

**CITY OF SPEARVILLE, KANSAS**

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**FINANCIAL STATEMENT  
with  
INDEPENDENT AUDITOR'S REPORT  
YEAR ENDED DECEMBER 31, 2022**

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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, 2022 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, 2022, 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, 2022, 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, 2021 (not presented herein), and have issued our report thereon dated June 13, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 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 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures for the year ended December 31, 2022 (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 2021 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 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 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 2021 basic financial statement or to the 2021 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 2021 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, 2021, on the basis of accounting described in Note A.

*Kennedy McKee & Company LLP*

September 11, 2023

**CITY OF SPEARVILLE, KANSAS**

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES  
AND UNENCUMBERED CASH  
REGULATORY BASIS**

For the Year Ended December 31, 2022

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>
General fund	\$ 283,995	\$ -
Special purpose funds:		
Special street	7,266	-
Capital improvement	406,073	-
Crime stoppers	1,317	-
Community development	347,446	-
Woodbury trust	18,443	-
Laudick estate	157,168	-
Tom Feist foundation	1,159,393	-
Equipment reserve	293,316	-
ARPA grant	59,823	-
Total special purpose funds	<u>2,450,245</u>	<u>-</u>
Bond and interest fund:		
Bond and interest	<u>48,292</u>	<u>-</u>
Capital project fund:		
Spearville Public Building Commission project	<u>-</u>	<u>-</u>
Business funds:		
Gas utility	156,229	-
Water utility	500,951	-
Sewer utility	3,068	-
Sanitation utility	29,010	-
Gas utility reserve	85,000	-
Water capital outlay	513,330	-
Total business funds	<u>1,287,588</u>	<u>-</u>
Total - excluding agency funds	<u>\$ 4,070,120</u>	<u>\$ -</u>
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

<u>Receipts</u>	<u>Expenditures</u>	<u>Ending unencumbered cash balance</u>	<u>Add encumbrances and accounts payable</u>	<u>Ending cash balance</u>
\$ 420,992	\$ 278,038	\$ 426,949	\$ -	\$ 426,949
21,655	20,620	8,301	-	8,301
44,159	7,494	442,738	-	442,738
13	-	1,330	-	1,330
13,177	278	360,345	-	360,345
97	-	18,540	-	18,540
1,049	50,315	107,902	-	107,902
-	1,152,202	7,191	-	7,191
7,727	56,200	244,843	-	244,843
<u>59,823</u>	<u>119,646</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>147,700</u>	<u>1,406,755</u>	<u>1,191,190</u>	<u>-</u>	<u>1,191,190</u>
<u>9,137</u>	<u>6,637</u>	<u>50,792</u>	<u>-</u>	<u>50,792</u>
<u>1,553,586</u>	<u>1,012,774</u>	<u>540,812</u>	<u>-</u>	<u>540,812</u>
384,572	351,232	189,569	-	189,569
277,791	237,566	541,176	-	541,176
77,941	76,134	4,875	-	4,875
67,450	58,460	38,000	-	38,000
-	-	85,000	-	85,000
<u>106,383</u>	<u>72,125</u>	<u>547,588</u>	<u>-</u>	<u>547,588</u>
<u>914,137</u>	<u>795,517</u>	<u>1,406,208</u>	<u>-</u>	<u>1,406,208</u>
<u>\$ 3,045,552</u>	<u>\$ 3,499,721</u>	<u>\$ 3,615,951</u>	<u>\$ -</u>	<u>\$ 3,615,951</u>
				\$ 1,931,541
				107,902
				540,812
				1,029,210
				13,786
				<u>100</u>
				3,623,351
				<u>(7,400)</u>
				<u>\$ 3,615,951</u>

# CITY OF SPEARVILLE, KANSAS

## NOTES TO THE FINANCIAL STATEMENT

December 31, 2022

### 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.

#### 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, 2022:

#### 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 ARPA Grant 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, 2022, the City had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Federated Government Obligation Fund #395	<u>\$ 540,812</u>	< 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, 2022 was as follows:

<u>Investment</u>	<u>Percentage of Investments</u>
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, 2022.

*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, 2022 the carrying amount of the City's deposits, including certificates of deposit, was \$3,082,439 and the bank balance was \$3,114,362. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$2,114,362 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, 2022, were as follows:

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
Street Improvements Issued July 31, 2017 In the amount of \$78,000 At interest rate of 4.250% Maturing September 1, 2032	\$ 62,000	\$ -	\$ 4,000	\$ 58,000	\$ 2,635
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	<u>1,165,000</u>	<u>-</u>	<u>50,000</u>	<u>1,115,000</u>	<u>22,125</u>
Total GO bonds	1,227,000	-	54,000	1,173,000	24,760
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	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>
Weather event loan:					
City Utility Low-Interest Loan Issued March 23, 2021 In the amount of \$250,000 At variable interest rate of 0.25% Maturing January 1, 2026	<u>200,135</u>	<u>-</u>	<u>49,846</u>	<u>150,289</u>	<u>469</u>
Total long-term debt	<u>\$1,427,135</u>	<u>\$1,500,000</u>	<u>\$ 103,846</u>	<u>\$2,823,289</u>	<u>\$ 25,229</u>

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:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2023	\$ 55,000	\$ 24,090	\$ 79,090
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
2028-2032	282,000	92,283	374,283
2033-2037	260,000	66,038	326,038
2038-2042	290,000	34,425	324,425
2043	<u>65,000</u>	<u>1,950</u>	<u>66,950</u>
Total	<u>\$ 1,173,000</u>	<u>\$ 308,196</u>	<u>\$ 1,481,196</u>

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

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2023	\$ 80,000	\$ 54,333	\$ 134,333
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
2028-2032	490,000	180,200	670,200
2033-2037	<u>600,000</u>	<u>74,000</u>	<u>674,000</u>
Total	<u>\$ 1,500,000</u>	<u>\$ 516,333</u>	<u>\$ 2,016,333</u>

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:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2023	\$ 49,972	\$ 344	\$ 50,316
2024	50,096	220	50,316
2025	<u>50,221</u>	<u>95</u>	<u>50,316</u>
Total	<u>\$ 150,289</u>	<u>\$ 659</u>	<u>\$ 150,948</u>

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, 2022, 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:

<u>From</u>	<u>To</u>	<u>Statutory authority</u>	<u>Amount</u>
General	Capital improvement	K.S.A. 12-1,118	\$ 39,669
Water utility	Water capital outlay	K.S.A. 12-825d	<u>29,160</u>
			<u>\$ 68,829</u>

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 \$1,227 for the year ended December 31, 2022.

*Vacation leave.* Twelve working days per year are allowed as vacation leave to regular full time City employees with one to five years of employment and eighteen working days per year are allowed for employment of six years or more. If not used by year-end, these days are lost.

*Sick leave.* Sick leave for regular full-time employees is earned at a rate of one day per month and may accrue up to a maximum of sixty days. Unused sick leave will not be paid upon termination or resignation.

G. 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](http://www.kpers.org) or by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

## G. 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 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 8.90% for the fiscal year ended December 31, 2022. Contributions to the pension plan from the City were \$21,000 for the year ended December 31, 2022.

### Net Pension Liability

At December 31, 2022, the City's proportionate share of the collective net pension liability reported by KPERS was \$216,518. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. 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](http://www.kpers.org) or can be obtained as described above.

## H. 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.

## I. SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through September 11, 2023 and does not believe any events have occurred which affect the financial statement as presented.

**REGULATORY-REQUIRED  
SUPPLEMENTARY INFORMATION**

## CITY OF SPEARVILLE, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

For the Year Ended December 31, 2022

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General fund	\$ 560,000	\$ -	\$ 560,000	\$ 278,038	\$ 281,962
Special purpose fund:					
Special street	91,550	-	91,550	20,620	70,930
Bond and interest fund:					
Bond and interest	49,485	-	49,485	6,637	42,848
Business funds:					
Gas utility	545,000	-	545,000	351,232	193,768
Water utility	517,125	-	517,125	237,566	279,559
Sewer utility	94,000	-	94,000	76,134	17,866
Sanitation utility	95,000	-	95,000	58,460	36,540
Total	<u>\$ 1,952,160</u>	<u>\$ -</u>	<u>\$ 1,952,160</u>	<u>\$ 1,028,687</u>	<u>\$ 923,473</u>

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	2021	2022		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 152,410	\$ 159,344	\$ 153,086	\$ 6,258
Delinquent tax	3,983	2,182	-	2,182
Motor vehicle tax	35,683	36,007	24,219	11,788
Recreational vehicle tax	470	461	384	77
16/20M truck tax	-	-	461	(461)
Commercial vehicle tax	3,037	3,731	2,117	1,614
Sales tax	117,958	131,185	80,000	51,185
Licenses and permits	4,862	6,898	1,000	5,898
Fines	695	635	100	535
Charges for services	4,850	3,100	1,500	1,600
Franchise fees	45,902	48,071	4,000	44,071
Interest	133	24,084	100	23,984
Miscellaneous	5,564	5,294	-	5,294
Total receipts	<u>375,547</u>	<u>420,992</u>	<u>\$ 266,967</u>	<u>\$ 154,025</u>
Expenditures:				
General government	309,135	126,647	\$ 220,000	\$ 93,353
Public safety	95,160	110,127	100,000	(10,127)
Highways and streets	19,409	1,595	50,000	48,405
Transfer to capital improvement	38,926	39,669	75,000	35,331
Transfer to equipment reserve	-	-	75,000	75,000
Transfer to special street	-	-	40,000	40,000
Total expenditures	<u>462,630</u>	<u>278,038</u>	<u>\$ 560,000</u>	<u>\$ 281,962</u>
Receipts over (under) expenditures	(87,083)	142,954		
Unencumbered cash, beginning of year	<u>371,078</u>	<u>283,995</u>	<u>\$ 293,033</u>	<u>\$ (9,038)</u>
Unencumbered cash, end of year	<u>\$ 283,995</u>	<u>\$ 426,949</u>		

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	2021	2022		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Gasoline tax	\$ 22,500	\$ 21,130	\$ 20,160	\$ 970
Charges for services	975	525	-	525
Transfer from general	-	-	40,000	(40,000)
Total receipts	23,475	21,655	<u>\$ 60,160</u>	<u>\$ (38,505)</u>
Expenditures:				
Street maintenance	22,834	20,620	<u>\$ 91,550</u>	<u>\$ 70,930</u>
Receipts over (under) expenditures	641	1,035		
Unencumbered cash, beginning of year	<u>6,625</u>	<u>7,266</u>	<u>\$ 31,390</u>	<u>\$ (24,124)</u>
Unencumbered cash, end of year	<u>\$ 7,266</u>	<u>\$ 8,301</u>		

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
Receipts:		
Transfer from general	\$ 38,926	\$ 39,669
Interest	16	4,490
	<u>38,942</u>	<u>44,159</u>
Total receipts	38,942	44,159
Expenditures		
Commodities	<u>-</u>	<u>7,494</u>
Receipts over (under) expenditures	38,942	36,665
Unencumbered cash, beginning of year	<u>367,131</u>	<u>406,073</u>
Unencumbered cash, end of year	<u>\$ 406,073</u>	<u>\$ 442,738</u>

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
Receipts:		
Interest and donations	\$ 25	\$ 13
Expenditures	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	25	13
Unencumbered cash, beginning of year	<u>1,292</u>	<u>1,317</u>
Unencumbered cash, end of year	<u><u>\$ 1,317</u></u>	<u><u>\$ 1,330</u></u>

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
Receipts:		
Loan principal	\$ 12,981	\$ 7,868
Interest	<u>2,061</u>	<u>5,309</u>
Total receipts	15,042	13,177
Expenditures:		
Administrative	<u>446</u>	<u>278</u>
Receipts over (under) expenditures	14,596	12,899
Unencumbered cash, beginning of year	<u>332,850</u>	<u>347,446</u>
Unencumbered cash, end of year	<u><u>\$ 347,446</u></u>	<u><u>\$ 360,345</u></u>

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
Receipts:		
Interest	\$ 102	\$ 97
Expenditures:		
Donations	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	102	97
Unencumbered cash, beginning of year	<u>18,341</u>	<u>18,443</u>
Unencumbered cash, end of year	<u><u>\$ 18,443</u></u>	<u><u>\$ 18,540</u></u>

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
Receipts:		
Interest	\$ 98	\$ 1,049
Expenditures:		
Debt service:		
Principal	49,865	49,846
Interest	451	469
Total expenditures	<u>50,316</u>	<u>50,315</u>
Receipts over (under) expenditures	(50,218)	(49,266)
Unencumbered cash, beginning of year	<u>207,386</u>	<u>157,168</u>
Unencumbered cash, end of year	<u>\$ 157,168</u>	<u>\$ 107,902</u>

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
Receipts:		
Donations	\$ 650,000	\$ -
Expenditures:		
Contractual services	39,550	13,386
Commodities	26,656	-
Capital outlay	<u>275,849</u>	<u>1,138,816</u>
Total expenditures	<u>342,055</u>	<u>1,152,202</u>
Receipts over (under) expenditures	307,945	(1,152,202)
Unencumbered cash, beginning of year	<u>851,448</u>	<u>1,159,393</u>
Unencumbered cash, end of year	<u>\$ 1,159,393</u>	<u>\$ 7,191</u>

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
Receipts:		
Miscellaneous	\$ 10,300	\$ 7,727
Transfer from water utility	<u>100,000</u>	<u>-</u>
Total receipts	110,300	7,727
Expenditures:		
Capital outlay	<u>161,984</u>	<u>56,200</u>
Receipts over (under) expenditures	(51,684)	(48,473)
Unencumbered cash, beginning of year	<u>345,000</u>	<u>293,316</u>
Unencumbered cash, end of year	<u>\$ 293,316</u>	<u>\$ 244,843</u>

See Independent Auditor's Report.

**CITY OF SPEARVILLE, KANSAS**

ARPA GRANT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
Receipts:		
Federal grants	\$ 59,823	\$ 59,823
Expenditures:		
Commodities	<u>-</u>	<u>119,646</u>
Receipts over (under) expenditures	59,823	(59,823)
Unencumbered cash, beginning of year	<u>-</u>	<u>59,823</u>
Unencumbered cash, end of year	<u><u>\$ 59,823</u></u>	<u><u>\$ -</u></u>

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>		<u>Variance favorable (unfavorable)</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts:				
Special assessments	<u>\$ 8,719</u>	<u>\$ 9,137</u>	<u>\$ 5,000</u>	<u>\$ 4,137</u>
Expenditures:				
Debt service:				
Principal	4,000	4,000	\$ 4,000	\$ -
Interest and commissions	2,808	2,637	2,735	98
Cash basis reserve	<u>-</u>	<u>-</u>	<u>42,750</u>	<u>42,750</u>
Total expenditures	<u>6,808</u>	<u>6,637</u>	<u>\$ 49,485</u>	<u>\$ 42,848</u>
Receipts over (under) expenditures	1,911	2,500		
Unencumbered cash, beginning of year	<u>46,381</u>	<u>48,292</u>	<u>\$ 44,526</u>	<u>\$ 3,766</u>
Unencumbered cash, end of year	<u>\$ 48,292</u>	<u>\$ 50,792</u>	<u>\$ 41</u>	<u>\$ 50,751</u>

See Independent Auditor's Report.

**CITY OF SPEARVILLE, KANSAS**

**SPEARVILLE PUBLIC BUILDING COMMISSION PROJECT FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS**

For the Year Ended December 31, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
Receipts:		
Bond proceeds	\$ -	\$ 1,547,945
Interest income	-	5,641
	<u>-</u>	<u>1,553,586</u>
Total receipts		
Expenditures:		
Capital outlay	-	912,484
Debt issuance costs	-	100,290
	<u>-</u>	<u>1,012,774</u>
Total expenditures		
Receipts over (under) expenditures	-	540,812
Unencumbered cash, beginning of year	-	-
	<u>-</u>	<u>-</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ 540,812</u>

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	2021	2022		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Customer charges	\$ 409,921	\$ 384,572	\$ 360,000	\$ 24,572
Temporary note proceeds	250,000	-	-	-
Total receipts	659,921	384,572	\$ 360,000	\$ 24,572
Expenditures:				
Personal services	66,171	77,210	\$ 70,000	\$ (7,210)
Contractual services	585,908	265,398	300,000	34,602
Commodities	13,350	6,856	10,000	3,144
Capital outlay	-	1,768	25,000	23,232
Transfer to gas utility reserve	-	-	20,000	20,000
Transfer to capital improvement	-	-	70,000	70,000
Transfer to equipment reserve	-	-	50,000	50,000
Total expenditures	665,429	351,232	\$ 545,000	\$ 193,768
Receipts over (under) expenditures	(5,508)	33,340		
Unencumbered cash, beginning of year	161,737	156,229	\$ 187,737	\$ (31,508)
Unencumbered cash, end of year	\$ 156,229	\$ 189,569	\$ 2,737	\$ 186,832

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	2021	2022		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Customer charges	\$ 226,461	\$ 277,581	\$ 250,000	\$ 27,581
Miscellaneous	-	210	-	210
Total receipts	<u>226,461</u>	<u>277,791</u>	<u>\$ 250,000</u>	<u>\$ 27,791</u>
Expenditures:				
Personal services	55,734	90,456	\$ 80,000	\$ (10,456)
Contractual services	58,214	89,691	50,000	(39,691)
Commodities	13,086	22,323	40,000	17,677
Capital outlay	165	5,936	100,000	94,064
Debt service:				
Principal	-	-	50,000	50,000
Interest	-	-	22,125	22,125
Transfer to water capital outlay	29,160	29,160	100,000	70,840
Transfer to capital improvement	-	-	25,000	25,000
Transfer to equipment reserve	100,000	-	50,000	50,000
Total expenditures	<u>256,359</u>	<u>237,566</u>	<u>\$ 517,125</u>	<u>\$ 279,559</u>
Receipts over (under) expenditures	(29,898)	40,225		
Unencumbered cash, beginning of year	<u>530,849</u>	<u>500,951</u>	<u>\$ 268,030</u>	<u>\$ 232,921</u>
Unencumbered cash, end of year	<u>\$ 500,951</u>	<u>\$ 541,176</u>	<u>\$ 905</u>	<u>\$ 540,271</u>

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	2021	2022		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Customer charges	\$ 76,751	\$ 77,941	\$ 85,000	\$ (7,059)
Expenditures:				
Personal services	68,422	64,202	\$ 66,000	\$ 1,798
Contractual services	20,054	10,944	20,000	9,056
Commodities	546	988	3,000	2,012
Capital outlay	-	-	5,000	5,000
Total expenditures	89,022	76,134	\$ 94,000	\$ 17,866
Receipts over (under) expenditures	(12,271)	1,807		
Unencumbered cash, beginning of year	15,339	3,068	\$ 9,339	\$ (6,271)
Unencumbered cash, end of year	\$ 3,068	\$ 4,875	\$ 339	\$ 4,536

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	2021	2022		Variance favorable (unfavorable)
		Actual	Budget	
Receipts:				
Customer charges	\$ 64,624	\$ 67,450	\$ 75,000	\$ (7,550)
Expenditures:				
Contractual services	56,231	57,456	\$ 75,000	\$ 17,544
Commodities	208	1,004	-	(1,004)
Transfer to capital improvement	-	-	10,000	10,000
Transfer to equipment reserve	-	-	10,000	10,000
Total expenditures	56,439	58,460	\$ 95,000	\$ 36,540
Receipts over (under) expenditures	8,185	8,990		
Unencumbered cash, beginning of year	20,825	29,010	\$ 20,825	\$ 8,185
Unencumbered cash, end of year	\$ 29,010	\$ 38,000	\$ 825	\$ 37,175

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
Receipts:		
Transfer from gas utility	\$ -	\$ -
Expenditures:	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	-
Unencumbered cash, beginning of year	<u>85,000</u>	<u>85,000</u>
Unencumbered cash, end of year	<u><u>\$ 85,000</u></u>	<u><u>\$ 85,000</u></u>

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, 2022  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
Receipts:		
Cash rent and leases	\$ 45,508	\$ 77,223
Transfers from water utility	<u>29,160</u>	<u>29,160</u>
Total receipts	<u>74,668</u>	<u>106,383</u>
Expenditures:		
Debt service:		
Principal	45,000	50,000
Interest	<u>20,819</u>	<u>22,125</u>
Total expenditures	<u>65,819</u>	<u>72,125</u>
Receipts over (under) expenditures	8,849	34,258
Unencumbered cash, beginning of year	<u>504,481</u>	<u>513,330</u>
Unencumbered cash, end of year	<u><u>\$ 513,330</u></u>	<u><u>\$ 547,588</u></u>

See Independent Auditor's Report.

**CITY OF SPEARVILLE, KANSAS**

AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS  
REGULATORY BASIS

For the Year Ended December 31, 2022

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Utility deposits	\$ 7,425	\$ 1,250	\$ 1,275	\$ 7,400
RHID construction	-	57,268	57,268	-
	<u>\$ 7,425</u>	<u>\$ 58,518</u>	<u>\$ 58,543</u>	<u>\$ 7,400</u>

See Independent Auditor's Report.