CITY OF LEOTI, KANSAS

FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Leoti, 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 Leoti, Kansas, as of and for the year ended December 31, 2021 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 Leoti, Kansas, as of December 31, 2021, 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 Leoti, Kansas, as of December 31, 2021, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

Basis for Adverse and Unmodified Opinions

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

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

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

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash 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 (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 A.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Leoti, Kansas as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated August 19, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 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/municipal-audits. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures - actual and budget for the year ended December 31, 2021 (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 2020 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 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 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 2020 basic financial statement or to the 2020 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 2020 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, 2020, on the basis of accounting described in Note A.

Kennedy McKee & Company LLP

July 2, 2022

CITY OF LEOTI, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS

For the Year Ended December 31, 2021

Fund	Beginning unencumbered cash balance	Prior year canceled encumbrances	Receipts
General fund	$ 599,216	$ -	$ 1,098,740
Special purpose funds:			
Ambulance and fire equipment	36,685	-	31,503
Special highway	114,659	-	934,376
Non-budgeted special purpose funds:			
Fire equipment reserve	163,600	-	37,228
Equipment reserve	559,049	-	249,184
Saturday cinema	3,276	-	2,100
Capital improvement general	7,500	-	-
Sidewalk project	72,728	-	-
ARPA	-	-	110,489
Total special purpose funds	957,497	-	1,254,391
Business funds:			
Water operating	1,545,211	-	677,419
Sanitation operating	369,552	-	270,341
Sewer operating	349,384	-	217,056
Storm water operating	70,625	-	8,809
Non-budgeted business funds:			
Water reserve	770,098	-	200,000
Sanitation reserve	102,112	-	25,000
Sewer reserve	90,000	-	-
Total business funds	3,296,982	-	1,398,625
Total reporting entity - excluding agency funds	$ 4,853,695	$ -	$ 3,751,756
Composition of cash balance:			
Cash on hand			
Petty cash account			
General checking account			
Money market accounts			
Certificates of deposit			
Total cash			
Agency fund			
Total reporting entity - excluding agency funds			

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

STATEMENT 1

Expenditures	Ending unencumbered cash balance	Add encumbrances and accounts payable	Ending cash balance
$ 1,224,250	$ 473,706	$ 14,158	$ 487,864
-	68,188	-	68,188
854,412	194,623	8,504	203,127
-	200,828	-	200,828
185,675	622,558	-	622,558
3,120	2,256	-	2,256
-	7,500	-	7,500
-	72,728	-	72,728
-	110,489	-	110,489
1,043,207	1,279,170	8,504	1,287,674
1,195,370	1,027,260	4,486	1,031,746
364,735	275,158	1,921	277,079
335,569	230,871	(211)	230,660
810	78,624	-	78,624
-	970,098	-	970,098
-	127,112	-	127,112
-	90,000	-	90,000
1,896,484	2,799,123	6,196	2,805,319
$ 4,163,941	$ 4,551,999	$ 28,858	$ 4,580,857

$	200
	1,300
	167,705
	3,931,381
	500,000
	4,600,586
	(19,729)
$	4,580,857

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement, schedules, and notes are representations of the City's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

The City of Leoti is a municipal corporation governed by an elected mayor and five-member council. The City has no related municipal entities.

2. Basis of Presentation - Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2021:

REGULATORY BASIS FUND TYPES

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

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

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

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

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

4. Budgetary Information

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

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

b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.

d. Adoption of the final budget on or before August 25th.

If the municipality is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The municipality did not hold a revenue neutral rate hearing for this year.

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

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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the 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 utility reserve funds and the following special purpose funds:

Fire Equipment Reserve Fund
Equipment Reserve Fund
Saturday Cinema Fund
Capital Improvement General Fund
Sidewalk Project Fund
ARPA 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. 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 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.

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, 2021.

At December 31, 2021, the carrying amount of the City's deposits, including certificates of deposit, was $4,600,386 and the bank balance was $4,603,254. Of the bank balance, $500,000 was covered by federal depository insurance, and $4,103,254 was collateralized with securities held by the pledging financial institutions agents in the City's name.

C. 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 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.

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were $29,888 for the year ended December 31, 2021.

Net Pension Liability

At December 31, 2021, the City's proportionate share of the collective net pension liability reported by KPERS was $217,408. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. 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.

D. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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

D. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONTINUED)

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. As provided by K.S.A. 74-4927, members in KPERS receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate was set at 1% and contributions were $1,508 for 2021.

Vacation Leave. Vacation leave is earned and credited according to a table in the employee handbook. Time is credited to the employee on a monthly basis and begins at 40 hours per year for employees with 1-2 years employment, 80 hours for 3-9 years employment, and 120 hours for 10 or more years. Vacation must be used by the end of each employment year. Any 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.

Sick Leave. Full time employees earn 4 hours of sick leave for each complete pay period. Sick leave may be accumulated up to 360 hours, but unused sick leave is not paid upon resignation or termination. Employees may use up to 24 hours of their accumulated sick leave per employment year for personal leave at their discretion.

Section 125 Plan. The City offers a Section 125 plan for all employees electing to participate. It is used for a variety of insurance, retirement, and other benefits. The City withholds the amounts from the employee's compensation and remits the withholding to the plan administrator.

Section 457 Deferred Compensation Plan. The City offers a Section 457 deferred compensation plan to all employees on a voluntary basis. The City does not contribute to the plan and the plan is administered by a third party.

E. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2021, were as follows:

Issue	Balance beginning of year	Additions	Reductions/ net change	Balance end of year	Interest paid
General Obligation Bonds:					
Refunding and improvement issued February 11, 2015 in the amount of $2,675,000 at interest rate of 2.75% maturing February 11, 2047	$1,876,934	$ -	$ 242,795	$1,634,139	$ 51,757
Revolving Loan:					
Sewer improvements issued March 11, 2011 in the amount of $592,149 at interest rate of 3.06% maturing March 1, 2032	302,210	-	117,268	184,942	7,837
Total long-term debt	$2,179,144	$ -	$ 360,063	$1,819,081	$ 59,594

E. LONG-TERM DEBT (CONTINUED)

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

	Principal due	Interest due	Total due
2022	$ 44,158	$ 44,939	$ 89,097
2023	45,372	43,724	89,096
2024	46,620	42,360	88,980
2025	47,729	41,308	89,037
2026	49,215	39,882	89,097
2027-2031	266,967	178,355	445,322
2032-2036	305,765	139,507	445,272
2037-2041	350,099	95,218	445,317
2042-2046	401,116	44,283	445,399
2047	77,098	2,120	79,218
Total	$ 1,634,139	$ 671,696	$ 2,305,835

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

2022	$ 14,378	$ 5,550	$ 19,928
2023	14,821	5,107	19,928
2024	15,278	4,650	19,928
2025	15,749	4,178	19,927
2026	16,235	3,693	19,928
2027-2031	89,001	10,641	99,642
2032	19,480	449	19,929
	$ 184,942	$ 34,268	$ 219,210

F. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	Project commitments authorized	Cash disbursements and accounts payable to date	Remaining financial commitment
7th Street Project			
EBH Engineering	$ 185,795	$ 185,795	$ -
GPDI	21,800	19,620	2,180
Morgan Brothers	720,207	720,207	-
Total	$ 927,802	$ 925,622	$ 2,180

G. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Amount	Statutory authority
General	Fire equipment reserve	$ 37,228	K.S.A. 12-1,117
General	Equipment reserve	149,184	K.S.A. 12-1,117
Water operating	Special highway	400,000	K.S.A. 12-825d
Water operating	Water reserve	200,000	K.S.A. 12-825d
Sanitation operating	Special highway	100,000	K.S.A. 12-825d
Sanitation operating	Equipment reserve	100,000	K.S.A. 12-825d
Sanitation operating	Sanitation reserve	25,000	K.S.A. 12-825d
Sewer operating	General	100,000	K.S.A. 12-825d
		$1,111,412	

H. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The City purchases commercial insurance to cover these risks. There have been no significant reductions in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

I. CORONAVIRUS (COVID-19)

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity, and future result of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

As a result of the COVID-19 outbreak, numerous Federal and State grants have been made available to the City to assist with the risks and help offset incurred costs of the City. The City received funding from the American Rescue Plan Act of 2021 (ARPA) during the current year.

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 2, 2022 and does not believe any events have occurred which affect the financial statement as presented except for the ongoing concern regarding the novel strain of coronavirus (COVID-19) as discussed in Note I above.

REGULATORY – REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

CITY OF LEOTI, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2021

Fund	Certified budget	Adjustment for qualifying budget credits	Total budget for comparison	Expenditures chargeable to current year	Variance favorable (unfavorable)
General fund	$ 1,224,250	$ -	$ 1,224,250	$ 1,224,250	$ -
Special purpose funds:					
Ambulance and fire equipment	31,000	-	31,000	-	31,000
Special highway	716,912	392,746	1,109,658	854,412	255,246
Business funds:					
Water operating	1,353,252	-	1,353,252	1,195,370	157,882
Sanitation operating	425,000	-	425,000	364,735	60,265
Sewer operating	340,921	-	340,921	335,569	5,352
Storm water operating	56,000	-	56,000	810	55,190
Total	$ 4,147,335	$ 392,746	$ 4,540,081	$ 3,975,146	$ 564,935

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	$ 480,692	$ 488,136	$ 486,382	$ 1,754
Delinquent tax	10,403	13,653	2,495	11,158
Motor vehicle tax	105,176	108,331	95,179	13,152
Recreation vehicle tax	1,043	1,301	972	329
16/20M vehicle tax	2,291	1,935	2,186	(251)
Shared revenue:				
Local alcohol liquor	1,130	1,212	398	814
Local sales tax	125,268	138,695	92,500	46,195
Compensating use tax	32,489	41,015	22,000	19,015
SPARK	88,526	-	-	-
Licenses, fees, fines and permits:				
Franchise fees	103,482	111,409	112,000	(591)
Fines and penalties	6,945	5,697	6,000	(303)
Other licenses, fees, and permits	8,390	3,805	4,000	(195)
Interest:				
Interest on idle funds	35,927	24,734	25,000	(266)
Other:				
County fire contract	30,000	30,000	30,000	-
Miscellaneous	16,523	16,496	6,000	10,496
Rent	14,400	15,766	14,400	1,366
Donations	-	5,000	-	5,000
Transfers:				
Sewer operating	77,987	100,000	100,000	-
Neighborhood revitalization rebate	(9,932)	(8,445)	(8,775)	330
Total receipts	1,130,740	1,098,740	$ 990,737	$ 108,003
Expenditures:				
General government:				
Personal services	222,666	227,596	$ 200,000	$ (27,596)
Contractual services	79,494	103,674	110,000	6,326
Commodities	84,572	48,558	40,000	(8,558)
Capital outlay	13,565	-	20,000	20,000
Reimbursed expenditures	(7,945)	(2,422)	-	2,422
Total general government	392,352	377,406	370,000	(7,406)
Appropriations:				
Airport	1,400	1,400	1,400	-
Cemetery	1,400	1,400	1,400	-
WCED	42,750	42,750	42,750	-
Golf course	17,500	20,000	20,000	-
Historical society	6,500	6,500	6,500	-
Total appropriations	69,550	72,050	72,050	-

CITY OF LEOTI, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020	Actual	Budget	Variance favorable (unfavorable)
Expenditures (continued):				
Public safety:				
Law enforcement agreement	$ 87,000	$ 87,000	$ 87,000	$ -
Fire department:				
Personal services	9,149	4,764	9,100	4,336
Contractual services	24,465	30,724	42,200	11,476
Commodities	42,464	41,583	52,500	10,917
Capital outlay	-	-	10,500	10,500
Total fire department	76,078	77,071	114,300	37,229
Total public safety	163,078	164,071	201,300	37,229
Public works:				
Personal services	80,196	127,684	150,000	22,316
Contractual services	115,630	192,207	225,000	32,793
Commodities	34,530	40,256	45,000	4,744
Capital outlay	-	-	100,000	100,000
Total public works	230,356	360,147	520,000	159,853
Culture and recreation - parks:				
Personal services	21,000	21,000	21,000	-
Municipal court:				
Personal services	4,535	12,704	9,700	(3,004)
Contractual services	31,102	30,460	30,000	(460)
Commodities	-	-	200	200
Total municipal court	35,637	43,164	39,900	(3,264)
Transfers:				
Fire equipment reserve	28,222	37,228	-	(37,228)
Equipment reserve	-	149,184	-	(149,184)
Total transfers	28,222	186,412	-	(186,412)
Total expenditures	940,195	1,224,250	$ 1,224,250	$ -
Receipts over (under) expenditures	190,545	(125,510)		
Unencumbered cash, beginning of year	408,671	599,216	$ 233,513	$ 365,703
Unencumbered cash, end of year	$ 599,216	$ 473,706	$ -	$ 473,706

See Independent Auditor's Report.

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, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Taxes:				
Ad valorem property tax	$ 25,131	$ 25,442	$ 25,352	$ 90
Delinquent tax	516	686	130	556
Motor vehicle tax	5,369	5,648	4,977	671
Recreation vehicle tax	53	68	51	17
16/20M vehicle tax	113	99	114	(15)
Miscellaneous receipts	4,999	-	-	-
Neighborhood revitalization rebate	(519)	(440)	(457)	17
Total receipts	35,662	31,503	$ 30,167	$ 1,336
Expenditures:				
Public safety:				
Capital outlay	-	-	$ 31,000	$ 31,000
Receipts over (under) expenditures	35,662	31,503		
Unencumbered cash, beginning of year	1,023	36,685	$ 833	$ 35,852
Unencumbered cash, end of year	$ 36,685	$ 68,188	$ -	$ 68,188

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

SPECIAL HIGHWAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Gas tax	$ 37,521	$ 41,630	$ 32,800	$ 8,830
Federal aid	-	392,746	-	392,746
Transfer from water operating	100,000	400,000	400,000	-
Transfer from sanitation operating	100,000	100,000	100,000	-
Total receipts	237,521	934,376	$ 532,800	$ 401,576
Expenditures:				
Highways and streets:				
Contractual services	159,844	16,410	$ 116,912	$ 100,502
Capital outlay	-	838,002	600,000	(238,002)
	159,844	854,412	716,912	(137,500)
Adjustment for qualifying budget credits	-	-	392,746	392,746
Total expenditures	159,844	854,412	$ 1,109,658	$ 255,246
Receipts over (under) expenditures	77,677	79,964		
Unencumbered cash, beginning of year	36,982	114,659	$ 184,112	$ (69,453)
Unencumbered cash, end of year	$ 114,659	$ 194,623	$ -	$ 194,623

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

NON-BUDGETED SPECIAL PURPOSE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2021

	Fire equipment reserve	Equipment reserve	Saturday cinema	Capital improvement general	Sidewalk project	ARPA	Total
Receipts:							
Federal aid	$ -	$ -	$ -	$ -	$ -	$ 110,489	$ 110,489
Donations	-	-	2,100	-	-	-	2,100
Transfer from general	37,228	149,184	-	-	-	-	186,412
Transfer from sanitation operating	-	100,000	-	-	-	-	100,000
Total receipts	37,228	249,184	2,100	-	-	110,489	399,001
Expenditures:							
Contractual services	-	-	3,001	-	-	-	3,001
Commodities	-	-	119	-	-	-	119
Capital outlay	-	185,675	-	-	-	-	185,675
Total expenditures	-	185,675	3,120	-	-	-	188,795
Receipts over (under) expenditures	37,228	63,509	(1,020)	-	-	110,489	210,206
Unencumbered cash, beginning of year	163,600	559,049	3,276	7,500	72,728	-	806,153
Unencumbered cash, end of year	$ 200,828	$ 622,558	$ 2,256	$ 7,500	$ 72,728	$ 110,489	$ 1,016,359

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

WATER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Charges for service	$ 680,750	$ 651,989	$ 575,000	$ 76,989
Penalties	5,151	5,322	5,000	322
Installations/connections	1,900	2,565	1,500	1,065
Coin box sales	5,284	6,243	4,500	1,743
Miscellaneous	21,568	11,300	-	11,300
Total receipts	714,653	677,419	$ 586,000	$ 91,419
Expenditures:				
Distribution:				
Personal services	99,996	72,465	$ 125,000	$ 52,535
Contractual services	120,023	157,670	128,700	(28,970)
Commodities	69,011	70,683	55,000	(15,683)
Capital outlay	-	-	150,000	150,000
Debt service:				
Principal	241,831	242,795	242,795	-
Interest	63,766	51,757	51,757	-
Transfer to water reserve	100,000	200,000	200,000	-
Transfer to special highway	100,000	400,000	400,000	-
Total expenditures	794,627	1,195,370	$ 1,353,252	$ 157,882
Receipts over (under) expenditures	(79,974)	(517,951)		
Unencumbered cash, beginning of year	1,625,185	1,545,211	$ 1,246,889	$ 298,322
Unencumbered cash, end of year	$ 1,545,211	$ 1,027,260	$ 479,637	$ 547,623

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

SANITATION OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

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		2021		
	2020	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Sanitation collection fees	$ 260,814	$ 264,065	$ 250,000	$ 14,065
Yard waste collection fees	741	468	-	468
Penalties	2,790	2,517	-	2,517
Containers sold	2,281	2,290	-	2,290
Miscellaneous	54	1,001	-	1,001
Total receipts	266,680	270,341	$ 250,000	$ 20,341
Expenditures:				
Personal services	83,986	90,833	$ 95,000	$ 4,167
Contractual services	21,955	17,387	25,000	7,613
Commodities	19,520	31,515	30,000	(1,515)
Capital outlay	3,544	-	50,000	50,000
Transfer to sanitation reserve	25,000	25,000	25,000	-
Transfer to special highway	100,000	100,000	100,000	-
Transfer to equipment reserve	100,000	100,000	100,000	-
Total expenditures	354,005	364,735	$ 425,000	$ 60,265
Receipts over (under) expenditures	(87,325)	(94,394)		
Unencumbered cash, beginning of year	456,877	369,552	$ 285,376	$ 84,176
Unencumbered cash, end of year	$ 369,552	$ 275,158	$ 110,376	$ 164,782

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

SEWER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET REGULATORY BASIS

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Sewer fees	$ 210,087	$ 214,965	$ 210,000	$ 4,965
Penalties	1,904	2,091	2,000	91
Total receipts	211,991	217,056	$ 212,000	$ 5,056
Expenditures:				
Personal services	76,383	56,591	$ 46,000	$ (10,591)
Contractual services	28,221	38,997	35,000	(3,997)
Commodities	14,859	14,876	20,000	5,124
Capital outlay	8,370	-	100,000	100,000
Debt service:				
Principal	123,322	117,268	27,941	(89,327)
Interest	11,778	7,837	11,980	4,143
Transfer to general	77,987	100,000	100,000	-
Total expenditures	340,920	335,569	$ 340,921	$ 5,352
Receipts over (under) expenditures	(128,929)	(118,513)		
Unencumbered cash, beginning of year	478,313	349,384	$ 349,391	$ (7)
Unencumbered cash, end of year	$ 349,384	$ 230,871	$ 220,470	$ 10,401

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

STORM WATER OPERATING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020	Actual	Budget	Variance favorable (unfavorable)
Receipts:				
Storm water fees	$ 8,597	$ 8,716	$ 8,800	$ (84)
Penalties	103	93	100	(7)
Total receipts	8,700	8,809	$ 8,900	$ (91)
Expenditures:				
Contractual services	1,046	810	$ 3,000	$ 2,190
Commodities	-	-	3,000	3,000
Capital outlay	-	-	50,000	50,000
Total expenditures	1,046	810	$ 56,000	$ 55,190
Receipts over (under) expenditures	7,654	7,999		
Unencumbered cash, beginning of year	62,971	70,625	$ 50,871	$ 19,754
Unencumbered cash, end of year	$ 70,625	$ 78,624	$ 3,771	$ 74,853

See Independent Auditor's Report.

CITY OF LEOTI, KANSAS

NON-BUDGETED BUSINESS FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

For the Year Ended December 31, 2021

	Water reserve	Sanitation reserve	Sewer reserve	Total
Receipts:				
Transfer from water operating	$ 200,000	$ -	$ -	$ 200,000
Transfer from sanitation operating	-	25,000	-	25,000
Total receipts	200,000	25,000	-	225,000
Expenditures	-	-	-	-
Receipts over (under) expenditures	200,000	25,000	-	225,000
Unencumbered cash, beginning of year	770,098	102,112	90,000	962,210
Unencumbered cash, end of year	$ 970,098	$ 127,112	$ 90,000	$ 1,187,210

See Independent Auditor's Report.

SCHEDULE 3

CITY OF LEOTI, KANSAS

AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the Year Ended December 31, 2021

Fund	Beginning cash balance	Receipts	Disbursements	Ending cash balance
Landfill	$ 18,947	$ 77,337	$ 76,555	$ 19,729

See Independent Auditor's Report.