

CITY OF EDNA, KANSAS

Independent Auditor's Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2022

CITY OF EDNA, KANSAS

December 31, 2022

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Edna, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Edna, 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 Edna 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 balance of the City of Edna 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 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 audit 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 of Edna 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 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 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Edna, Kansas as of and for the year ended December 31, 2021 (not presented herein), and have issued our report thereon dated July 28, 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 web site of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services>. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget 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 1.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

March 4, 2023
Chanute, Kansas

Statement 1

CITY OF EDNA, KANSAS
Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2022

Funds	Beginning Unencumbered Cash Balance		Receipts	Expenditures	Ending Unencumbered Cash Balance		Add Outstanding Encumbrances and Accounts Payable		Cash Balance December 31, 2022
	\$				\$		\$		
General Fund	\$ 238,979.11		\$ 351,562.54	\$ 357,748.50	\$ 232,793.15		\$ 2,188.42		\$ 234,981.57
Special Purpose Funds:									
Library	393.68		5,917.18	5,900.00	410.86		-		410.86
Special Street and Highway	4,994.32		10,596.45	-	15,590.77		-		15,590.77
Employee Benefits	19,928.50		14,247.36	15,402.51	18,773.35		-		18,773.35
Park Improvement	6,527.99		5.07	-	6,533.06		-		6,533.06
Community Building Improvement	19,374.84		11,767.11	-	31,141.95		-		31,141.95
Special Sales Tax	176,156.10		54,463.47	-	230,619.57		-		230,619.57
Bond and Interest Funds:									
Bond and Interest	4,507.15		10,561.22	12,291.18	2,777.19		-		2,777.19
Business Funds:									
Water Utility	23,343.71		164,958.13	129,075.39	59,226.45		1,752.06		60,978.51
Water Tower Improvement	66,061.25		-	1,650.00	64,411.25		-		64,411.25
Water Payment	55,701.49		-	-	55,701.49		-		55,701.49
Sewer Utility	101,766.89		89,028.33	106,326.45	84,468.77		376.38		84,845.15
Sewer Reserve	16,905.12		2,845.87	-	19,750.99		-		19,750.99
Sewer Payment	161,873.01		60,000.00	42,428.16	179,444.85		-		179,444.85
Solid Waste Utility	70,361.27		48,905.49	40,543.41	78,723.35		-		78,723.35
Total Reporting Entity	\$ 966,874.43		\$ 824,858.22	\$ 711,365.60	\$ 1,080,367.05		\$ 4,316.86		\$ 1,084,683.91
Composition of Cash:									
	Cash on Hand.....								\$ 200.00
	Checking.....								871,106.02
	Savings.....								2,533.12
	Investments								
	Certificates of Deposit.....								210,844.77
	Total Reporting Entity								\$ 1,084,683.91

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

CITY OF EDNA, KANSAS
Notes to Financial Statement
For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the City of Edna, Kansas, have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Financial Reporting Entity

The City of Edna, Kansas, is a municipal corporation governed by an elected five-member council.

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG).

The City has determined that no outside agency meets the above criteria and, therefore, no outside agency has been included as a related municipal entity in this financial statement.

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Edna, Kansas, for the year of 2022:

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 revenue 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.

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.).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation – Regulatory Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The (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 revenues 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 municipality 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 municipality to use the regulatory basis of accounting.

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, which is a multi-employer state-wide pension plan. The City's policy is to fund all pension costs accrued. Such costs to be funded are actuarially determined annually by the State of Kansas.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for the revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property.

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as revenues. In the financial statement and budget comparison schedules presented in this report, reimbursements and refunds are recorded as revenues. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

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 timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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

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 revenue 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. During the year ended December 31, 2022, the City did not amend the budget.

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

A legal operating budget is not required for capital projects funds and trust 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.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1 and Schedule 1, the City was in apparent compliance with Kansas cash basis and budget laws.

Management is not aware of any statutory violations.

3. DEPOSITS AND INVESTMENTS

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

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

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 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. All deposits were legally secured at December 31, 2022.

Deposits: At year-end, the City's carrying amount of deposits was \$1,084,483.91 and the bank balance was \$1,105,534.14. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,076.19 was covered by FDIC insurance and \$855,457.95 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

4. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2022, were as follows:

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds:									
Paid with Utility Receipts									
Series 2018-1	2.75%	March 28, 2018	\$ 1,200,000.00	March 28, 2058	\$ 1,148,084.69	-	\$ 18,265.49	\$ 1,129,819.20	\$ 31,572.33
Series 2018-2	2.63%	March 28, 2018	120,000.00	March 28, 2058	114,667.88	-	1,871.49	112,796.39	3,010.03
Finance Leases:									
Vermeer Vactron	3.75%	June 29, 2018	35,500.00	June 29, 2025	21,400.83	-	5,057.59	16,343.24	802.53
Water Meter Equipment	4.35%	June 11, 2020	44,000.00	July 1, 2027	38,575.54	-	5,765.30	32,810.24	1,678.04
Total Contractual Indebtedness					\$ 1,322,728.94	\$ -	\$ 30,959.87	\$ 1,291,769.07	\$ 37,062.93

4. LONG-TERM DEBT (Continued)

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

Issue	2023	2024	2025	2026	2027	2028-2032	2033-2037	2038-2042
Principal								
General Obligation Bonds:								
Paid with Utility Receipts								
Series 2018-1	\$ 18,767.79	\$ 19,283.90	\$ 19,814.21	\$ 20,359.10	\$ 20,918.98	\$ 113,546.97	\$ 130,042.31	\$ 148,933.98
Series 2018-2	1,920.62	1,971.04	2,022.78	2,075.87	2,130.37	11,520.61	13,114.18	14,928.18
Finance Leases:								
Vemeer Vactron	5,247.25	5,442.88	5,653.11	6,835.70	7,133.11	-	-	-
Water Meter Equipment	6,016.09	6,274.60	6,550.74	6,835.70	7,133.11	-	-	-
Total Principal Payments	31,951.75	32,972.42	34,040.84	29,270.67	30,182.46	125,067.58	143,156.49	163,862.16
Interest								
General Obligation Bonds:								
Paid with Utility Receipts								
Series 2018-1	31,070.03	30,553.91	30,023.61	29,478.72	28,918.84	135,642.13	119,146.79	100,255.10
Series 2018-2	2,960.91	2,910.49	2,858.75	2,805.65	2,751.16	12,887.03	11,293.45	9,479.44
Finance Leases:								
Vemeer Vactron	612.87	417.24	209.97	-	-	-	-	-
Water Meter Equipment	1,427.25	1,168.74	892.60	607.64	310.23	-	-	-
Total Interest Payments	36,071.06	35,050.38	33,984.93	32,892.01	31,980.23	148,529.16	130,440.24	109,734.54
Total Principal and Interest	\$ 68,022.81	\$ 68,022.80	\$ 68,025.77	\$ 62,162.68	\$ 62,162.69	\$ 273,596.74	\$ 273,596.73	\$ 273,596.70
Principal								
General Obligation Bonds:								
Paid with Utility Receipts								
Series 2018-1	\$ 170,570.12	\$ 195,349.41	\$ 223,728.47	\$ 48,503.96	\$ 1,129,819.20			
Series 2018-2	16,993.11	19,343.64	22,019.33	4,756.66	112,796.39			
Finance Leases:								
Vemeer Vactron	-	-	-	-	16,343.24			
Water Meter Equipment	-	-	-	-	32,810.24			
Total Principal Payments	187,563.23	214,693.05	245,747.80	53,260.62	1,291,769.07			
Interest								
General Obligation Bonds:								
Paid with Utility Receipts								
Series 2018-1	78,618.96	53,839.66	25,460.61	1,333.86	664,342.22			
Series 2018-2	7,414.52	5,063.96	2,388.28	124.86	62,938.50			
Finance Leases:								
Vemeer Vactron	-	-	-	-	1,240.08			
Water Meter Equipment	-	-	-	-	4,406.46			
Total Interest Payments	86,033.48	58,903.62	27,848.89	1,458.72	732,927.26			
Total Principal and Interest	\$ 273,596.71	\$ 273,596.67	\$ 273,596.69	\$ 54,719.34	\$ 2,024,696.33			

5. FINANCE LEASES

The City has entered into a finance lease agreement dated June 29, 2018, to purchase a Vemeer Vactron at a cost of \$35,500.00. The City agreed to make seven annual payments of \$5,860.12, including imputed interest at 3.75%. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2023	\$ 5,860.12
2024	5,860.12
2025	<u>5,863.08</u>
	17,583.32
Less imputed interest	<u>(1,240.08)</u>
Net Present Value of Minimum	
Lease Payments	16,343.24
Less: Current Maturities	<u>(5,247.25)</u>
Long-Term Finance Lease Obligations	<u>\$ 11,095.99</u>

The City has entered into a finance lease agreement dated June 11, 2020, to purchase Kamstrup Ultrasonic Radio Water Meters at a cost of \$44,000.00. The City agreed to make seven annual payments of \$7,443.34, including imputed interest at 4.35%. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2023	\$ 7,443.34
2024	7,443.34
2025	7,443.34
2026	7,443.34
2027	<u>7,443.34</u>
	37,216.70
Less imputed interest	<u>(4,406.46)</u>
Net Present Value of Minimum	
Lease Payments	32,810.24
Less: Current Maturities	<u>(6,016.09)</u>
Long-Term Finance Lease Obligations	<u>\$ 26,794.15</u>

6. DEFINED BENEFIT PENSION PLAN

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

6. 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 and 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 City of Edna were \$13,918.74 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 \$137,612.00. 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 of Edna's proportion of the net pension liability was based on the ratio of the City of Edna'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 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 website at www.kpers.org or can be obtained as described above.

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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, 2022.

Compensated Absences:

Regular full time employees earn and accumulate vacation leave as follows:

After One Full Year of Employment - 5 Days
After Two Years of Employment - 10 Days
After Ten Years of Employment - 15 Days

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (Continued)

Vacation leave must be used during the year between the anniversary dates of employment. On the anniversary date of employment of any given year, all unused vacation leave shall be paid out. Upon termination, a regular employee shall be compensated for all accumulated unused vacation leave of such employee.

Regular employees earn and accumulate sick leave upon completion of their training period at the rate of four hours for each month of employment. Sick leave may be accumulated to a maximum of 240 hours. Any unused sick leave at date of termination is lost.

The City accrues a liability for compensated absences which meet the following criteria:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and, is material.

In accordance with the above criteria, the City has estimated a liability for annual leave which has been earned, but not taken, by City employees. The estimated liability for accrued annual leave at December 31, 2022, was \$2,347.20. The City has not estimated a liability for sick leave earned, but not taken, by City employees, as the amounts cannot be reasonably estimated.

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee's health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

9. INTERFUND TRANSFERS

Operating and residual transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
Sewer Utility	Sewer Payment	K.S.A. 12-825d	\$ 60,000.00
Sewer Utility	Sewer Reserve	K.S.A. 12-825d	2,800.00

10. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent to year end, and there were no subsequent events requiring recognition in the financial statement. Additionally, there are no nonrecognized subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

Schedule 1

CITY OF EDNA, KANSAS

Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)
Regulatory Basis
For the Year Ended December 31, 2022

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
	\$	\$	\$	\$	\$
General Fund	402,380.00	9,681.24	412,061.24	357,748.50	(54,312.74)
Special Purpose Funds:					
Library	6,800.00	-	6,800.00	5,900.00	(900.00)
Special Street and Highway	12,000.00	-	12,000.00	-	(12,000.00)
Employee Benefits	25,000.00	-	25,000.00	15,402.51	(9,597.49)
Park Improvement	3,500.00	-	3,500.00	-	(3,500.00)
Community Building Improvement	10,000.00	-	10,000.00	-	(10,000.00)
Special Sales Tax	60,000.00	-	60,000.00	-	(60,000.00)
Bond and Interest Funds:					
Bond and Interest	15,000.00	-	15,000.00	12,291.18	(2,708.82)
Business Funds:					
Water Utility	128,500.00	1,530.06	130,030.06	129,075.39	(954.67)
Water Tower Improvement	20,000.00	-	20,000.00	1,650.00	(18,350.00)
Sewer Utility	111,800.00	1,071.05	112,871.05	106,326.45	(6,544.60)
Sewer Reserve	-	-	-	-	-
Sewer Payment	60,000.00	-	60,000.00	42,428.16	(17,571.84)
Solid Waste Utility	62,000.00	-	62,000.00	40,543.41	(21,456.59)

CITY OF EDNA, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 91,038.03	\$ 84,691.73	\$ 89,805.00	\$ (5,113.27)
Delinquent Tax	1,507.02	2,639.75	-	2,639.75
Motor Vehicle Tax	21,569.04	18,949.67	21,680.00	(2,730.33)
Recreational Vehicle Tax	230.03	202.58	176.00	26.58
16/20M Vehicle Tax	86.62	81.70	99.00	(17.30)
Commercial Vehicle Tax	354.34	310.18	359.00	(48.82)
Watercraft Tax	-	-	32.00	(32.00)
Special Assessments	-	5,619.62	-	5,619.62
Sales Tax	75,738.11	78,753.74	60,000.00	18,753.74
Compensating Use Tax	26,010.75	27,487.20	17,000.00	10,487.20
Franchise Tax	28,427.56	30,438.28	25,000.00	5,438.28
Intergovernmental				
Federal Grants	30,674.44	30,674.44	-	30,674.44
Fines, Forfeitures and Penalties	1,045.00	430.00	1,000.00	(570.00)
Licenses and Permits	28,225.00	5,465.00	15,000.00	(9,535.00)
Charges for Services				
Fire Protection	11,794.00	15,005.00	11,000.00	4,005.00
Use of Money and Property				
Interest Income	4,628.62	4,544.21	4,000.00	544.21
Rental	3,022.50	3,107.50	1,500.00	1,607.50
Insurance Proceeds	644.68	-	-	-
Sale of Equipment and Property	5,900.80	-	-	-
Other Receipts				
Donations	20,490.35	26,250.58	10,000.00	16,250.58
Miscellaneous	5,536.50	7,230.12	3,000.00	4,230.12
Reimbursed Expense	6,935.17	9,681.24	3,000.00	6,681.24
Operating Transfer from				
Solid Waste Utility Fund	-	-	10,000.00	(10,000.00)
Total Receipts	363,858.56	351,562.54	\$ 272,651.00	\$ 78,911.54
Expenditures				
General Administration				
Personal Services	89,298.37	94,047.43	\$ 85,000.00	\$ 9,047.43
Contractual Services	59,585.12	57,242.97	60,000.00	(2,757.03)
Commodities	8,614.90	5,951.29	10,000.00	(4,048.71)
Capital Outlay	17,316.55	23,338.77	5,000.00	18,338.77

CITY OF EDNA, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Community Building/Parks				
Contractual Services	\$ 4,847.28	\$ 9,930.52	\$ 6,000.00	\$ 3,930.52
Commodities	3,764.86	3,724.69	4,000.00	(275.31)
Capital Outlay	17,116.50	7,858.89	15,000.00	(7,141.11)
Police Department				
Personal Services	1,800.00	1,800.00	2,000.00	(200.00)
Contractual Services	12,708.10	12,553.60	15,000.00	(2,446.40)
Commodities	327.07	103.55	1,000.00	(896.45)
Capital Outlay	-	-	1,000.00	(1,000.00)
Fire Department				
Personal Services	2,669.71	4,615.65	5,000.00	(384.35)
Contractual Services	6,219.50	4,155.00	10,000.00	(5,845.00)
Commodities	3,640.56	3,794.21	5,000.00	(1,205.79)
Capital Outlay	6,207.45	6,550.57	5,000.00	1,550.57
Street Department				
Personal Services	3,464.41	28,787.36	30,000.00	(1,212.64)
Contractual Services	1,105.32	956.99	2,380.00	(1,423.01)
Commodities	4,015.38	4,277.46	8,000.00	(3,722.54)
Capital Outlay	26,413.49	18,500.00	30,000.00	(11,500.00)
Lake Department				
Contractual Services	10,260.65	4,597.12	9,000.00	(4,402.88)
Commodities	1,093.13	1,945.28	3,000.00	(1,054.72)
Capital Outlay	-	-	5,000.00	(5,000.00)
Street Lights Department				
Contractual Services	12,724.34	15,327.43	20,000.00	(4,672.57)
Capital Outlay - Annexation	-	-	5,000.00	(5,000.00)
Capital Outlay - Buildings	-	-	10,000.00	(10,000.00)
Capital Outlay - Dump Truck/Tires	-	-	5,000.00	(5,000.00)
Capital Outlay - Equipment	4,701.00	-	5,000.00	(5,000.00)
Capital Outlay - Mower	-	-	5,000.00	(5,000.00)
Capital Outlay - Sewer	-	30,875.00	-	30,875.00
Grant Matching Funds-Housing	-	-	15,000.00	(15,000.00)
Library				
Appropriation to Library	9,815.94	10,954.60	15,000.00	(4,045.40)
Debt Service				
Capital Lease - Principal	4,874.78	5,057.52	5,000.00	57.52
Capital Lease - Interest	985.34	802.60	1,000.00	(197.40)

CITY OF EDNA, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Operating Transfer to Community Building Improvement Fund	\$ 5,500.00	\$ -	\$ -	\$ -
Total Certified Budget			402,380.00	(44,631.50)
Adjustments for Qualifying Budget Credits			9,681.24	(9,681.24)
Total Expenditures	319,069.75	357,748.50	<u>\$ 412,061.24</u>	<u>\$ (54,312.74)</u>
Receipts Over(Under) Expenditures	44,788.81	(6,185.96)		
Unencumbered Cash, Beginning	194,190.30	238,979.11		
Unencumbered Cash, Ending	<u>\$ 238,979.11</u>	<u>\$ 232,793.15</u>		

CITY OF EDNA, KANSAS
LIBRARY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 4,684.65	\$ 4,767.01	\$ 5,055.00	\$ (287.99)
Delinquent Tax	82.09	143.40	-	143.40
Motor Vehicle Tax	1,188.41	975.84	1,162.00	(186.16)
Recreational Vehicle Tax	12.64	10.52	9.00	1.52
16/20M Vehicle Tax	5.73	4.45	5.00	(0.55)
Commercial Vehicle Tax	19.32	15.96	19.00	(3.04)
Watercraft Tax	-	-	2.00	(2.00)
Total Receipts	5,992.84	5,917.18	\$ 6,252.00	\$ (334.82)
Expenditures				
Library				
Appropriation to Library	6,100.00	5,900.00	\$ 6,800.00	\$ (900.00)
Total Expenditures	6,100.00	5,900.00	\$ 6,800.00	\$ (900.00)
Receipts Over(Under) Expenditures	(107.16)	17.18		
Unencumbered Cash, Beginning	500.84	393.68		
Unencumbered Cash, Ending	\$ 393.68	\$ 410.86		

CITY OF EDNA, KANSAS
SPECIAL STREET AND HIGHWAY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Special Highway Tax	\$ 11,653.53	\$ 10,596.45	\$ 10,340.00	\$ 256.45
Total Receipts	11,653.53	10,596.45	\$ 10,340.00	\$ 256.45
Expenditures				
Highways and Streets				
Personal Services	-	-	\$ 3,500.00	\$ (3,500.00)
Commodities	-	-	7,500.00	(7,500.00)
Capital Outlay	9,458.98	-	1,000.00	(1,000.00)
Total Expenditures	9,458.98	-	\$ 12,000.00	\$ (12,000.00)
Receipts Over(Under) Expenditures	2,194.55	10,596.45		
Unencumbered Cash, Beginning	2,799.77	4,994.32		
Unencumbered Cash, Ending	\$ 4,994.32	\$ 15,590.77		

CITY OF EDNA, KANSAS
EMPLOYEE BENEFITS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Ad Valorem Property Tax	\$ 9,355.57	\$ 11,905.03	\$ 12,624.00	\$ (718.97)
Delinquent Tax	185.39	318.85	-	318.85
Motor Vehicle Tax	3,146.65	1,957.54	2,228.00	(270.46)
Recreational Vehicle Tax	33.46	22.26	18.00	4.26
16/20M Vehicle Tax	15.22	11.80	10.00	1.80
Commercial Vehicle Tax	51.15	31.88	37.00	(5.12)
Watercraft Tax	-	-	3.00	(3.00)
Total Receipts	12,787.44	14,247.36	\$ 14,920.00	\$ (672.64)
Expenditures				
Employee Benefits				
Personal Services	7,901.48	15,402.51	\$ 25,000.00	\$ (9,597.49)
Total Expenditures	7,901.48	15,402.51	\$ 25,000.00	\$ (9,597.49)
Receipts Over(Under) Expenditures	4,885.96	(1,155.15)		
Unencumbered Cash, Beginning	15,042.54	19,928.50		
Unencumbered Cash, Ending	\$ 19,928.50	\$ 18,773.35		

CITY OF EDNA, KANSAS
PARK IMPROVEMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Use of Money and Property				
Interest Income	\$ 5.33	\$ 5.07	\$ -	\$ 5.07
Total Receipts	5.33	5.07	\$ -	\$ 5.07
Expenditures				
Culture and Recreation				
Commodities	-	-	\$ 3,500.00	\$ (3,500.00)
Total Expenditures	-	-	\$ 3,500.00	\$ (3,500.00)
Receipts Over(Under) Expenditures	5.33	5.07		
Unencumbered Cash, Beginning	6,522.66	6,527.99		
Unencumbered Cash, Ending	\$ 6,527.99	\$ 6,533.06		

CITY OF EDNA, KANSAS
COMMUNITY BUILDING IMPROVEMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental				
State and Local Grants	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00
Use of Money and Property				
Interest Income	22.58	42.11	25.00	17.11
Other Receipts				
Donations	3,725.00	1,725.00	-	1,725.00
Operating Transfer from General Fund	5,500.00	-	-	-
Total Receipts	<u>9,247.58</u>	<u>11,767.11</u>	<u>\$ 25.00</u>	<u>\$ 11,742.11</u>
Expenditures				
General Government				
Capital Outlay	4,500.00	-	\$ 10,000.00	\$ (10,000.00)
Total Expenditures	<u>4,500.00</u>	<u>-</u>	<u>\$ 10,000.00</u>	<u>\$ (10,000.00)</u>
Receipts Over(Under) Expenditures	4,747.58	11,767.11		
Unencumbered Cash, Beginning	<u>14,627.26</u>	<u>19,374.84</u>		
Unencumbered Cash, Ending	<u>\$ 19,374.84</u>	<u>\$ 31,141.95</u>		

CITY OF EDNA, KANSAS
SPECIAL SALES TAX FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipts				
Sales Tax	\$ 39,188.87	\$ 38,936.75	\$ 30,000.00	\$ 8,936.75
Compensating Use Tax	15,951.48	15,526.72	10,000.00	5,526.72
Total Receipts	55,140.35	54,463.47	\$ 40,000.00	\$ 14,463.47
Expenditures				
Capital Improvements				
Capital Outlay	-	-	\$ 60,000.00	\$ (60,000.00)
Total Expenditures	-	-	\$ 60,000.00	\$ (60,000.00)
Receipts Over(Under) Expenditures	55,140.35	54,463.47		
Unencumbered Cash, Beginning	121,015.75	176,156.10		
Unencumbered Cash, Ending	\$ 176,156.10	\$ 230,619.57		

CITY OF EDNA, 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 Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Tax	\$ 1,069.63	\$ 10,227.90	\$ 10,846.00	\$ (618.10)
Delinquent Tax	112.56	103.63	-	103.63
Motor Vehicle Tax	365.09	222.68	255.00	(32.32)
Recreational Vehicle Tax	3.59	2.38	2.00	0.38
16/20M Vehicle Tax	9.77	0.99	1.00	(0.01)
Commercial Vehicle Tax	4.26	3.64	4.00	(0.36)
Total Receipts	1,564.90	10,561.22	\$ 11,108.00	\$ (546.78)
Expenditures				
Debt Service				
Interest	17,559.55	12,291.18	\$ 15,000.00	\$ (2,708.82)
Total Expenditures	17,559.55	12,291.18	\$ 15,000.00	\$ (2,708.82)
Receipts Over(Under) Expenditures	(15,994.65)	(1,729.96)		
Unencumbered Cash, Beginning	20,501.80	4,507.15		
Unencumbered Cash, Ending	\$ 4,507.15	\$ 2,777.19		

CITY OF EDNA, KANSAS
WATER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Operating Receipts				
Water Sales	\$ 128,585.03	\$ 156,727.80	\$ 120,000.00	\$ 36,727.80
Bulk Water Sales	11,787.69	760.52	1,500.00	(739.48)
Other Fees	3,384.25	5,939.75	4,500.00	1,439.75
Other Receipts				
Miscellaneous	26.00	-	-	-
Reimbursed Expense	388.41	1,530.06	-	1,530.06
Total Receipts	144,171.38	164,958.13	\$ 126,000.00	\$ 38,958.13
Expenditures				
Operations				
Personal Services	38,921.02	27,422.44	\$ 40,000.00	\$ (12,577.56)
Contractual Services	72,212.80	89,613.61	65,000.00	24,613.61
Commodities	3,359.17	4,596.00	4,000.00	596.00
Capital Outlay	-	-	-	-
Debt Services				
Principal	5,424.46	5,765.30	7,500.00	(1,734.70)
Interest	2,018.88	1,678.04	-	1,678.04
Operating Transfer to				
Water Tower Improvement Fund	12,000.00	-	12,000.00	(12,000.00)
Total Certified Budget			128,500.00	575.39
Adjustments for Qualifying				
Budget Credits			1,530.06	(1,530.06)
Total Expenditures	133,936.33	129,075.39	\$ 130,030.06	\$ (954.67)
Receipts Over(Under) Expenditures	10,235.05	35,882.74		
Unencumbered Cash, Beginning	13,108.66	23,343.71		
Unencumbered Cash, Ending	\$ 23,343.71	\$ 59,226.45		

CITY OF EDNA, KANSAS
WATER TOWER IMPROVEMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Operating Transfer from Water Utility Fund	\$ 12,000.00	\$ -	\$ 12,000.00	\$ (12,000.00)
Total Receipts	12,000.00	-	\$ 12,000.00	\$ (12,000.00)
Expenditures				
Capital Improvements				
Capital Outlay	-	1,650.00	\$ 20,000.00	\$ (18,350.00)
Total Expenditures	-	1,650.00	\$ 20,000.00	\$ (18,350.00)
Receipts Over(Under) Expenditures	12,000.00	(1,650.00)		
Unencumbered Cash, Beginning	54,061.25	66,061.25		
Unencumbered Cash, Ending	\$ 66,061.25	\$ 64,411.25		

CITY OF EDNA, KANSAS
WATER PAYMENT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfer from Water Utility Fund	\$ -	\$ -
Total Receipts	-	-
Expenditures		
Capital Improvements Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	-
Unencumbered Cash, Beginning	55,701.49	55,701.49
Unencumbered Cash, Ending	<u>\$ 55,701.49</u>	<u>\$ 55,701.49</u>

CITY OF EDNA, KANSAS
SEWER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Operating Receipts				
User Fees	\$ 90,294.95	\$ 87,957.28	\$ 88,000.00	\$ (42.72)
Other Receipts				
Reimbursed Expense	940.12	1,071.05	1,000.00	71.05
Total Receipts	91,235.07	89,028.33	\$ 89,000.00	\$ 28.33
Expenditures				
Operations				
Personal Services	42,042.13	26,277.58	\$ 30,000.00	\$ (3,722.42)
Contractual Services	6,891.44	7,299.96	8,000.00	(700.04)
Commodities	3,496.02	4,263.43	5,000.00	(736.57)
Capital Outlay	4,000.00	5,685.48	6,000.00	(314.52)
Operating Transfers to:				
Sewer Payment Fund	45,000.00	60,000.00	60,000.00	-
Sewer Reserve Fund	5,600.00	2,800.00	2,800.00	-
Total Certified Budget			111,800.00	(5,473.55)
Adjustments for Qualifying				
Budget Credits			1,071.05	(1,071.05)
Total Expenditures	107,029.59	106,326.45	\$ 112,871.05	\$ (6,544.60)
Receipts Over(Under) Expenditures	(15,794.52)	(17,298.12)		
Unencumbered Cash, Beginning	117,561.41	101,766.89		
Unencumbered Cash, Ending	\$ 101,766.89	\$ 84,468.77		

CITY OF EDNA, KANSAS
SEWER RESERVE FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Use of Money and Property				
Interest Income	\$ 34.51	\$ 45.87	\$ 25.00	\$ 20.87
Operating Transfer from Sewer Utility Fund	5,600.00	2,800.00	2,800.00	-
Total Receipts	<u>5,634.51</u>	<u>2,845.87</u>	<u>\$ 2,825.00</u>	<u>\$ 20.87</u>
Expenditures				
Capital Improvements				
Capital Outlay	-	-	\$ -	\$ -
Total Expenditures	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts Over(Under) Expenditures	5,634.51	2,845.87		
Unencumbered Cash, Beginning	<u>11,270.61</u>	<u>16,905.12</u>		
Unencumbered Cash, Ending	<u>\$ 16,905.12</u>	<u>\$ 19,750.99</u>		

CITY OF EDNA, KANSAS
SEWER PAYMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Operating Transfer from Sewer Utility Fund	\$ 45,000.00	\$ 60,000.00	\$ 60,000.00	\$ -
Total Receipts	45,000.00	60,000.00	\$ 60,000.00	\$ -
Expenditures				
Debt Service				
Principal	19,600.25	20,136.98	\$ 20,000.00	\$ 136.98
Interest	17,559.54	22,291.18	40,000.00	(17,708.82)
Total Expenditures	37,159.79	42,428.16	\$ 60,000.00	\$ (17,571.84)
Receipts Over(Under) Expenditures	7,840.21	17,571.84		
Unencumbered Cash, Beginning	154,032.80	161,873.01		
Unencumbered Cash, Ending	\$ 161,873.01	\$ 179,444.85		

CITY OF EDNA, KANSAS
SOLID WASTE UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2022

(With Comparative Actual Amounts For the Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Operating Receipts				
User Fees	\$ 44,378.32	\$ 44,367.84	\$ 40,000.00	\$ 4,367.84
Other Fees	4,341.80	4,537.65	4,000.00	537.65
Total Receipts	<u>48,720.12</u>	<u>48,905.49</u>	<u>\$ 44,000.00</u>	<u>\$ 4,905.49</u>
Expenditures				
Operations				
Personal Services	3,164.32	766.20	\$ 1,000.00	\$ (233.80)
Contractual Services	39,177.91	39,606.46	45,000.00	(5,393.54)
Commodities	60.72	170.75	1,000.00	(829.25)
Capital Outlay	-	-	5,000.00	(5,000.00)
Operating Transfer to General Fund	-	-	10,000.00	(10,000.00)
Total Expenditures	<u>42,402.95</u>	<u>40,543.41</u>	<u>\$ 62,000.00</u>	<u>\$ (21,456.59)</u>
Receipts Over(Under) Expenditures	6,317.17	8,362.08		
Unencumbered Cash, Beginning	<u>64,044.10</u>	<u>70,361.27</u>		
Unencumbered Cash, Ending	<u>\$ 70,361.27</u>	<u>\$ 78,723.35</u>		



The Honorable Mayor and City Council
City of Edna, Kansas

In planning and performing our audit of the financial statement of the City of Edna, Kansas as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Edna, Kansas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Edna, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Edna, Kansas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Preparation of Financial Statement

Accounting standards states the client must be able to accept responsibility and be able to identify a material misstatement when reviewing the financial statement, including footnotes and supplemental information. This would also include knowing if a required footnote disclosure was missing or not correctly stated. Presently, the City staff does not have the ability to process and prepare the required financial statement, including footnotes. The potential effects of this material weakness could be unrecognized errors on the financial statement. While we recognize that this condition is not unusual for a City your size, it is important that you be aware of this condition for financial reporting purposes. Management and the City Council should continually be aware of the financial reporting of the City and changes in reporting requirements.

Segregation of Duties

An internal control structure is, quite simply, the procedures and policies in effect which ensure that the City's financial activity is properly recorded, processed, summarized, and reported in the financial statement. A weakness in the control structure occurs when one person is responsible for all of the accounting activities such as performing billings, receipting cash, making deposits, reconciling the bank accounts, and having access to all books and records of the City. Due to small staff size, it is not possible for reviews of daily work to take place, potentially resulting in errors in financial records and reports.

Jarred, Gilmore & Phillips, PA
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This communication is intended solely for the information and use of management, City Council, and others within the City of Edna, Kansas, and is not intended to be, and should not be, used by anyone other than these specified parties.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
March 04, 2023