalk Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
Miscellaneous	$ -
Total Receipts	-
Expenditures	
Capital outlay	-
Total Expenditures	-
Receipts Over [Under] Expenditures	-
Unencumbered Cash, Beginning	29,222
Unencumbered Cash, Ending	$ 29,222

*- This fund is not required to be budgeted.

CITY OF SABETHA, KANSAS
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 299,436	$ 315,828	$ [16,392]
Special assessments	64,206	30,000	34,206
Total Receipts	363,642	$ 345,828	$ 17,814
Expenditures			
Principal and interest	379,170	$ 526,721	$ [147,551]
Total Expenditures	379,170	$ 526,721	$ [147,551]
Receipts Over [Under] Expenditures	[15,528]		
Unencumbered Cash, Beginning	234,150		
Unencumbered Cash, Ending	$ 218,622		

CITY OF SABETHA, KANSAS
Aquatic Center Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance-Over [Under]
Receipts			
Taxes	$ 355,753	$ 248,000	$ 107,753
Total Receipts	355,753	$ 248,000	$ 107,753
Expenditures			
Debt service	224,250	$ 224,250	$ -
Total Expenditures	224,250	$ 224,250	$ -
Receipts Over [Under] Expenditures	131,503		
Unencumbered Cash, Beginning	609,924		
Unencumbered Cash, Ending	$ 741,427		

CITY OF SABETHA, KANSAS
Electric Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance-Over [Under]
Receipts			
Charges to customers	$ 5,398,185	$ 6,180,000	$ [781,815]
Reimbursements	29,444	237,000	[207,556]
Use of money and property	164,885	14,500	150,385
Total Receipts	5,592,514	$ 6,431,500	$ [838,986]
Expenditures			
Administration	282,647	$ 354,000	$ [71,353]
Production	1,043,371	743,000	300,371
Distribution	2,905,299	3,727,500	[822,201]
Capital outlay	103,996	875,500	[771,504]
Debt service	50,000	50,000	-
Operating transfers	371,000	500,000	[129,000]
Total Expenditures	4,756,313	$ 6,250,000	$ [1,493,687]
Receipts Over [Under] Expenditures	836,201		
Unencumbered Cash, Beginning	2,993,124		
Unencumbered Cash, Ending	$ 3,829,325		

CITY OF SABETHA, KANSAS
Water Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance-Over [Under]
Receipts			
Charges to customers	$ 780,212	$ 916,000	$ [135,788]
Miscellaneous	12,814	-	12,814
Use of money and property	65,954	6,048	59,906
Total Receipts	858,980	$ 922,048	$ [63,068]
Expenditures			
Administration	185,139	$ 162,379	$ 22,760
Production	262,687	470,000	[207,313]
Distribution	219,537	284,700	[65,163]
Capital outlay	67,611	30,000	37,611
Debt service	126,850	92,661	34,189
Operating transfers	11,000	11,000	-
Total Expenditures	872,824	$ 1,050,740	$ [177,916]
Receipts Over [Under] Expenditures	[13,844]		
Unencumbered Cash, Beginning	419,935		
Unencumbered Cash, Ending	$ 406,091		

See independent auditor's report on the financial statements.

CITY OF SABETHA, KANSAS
Sewer Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Actual	Budget	Variance-Over [Under]
Receipts			
Charges to customers	$ 506,561	$ 605,772	$ [99,211]
Reimbursements	1,170,398	11,500	1,158,898
Sales tax	355,753	323,000	32,753
Use of money and property	49,465	4,700	44,765
Grants	-	1,600,000	[1,600,000]
Total Receipts	2,082,177	$ 2,544,972	$ [462,795]
Expenditures			
Administration	256,251	$ 172,800	$ 83,451
Treatment	230,141	243,000	[12,859]
Capital outlay	1,001,195	1,738,539	[737,344]
Collection	206,034	146,000	60,034
Debt service	291,450	292,161	[711]
Operating transfers	2,500	2,500	-
Total Expenditures	1,987,571	$ 2,595,000	$ [607,429]
Receipts Over [Under] Expenditures	94,606		
Unencumbered Cash, Beginning	469,157		
Unencumbered Cash, Ending	$ 563,763		

CITY OF SABETHA, KANSAS
Mary Cotton Public Library - Related Municipal Entity
General Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
State of Kansas	$ 2,710
NEKL Association	23,560
City appropriation	151,394
Interest	5,835
Donations and sales	61,227
Reimbursements	12,062
Grants	18,041
Total Receipts	274,829
Expenditures	
Salary and payroll taxes	145,104
Books, periodicals and film	27,571
Supplies	1,809
Utilities	21,493
Maintenance	99,098
Miscellaneous	19,344
Total Expenditures	314,419
Receipts Over [Under] Expenditures	[39,590]
Unencumbered Cash, Beginning	201,060
Unencumbered Cash, Ending	$ 161,470

See independent auditor's report on the financial statements.

Schedule 3 - 2

CITY OF SABETHA, KANSAS
Sabetha Cemetery - Related Municipal Entity
General Fund
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2023

Receipts	
City appropriation	$ 30,000
Interest	28
Miscellaneous	3,942
Charges for services	42,048
Total Receipts	76,018
Expenditures	
Salaries	16,556
Payroll taxes	4,156
Contractual service	24,100
Supplies	2,083
Miscellaneous	21,050
Total Expenditures	67,945
Receipts Over [Under] Expenditures	8,073
Unencumbered Cash, Beginning	40,111
Unencumbered Cash, Ending	$ 48,184

CITY OF SABETHA, 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
Tax Fund	$ 31,642	$ -	$ 719	$ 30,923
Municipal Court Fund	3,065	15,622	14,177	4,510
EMS Fund	49,757	552,755	553,086	49,426
Total Agency Funds	$ 84,464	$ 568,377	$ 567,982	$ 84,859