CITY OF LEOTI, KANSAS

REGULATORY BASIS FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2023

CITY OF LEOTI, KANSAS

REGULATORY BASIS FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2023

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LEWIS, HOOPER & DICK LLC
certified public accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statement

Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2023, and the aggregate receipts and expenditures for the year then ended in accordance with the basis of accounting practices prescribed or permitted by the State of Kansas to demonstrate compliance with the *Kansas Municipal Audit and Accounting Guide's (KMAAG)* regulatory basis of accounting and budget laws as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City as of December 31, 2023, or changes in net position and cash flows thereof for the year then ended.

Basis for Opinions

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of accounting practices prescribed or permitted by the State of Kansas to demonstrate compliance with the *KMAAG*'s regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statement

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

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

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

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

Supplemental Information

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

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

Other Information

Management is responsible for the other information included in the financial statement. The other information comprises the other information section (Graphs) but does not include the financial statement and our auditor's report thereon. Our opinions on the financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statement, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statement, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Lewis, Hooper + Dick, LLC

LEWIS, HOOPER & DICK, LLC

June 10, 2024

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

Fund	Unencumbered Cash (Deficit) 1/1/23	Receipts	Expenditures	Unencumbered Cash 12/31/23	Outstanding Encumbrances and Payables	Treasurer's Cash 12/31/23
General	$ 305,582	$ 1,391,539	$ 1,253,932	$ 443,189	$ 795	$ 443,984
Special Purpose Funds:						
Ambulance and Fire Equipment	98,926	37,983	-	136,909	-	136,909
Special Highway	300,681	38,507	116,500	222,688	-	222,688
Fire Equipment Reserve	21,908	-	-	21,908	-	21,908
Equipment Reserve	910,387	100,000	140,596	869,791	-	869,791
Saturday Cinema	2,256	-	-	2,256	-	2,256
Capital Improvement General	7,500	150,000	-	157,500	-	157,500
Sidewalk Reserve	72,728	-	-	72,728	-	72,728
American Rescue Plan Act (ARPA)	-	11,680	11,680	-	-	-
Total Special Purpose Funds	1,414,386	338,170	268,776	1,483,780	-	1,483,780
Capital Project Funds:						
CCLIP Project	(3,448)	9,470	6,022	-	-	-
Business Funds:						
Water Operating	1,262,976	657,025	958,037	961,964	-	961,964
Sanitation Operating	169,599	273,457	371,861	71,195	-	71,195
Sewer Operating	127,788	202,884	275,575	55,097	-	55,097
Storm Water Operating	86,653	8,732	896	94,489	-	94,489
Water Reserve	1,170,098	200,000	-	1,370,098	-	1,370,098
Sanitation Reserve	152,112	25,000	-	177,112	-	177,112
Sewer Reserve	90,000	-	-	90,000	-	90,000
Total Business Funds	3,059,226	1,367,098	1,606,369	2,819,955	-	2,819,955
Total Reporting Entity (memorandum only)	$ 4,775,746	$ 3,106,277	$ 3,135,099	$ 4,746,924	$ 795	$ 4,747,719

Composition of cash:		
Demand deposits:		
Western State Bank	$ 71,881	
Security State Bank	6,081	
Total demand deposits		$ 77,962
Time deposits:		
Western State Bank		597,934
Certificates of deposits:		
Western State Bank	3,062,917	
Security State Bank	1,035,388	
Total certificates of deposits		4,098,305
Plus deposits in transit		626
Less outstanding checks		(5,695)
Cash on hand		200
Total cash		4,769,332
Less Agency Funds per Schedule 3		(21,613)
Total cash (excluding Agency Funds)		$ 4,747,719

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

CITY OF LEOTI, KANSAS
Notes to the Financial Statement
For the Year Ended December 31, 2023

1. Summary of significant accounting policies

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

A. Financial reporting entity

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

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

B. Regulatory basis of accounting and departure from accounting principles generally accepted in the United States of America

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

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

C. Regulatory basis fund types

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

General fund – the chief operating fund; used to account for all resources except those required to be accounted for in another fund.

Special Purpose funds – used to account for the proceeds of specific tax levies and other specific receipt sources (other than capital project and tax levies for long-term debt) that are intended for specified purposes.

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

1. Summary of significant accounting policies (continued)

C. Regulatory basis fund types (continued)
Capital Project funds – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

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

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

F. Interfund transactions and reimbursements

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

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

G. Memorandum totals

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

2. Stewardship, compliance and accountability

A. Budgetary information

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

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

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

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

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.

2. Stewardship, compliance and accountability (continued)

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

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose and business funds:

Fire Equipment Reserve Fund
Equipment Reserve Fund
Saturday Cinema Fund
Capital Improvement General Fund
Sidewalk Reserve Fund
American Rescue Plan Act (ARPA) Fund
Water Reserve Fund
Sanitation Reserve Fund
Sewer Reserve Fund

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

B. Noncompliance with finance-related legal and contractual provisions
References made herein to the statutes are not intended as interpretation of law, but are offered for consideration of the Kansas Department of Administration's Chief Financial Officer and interpretation by the County Attorney and the legal representative of the City.

There are no known material violations of finance-related legal and contractual provisions including Kansas statutes, regulations, contracts, debt covenants, or other agreements for the year ended December 31, 2023.

3. Detailed notes on all funds

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

Cash on hand	$ 200
Carrying amount of deposits	4,769,132
Total cash	$ 4,769,332

3. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

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

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

Concentration of credit risk

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

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka except during designated "peak periods" when required coverage is 50%. The City does not use designated "peak periods". All deposits were legally secured at December 31, 2023.

At December 31, 2023, the City's carrying amount of deposits was $4,769,132 and the bank balance was $4,774,201. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $577,963 was covered by federal depository insurance and $4,196,238 was collateralized with securities held by the pledging financial institutions' agents in the City's name. The City's cash deposits at year end are as follows:

	Western State Bank	Security State Bank
FDIC coverage	$ 321,881	$ 256,082
Pledged securities at market value	4,520,172	1,167,700
Total coverage	$ 4,842,053	$ 1,423,782
Funds on deposit	$ 3,732,732	$ 1,041,469
Funds at risk	$ -	$ -

Custodial credit risk - investments

Custodial credit risk for an investment is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments of this type at December 31, 2023.

3. Detailed notes on all funds (continued)

B. Capital projects in process

Capital project authorizations with approved change orders compared to expenditures from inception at December 31, 2023, are as follows:

	Project Authorization	Expenditures to Date	Committed
Earl Street project	$ 590,948	$ 42,500	$ 548,448
CCLIP project	116,038	91,596	24,442
Water meter project	306,611	327,948	-
Crack seal project	54,000	54,000	-
Chip seal project	102,300	101,302	-

C. Long-term debt

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

Issue	Date of Issue	Maximum Rate	Amount of Issue	Date of Final Maturity	Balance 1/1/23	Additions	Reductions/ Payments	Balance 12/31/23	Interest Paid
General obligation bond payable:									
Refunding and improvement bond	02/11/2015	2.75%	$ 2,675,000	02/11/2043	$ 1,589,981	$ -	$ 445,372	$ 1,144,609	$ 43,724
Revolving loan payable:									
Sewer improvements	03/11/2011	3.06%	$ 592,149	02/11/2023	70,564	-	70,564	-	1,377
Total long-term debt					$ 1,660,545	$ -	$ 515,936	$ 1,144,609	$ 45,101

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

	Year								
	2024	2025	2026	2027	2028	2029-2033	2034-2038	2039-2043	Total
Principal:									
General obligation bonds payable	$ 46,620	$ 47,729	$ 49,215	$ 50,568	$ 51,959	$ 281,711	$ 322,829	$ 293,978	$ 1,144,609
Interest:									
General obligation bonds payable	31,391	30,277	28,882	27,529	26,067	108,537	67,528	20,631	340,842
Total principal and interest	$ 78,011	$ 78,006	$ 78,097	$ 78,097	$ 78,026	$ 390,248	$ 390,357	$ 314,609	$ 1,485,451

Legal debt margin

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

D. Interfund transfers between funds

Interfund operating transfers are as follows:

From	To	Statutory Authority	Amount
General	Capital Improvement General	12-1118	$ 150,000
Water Operating	Water Reserve	12-825d	200,000
Sanitation Operating	General	12-825d	100,000
Sanitation Operating	Equipment Reserve	12-825d	100,000
Sanitation Operating	Sanitation Reserve	12-825d	25,000
Sewer Operating	General	12-825d	100,000
Total			$ 675,000

4. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B. Post-employment health care benefits

Other post-employment benefits

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

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

Death and disability other post-employment benefits

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

C. Compensated absences

The City's policy is to recognize the costs of compensated absences when actually paid.

The City's policy regarding vacation leave pay permits full-time employees to accumulate vacation days at the maximum rate of 120 hours per year. Any additional unused vacation at the end of the employment year will be paid out at 50% on the next scheduled pay date. Upon termination, employees will be paid for unused vacation at their regular rate of pay unless said employee fails to provide at least two weeks written notice in advance of their voluntary termination.

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

D. Defined benefit pension plan

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

4. Other information (continued)

D. Defined benefit pension plan (continued)

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from the City were $38,061 for the year ended December 31, 2023.

Net pension liability: At December 31, 2023, the City's proportionate share of the collective net pension liability reported by KPERS was $417,714. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

F. Subsequent event

Subsequent to December 31, 2023, the City approved street projects totaling $1,596,138.

REGULATORY REQUIRED SUPPLEMENTAL INFORMATION

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

Fund	Certified Budget	Expenditures Chargeable to Current Year Budget	Variance Over (Under)
General	$ 1,276,550	$ 1,253,932	$ (22,618)
Special Purpose Funds:			
Ambulance and Fire Equipment	127,000	-	(127,000)
Special Highway	235,194	116,500	(118,694)
Business Funds:			
Water Operating	1,147,796	958,037	(189,759)
Sanitation Operating	425,000	371,861	(53,139)
Sewer Operating	339,928	275,575	(64,353)
Storm Water Operating	56,000	896	(55,104)

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

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts:			
Ad valorem tax	$ 515,334	$ 527,565	$ (12,231)
Delinquent tax	34,190	2,520	31,670
Motor vehicle tax	108,027	107,251	776
Recreational vehicle tax	1,811	1,643	168
Sales and compensating use tax	193,947	142,000	51,947
Local alcohol tax	2,859	995	1,864
Franchise taxes	108,758	100,000	8,758
Grants	4,312	-	4,312
Contractual	40,861	44,400	(3,539)
Licenses and permits	5,215	4,000	1,215
Sale of assets	30,000	-	30,000
Fines and forfeitures	8,882	6,000	2,882
Donations	701	-	701
Miscellaneous	23,854	6,000	17,854
Interest on idle funds	112,788	20,000	92,788
Transfer from Sanitation Operating	100,000	100,000	-
Transfer from Sewer Operating	100,000	100,000	-
Total receipts	1,391,539	$ 1,162,374	$ 229,165
Expenditures:			
General government:			
Personnel	221,489	$ 230,000	$ (8,511)
Contractual	120,839	110,000	10,839
Commodities	26,559	50,000	(23,441)
Capital outlay	12,500	20,000	(7,500)
Total general government	381,387	410,000	(28,613)
Appropriations:			
Airport	1,400	1,400	-
Cemetery	1,400	1,400	-
WCED	42,750	42,750	-
Golf Course	20,000	20,000	-
Historical Society	6,500	6,500	-
Total appropriations	72,050	72,050	-
Public safety:			
Law enforcement	87,000	87,000	-

(continued)

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

	Current Year		
	Actual	Budget	Variance Over (Under)
(continued)			
Expenditures: (continued)			
Public safety: (continued)			
Fire department:			
Personnel	$ 4,402	$ 9,100	$ (4,698)
Contractual	32,306	42,200	(9,894)
Commodities	44,727	52,500	(7,773)
Capital outlay	-	10,500	(10,500)
Total fire department	81,435	114,300	(32,865)
Total public safety	168,435	201,300	(32,865)
Public works:			
Personnel	139,423	150,000	(10,577)
Contractual	226,468	225,000	1,468
Commodities	43,501	45,000	(1,499)
Capital outlay	-	100,000	(100,000)
Total public works	409,392	520,000	(110,608)
Parks:			
Personnel	30,000	30,000	-
Municipal court:			
Personnel	4,845	11,000	(6,155)
Contractual	37,823	32,000	5,823
Commodities	-	200	(200)
Total municipal court	42,668	43,200	(532)
Transfers to Capital Improvement			
General	150,000	-	150,000
Total expenditures	1,253,932	$ 1,276,550	$ (22,618)
Receipts over expenditures	137,607		
Unencumbered cash, beginning	305,582		
Unencumbered cash, ending	$ 443,189		

CITY OF LEOTI, KANSAS
Ambulance and Fire Equipment Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts:			
Ad valorem tax	$ 30,276	$ 24,313	$ 5,963
Delinquent tax	1,787	126	1,661
Motor vehicle tax	4,954	5,372	(418)
Recreational vehicle tax	966	82	884
Total receipts	37,983	$ 29,893	$ 8,090
Expenditures:			
Capital outlay	-	$ 127,000	$ (127,000)
Total expenditures	-	$ 127,000	$ (127,000)
Receipts over expenditures	37,983		
Unencumbered cash, beginning	98,926		
Unencumbered cash, ending	$ 136,909		

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

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts:			
State payments	$ 38,507	$ 40,260	$ (1,753)
Total receipts	38,507	$ 40,260	$ (1,753)
Expenditures:			
Contractual	116,500	$ 235,194	$ (118,694)
Total expenditures	116,500	$ 235,194	$ (118,694)
Receipts under expenditures	(77,993)		
Unencumbered cash, beginning	300,681		
Unencumbered cash, ending	$ 222,688		

CITY OF LEOTI, KANSAS
Fire Equipment Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023

	Current Year Actual
Receipts:	
Donations	$ -
Total receipts	-
Expenditures:	
Capital outlay	-
Total expenditures	-
Receipts over expenditures	-
Unencumbered cash, beginning	21,908
Unencumbered cash, ending	$ 21,908

CITY OF LEOTI, KANSAS
Equipment Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023

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

CITY OF LEOTI, KANSAS
Saturday Cinema Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023

	Current Year Actual
Receipts:	
Donations	$ -
Total receipts	-
Expenditures:	
Capital outlay	-
Total expenditures	-
Receipts over expenditures	-
Unencumbered cash, beginning	2,256
Unencumbered cash, ending	$ 2,256

CITY OF LEOTI, KANSAS
Capital Improvement General Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023

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

CITY OF LEOTI, KANSAS
Sidewalk Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023

	Current Year Actual
Receipts:	
Grants	$ -
Total receipts	-
Expenditures:	
Capital outlay	-
Total expenditures	-
Receipts over expenditures	-
Unencumbered cash, beginning	72,728
Unencumbered cash, ending	$ 72,728

CITY OF LEOTI, KANSAS
American Rescue Plan Act (ARPA) Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023

	Current Year Actual
Receipts:	
Grants	$ 11,680
Total receipts	11,680
Expenditures:	
Contractual	11,380
Commodities	300
Total expenditures	11,680
Receipts over expenditures	-
Unencumbered cash, beginning	-
Unencumbered cash, ending	$ -

CITY OF LEOTI, KANSAS
CCLIP Project Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023

	Current Year Actual
Receipts:	
Grants	$ 9,470
Total receipts	9,470
Expenditures:	
Contractual	6,022
Total expenditures	6,022
Receipts over expenditures	3,448
Unencumbered cash (deficit), beginning	(3,448)
Unencumbered cash, ending	$ -

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

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts:			
Water collections	$ 631,618	$ 575,000	$ 56,618
Penalties	5,687	5,000	687
Connection fees	2,975	1,500	1,475
Coin box sales	5,664	4,500	1,164
Miscellaneous	11,081	-	11,081
Total receipts	657,025	$ 586,000	$ 71,025
Expenditures:			
Personnel	83,954	$ 125,000	$ (41,046)
Contractual	131,912	128,700	3,212
Commodities	53,075	55,000	(1,925)
Capital outlay	-	150,000	(150,000)
Debt principal	45,372	45,372	-
Debt interest	43,724	43,724	-
Additional debt service	400,000	400,000	-
Transfer to Water Reserve	200,000	200,000	-
Total expenditures	958,037	$ 1,147,796	$ (189,759)
Receipts under expenditures	(301,012)		
Unencumbered cash, beginning	1,262,976		
Unencumbered cash, ending	$ 961,964		

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

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts:			
Sanitation collections	$ 270,863	$ 265,000	$ 5,863
Penalties	2,524	-	2,524
Miscellaneous	70	-	70
Total receipts	273,457	$ 265,000	$ 8,457
Expenditures:			
Personnel	108,316	$ 95,000	$ 13,316
Contractual	21,697	25,000	(3,303)
Commodities	16,848	30,000	(13,152)
Capital outlay	-	50,000	(50,000)
Transfer to General	100,000	100,000	-
Transfer to Equipment Reserve	100,000	100,000	-
Transfer to Sanitation Reserve	25,000	25,000	-
Total expenditures	371,861	$ 425,000	$ (53,139)
Receipts under expenditures	(98,404)		
Unencumbered cash, beginning	169,599		
Unencumbered cash, ending	$ 71,195		

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

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts:			
Sewer collections	$ 201,087	$ 215,000	$ (13,913)
Penalties	1,797	2,000	(203)
Total receipts	202,884	$ 217,000	$ (14,116)
Expenditures:			
Personnel	48,721	$ 60,000	$ (11,279)
Contractual	44,171	40,000	4,171
Commodities	10,742	20,000	(9,258)
Debt principal	70,564	14,821	55,743
Debt interest	1,377	5,107	(3,730)
Additional debt service	-	100,000	(100,000)
Transfer to General	100,000	100,000	-
Total expenditures	275,575	$ 339,928	$ (64,353)
Receipts under expenditures	(72,691)		
Unencumbered cash, beginning	127,788		
Unencumbered cash, ending	$ 55,097		

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

	Current Year		
	Actual	Budget	Variance Over (Under)
Receipts:			
Storm Water collections	$ 8,635	$ 8,800	$ (165)
Penalties	97	100	(3)
Total receipts	8,732	$ 8,900	$ (168)
Expenditures:			
Contractual	896	3,000	$ (2,104)
Commodities	-	3,000	(3,000)
Capital outlay	-	50,000	(50,000)
Total expenditures	896	$ 56,000	$ (55,104)
Receipts over expenditures	7,836		
Unencumbered cash, beginning	86,653		
Unencumbered cash, ending	$ 94,489		

CITY OF LEOTI, KANSAS
Water Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023

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

CITY OF LEOTI, KANSAS
Sanitation Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023

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

CITY OF LEOTI, KANSAS
Sewer Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023

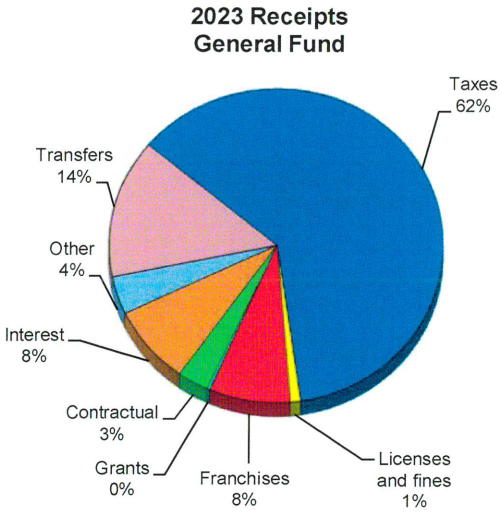
	Current Year Actual
Receipts:	
Transfer from Water Operating	$ -
Total receipts	-
Expenditures:	
Transfer to Water and Sewer Utility	-
Total expenditures	-
Receipts over expenditures	-
Unencumbered cash, beginning	90,000
Unencumbered cash, ending	$ 90,000

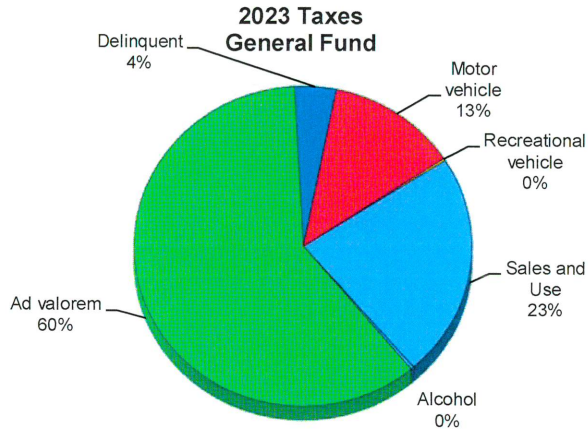
CITY OF LEOTI, KANSAS
Agency Funds
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2023

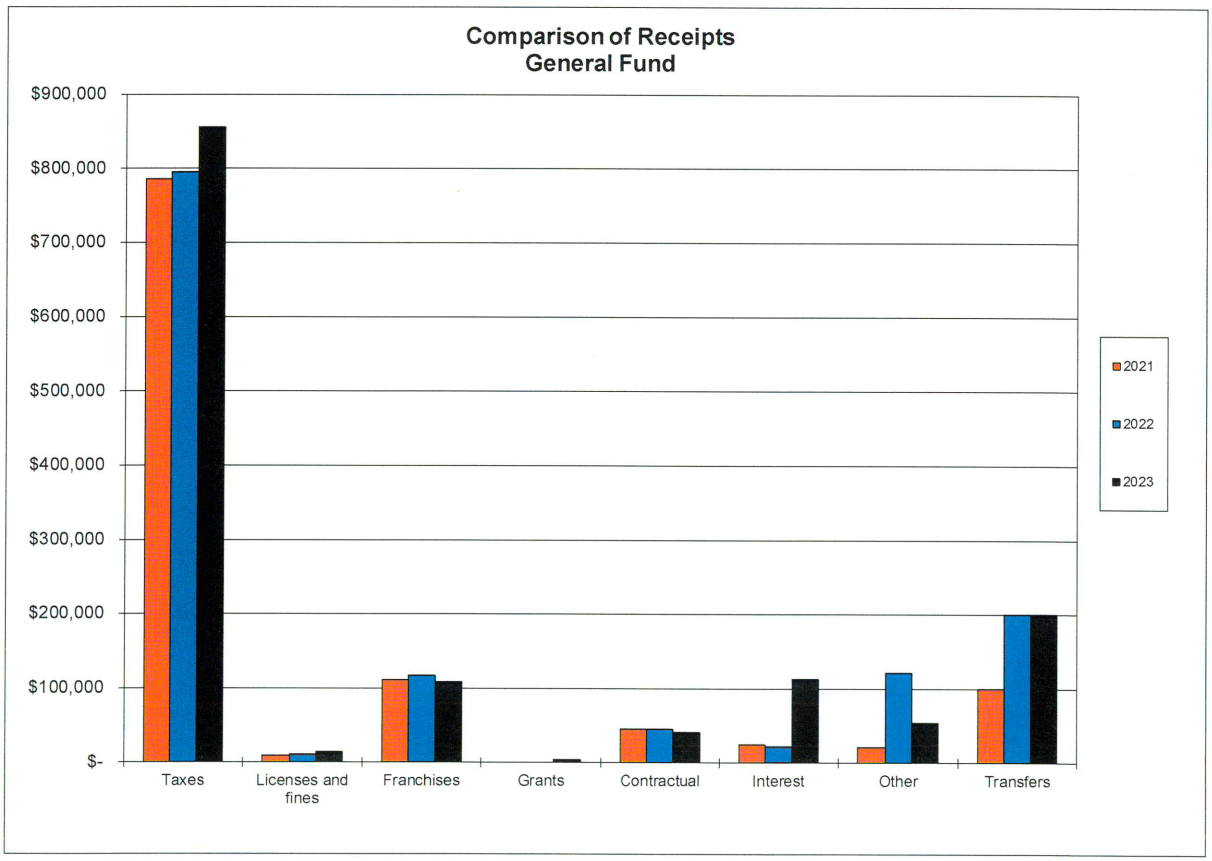
	Cash Balance 1/1/23	Receipts	Disburse-ments	Cash Balance 12/31/23
Agency Funds:				
Landfill	$ 20,453	$ 77,113	$ 75,953	$ 21,613
Total Agency Funds	$ 20,453	$ 77,113	$ 75,953	$ 21,613

OTHER INFORMATION

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

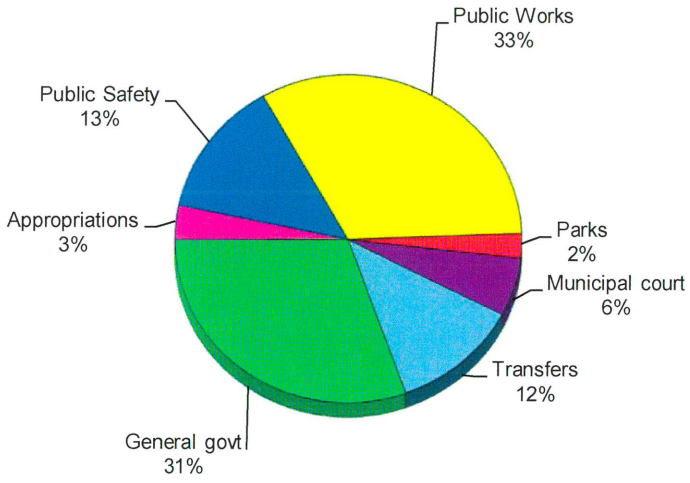


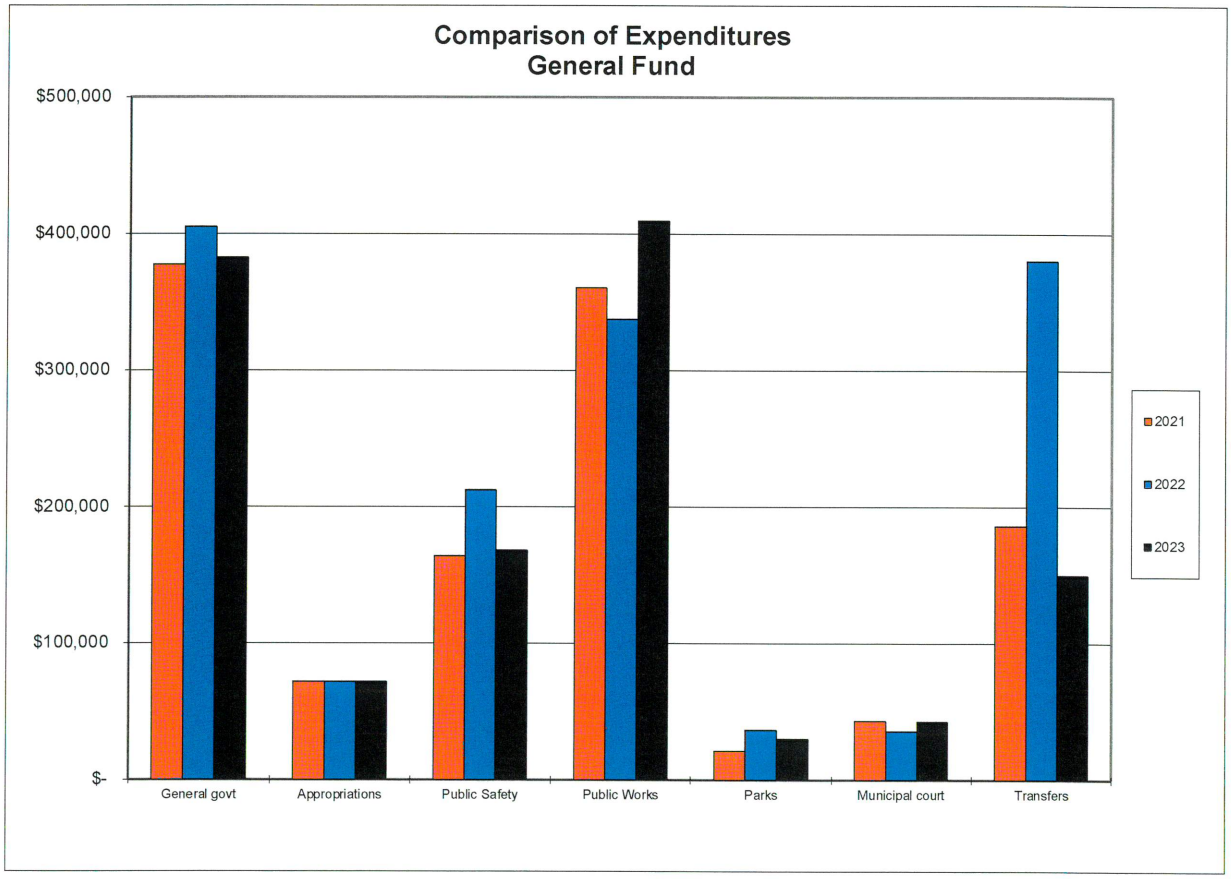




CITY OF LEOTI, KANSAS
Expenditures - General Fund
Regulatory Basis
For the Year Ended December 31

2023 Expenditures
General Fund





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

