BT & Co. P.A.

Certified Public Accountants

CITY OF BASEHOR, KANSAS

Report to the City Council
June 13, 2023

BT&Co.P.A.

Certified Public Accountants

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June 13, 2023

City Council
City of Basehor, Kansas
2620 N. 155th Street
Basehor, Kansas 66007

We are pleased to present this report related to our audit of the financial statements of the City of Basehor, Kansas (the City) for the year ended December 31, 2022. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the City's financial reporting process.

This report is intended solely for the information and use of the city council and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to City.

BT + Co., P.A.

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CITY OF BASEHOR, KANSAS
Report to the City Council
June 13, 2023

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance)* require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide have been described to you in our arrangement letter dated January 19, 2023. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication dated February 6, 2023 regarding the planned scope and timing of our audit and identified significant risks.
Accounting Policies and Practices	**Preferability of Accounting Policies and Practices** Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. **Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the City. The City did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period. **Significant Accounting Policies** We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Significant Unusual Transactions** We did not identify any significant unusual transactions. **Management's Judgments and Accounting Estimates** Summary information about the process used by management in formulating particularly sensitive

Area	Comments
	accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates."
Audit Adjustments	Audit adjustments proposed by us and recorded by City are summarized in the attached representation letter.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Observations About the Audit Process	**Disagreements with Management** We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements. **Consultations with Other Accountants** We are not aware of any consultations management had with other accountants about accounting or auditing matters. **Significant Issues Discussed with Management** No significant issues arising from the audit were discussed with or the subject of correspondence with management. **Significant Difficulties Encountered in Performing the Audit** We did not encounter any significant difficulties in dealing with management during the audit. **Difficult or Contentious Matters That Required Consultation** We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.
Significant Written Communications Between Management and Our Firm	Copies of certain written communications between our firm and the management of the City, including the representation letter provided to us by management, are attached.

City of Basehor, Kansas

Summary of Significant Accounting Estimates
Year Ended December 31, 2022

The following describes the significant accounting estimates reflected in the City's December 31, 2022 financial statements:

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusion on Reasonableness of Estimate
Net Pension Liability	The net pension liability is computed by an independent actuarial firm hired by KPERS.	Management of the City obtained and reviewed the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2022 that were audited by other auditors. Management compared their employer contributions as shown on these schedules to the City's actual contributions and recalculated its allocated percentage and its share of the collective net pension liability.	Review of information supporting the estimate resulted in our conclusion that the estimate appears reasonable.

BT&Co., P.A.
4301 SW Huntoon Street
Topeka, Kansas 66604-1659

This representation letter is provided in connection with your audit of the basic financial statements of the City of Basehor, Kansas (the City) as of and for the year ended December 31, 2022 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, that as of the date of the auditors' report:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated January 19, 2023 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We have identified and included all organizations that are a part of our financial reporting entity as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification, including all component units, joint ventures, and jointly governed organizations.

3. We have reported major governmental and enterprise funds as required by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

5. We acknowledge our responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.

6. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

7. The methods, assumptions and data used in making accounting estimates result in estimates that are appropriate for financial statement measurement and disclosure purposes and have been consistently selected and applied in making the estimates. Significant judgments made in making the estimates have taken into account all relevant information of which we are aware. Appropriate specialized skills or expertise has been applied in making the

estimates. We have also appropriately considered alternative assumptions or outcomes. All disclosures related to the estimates, including disclosures describing estimation uncertainty, are complete and reasonable in the context of U.S. GAAP. No subsequent events have occurred that would require adjustment to the estimates and related disclosures included in the financial statements.

8. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

9. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.

10. The City is following either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or is following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.

11. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.

12. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

13. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

14. Management has followed applicable laws and regulations in adopting, approving and amending budgets.

15. Risk disclosures associated with deposit and investment securities are presented in accordance with GASB requirements.

16. Provisions for uncollectible receivables have been properly identified and recorded.

17. Capital assets, including infrastructure, intangible assets, and right of use assets, are properly capitalized, reported and, if applicable, depreciated.

18. The City has properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, as applicable.

19. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

20. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.

21. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

22. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

23. The City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed, and net position is properly recognized under the policy.

24. The government has disclosed the entities with which it has a tax abatement agreement, the total gross amount of taxes abated during the period, the specific taxes that were abated and whether any commitments other than to reduce taxes were made as part of any tax abatement agreement as required by GASB Statement No. 77.

25. The City has recorded and disclosed in the financial statements all:
    a. Compensating balance arrangements or other legal restrictions of cash balances.
    b. Security agreements as defined in the Uniform Commercial Code.
    c. Liens or encumbrances on assets or revenues, or assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
    d. The fair value of investments.
    e. Debt issue provisions.
    f. Financial purchases.
    g. Significant estimates and material concentrations.
    h. Risk financing activities.
    i. The effect on the financial statements of GASB Statements that have been issued but have not yet been adopted.

26. We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities. In that regard:
    a. The City has no plans or intentions to discontinue the operations of any activities or programs or to discontinue any significant operations.
    b. The City has no significant amounts of idle property and equipment.

27. We are responsible for making the accounting estimates included in the basic financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
    a. For pension obligations, post-retirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through December 31, 2022.

28. The City has no:
    a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
    b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency in connection with any environmental contamination.
    c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.
    d. Lines of credit or similar arrangements.
    e. Financial guarantees or other contingent liabilities.
    f. Liabilities that are subordinated in any way to any other actual or possible liabilities.
    g. Contractual obligations for construction or capital assets not included in the liabilities or encumbrances recorded on the books.

h. Debt issue repurchase options or agreements or sinking fund debt repurchase ordinance requirements.
i. Authorized but unissued debt.
j. Special or extraordinary items.
k. Arbitrage rebate liabilities.
l. Impairments of capital assets.
m. Repurchase agreements.

29. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.

30. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

31. We have reviewed the GASB Statements effective for the fiscal year ending December 31, 2022 and concluded the implementation of the following Statements did not have a material impact on the basic financial statements:
a. GASB Statement No. 87, *Leases*
b. GASB Statement No. 92, *Omnibus 2020*
c. GASB Statement No. 93, *Replacement of Interbank Offered Rates*
d. GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

32. We have reviewed and approved the proposed adjusting journal entries to the financial statements included in the attached schedule. We will record these entries, as applicable, in our accounting system as of December 31, 2022.

33. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

34. We have provided you with:
a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters.
b. Additional information that you have requested from us for the purpose of the audit.
c. Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

35. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.

36. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.

37. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.

38. We have no knowledge of allegations of fraud or suspected fraud, affecting the City's basic financial statements involving:
    a. Management.
    b. Employees who have significant roles in internal control.
    c. Others where the fraud could have a material effect on the basic financial statements.

39. We have no knowledge of any allegations of fraud or suspected fraud affecting the City's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.

40. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.

41. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

42. We have disclosed to you the identity of all of the City's related parties and all the related-party relationships and transactions of which we are aware.

43. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the City's ability to record, process, summarize, and report financial data.

44. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

45. We agree with the findings of the specialists in evaluating the net pension liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

46. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

47. With respect to the financial statement preparation services performed in the course of the audit:
    a. We have made all management decisions and performed all management functions;
    b. We assigned an appropriate individual to oversee the services;
    c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
    d. We have accepted responsibility for the results of the services; and
    e. We have accepted responsibility for all significant judgments and decisions that were made.

Supplementary Information

48. With respect to supplementary information presented in relation to the basic financial statements as a whole:
    a. We acknowledge our responsibility for the presentation of such information.
    b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
    c. The methods of measurement or presentation have not changed from those used in the prior period.

49. With respect to the required supplementary information presented as required by GASB to supplement the basic financial statements:
    a. We acknowledge our responsibility for the presentation of such required supplementary information.
    b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
    c. The methods of measurement or presentation have not changed from those used in the prior period.

Very truly yours,

CITY OF BASEHOR, KANSAS

Leslee Rivarola, City Administrator

Date Signed 6/13/23

Maddie Waldeck, Assistant City Administrator/
Finance Director

Date Signed 6/13/23

Kristine Olson, Accounting Technician

Date Signed 6/13/23

City of Basehor, Kansas
Year End: December 31, 2022
Adjusting Journal Entries

Number	Date	Name	Account No	Debit	Credit
1	12/31/2022	BEGINNING OF YEAR FUND BALANC	01-000-390		(98,191.00)
1	12/31/2022	SALES TAX	01-000-450	98,191.00	
1	12/31/2022	BEGINNING OF YEAR FUND BALANC	08-000-390		(12,098.00)
1	12/31/2022	TDD-SALES TAX REVENUE	08-000-523	12,098.00	
1	12/31/2022	BEGINNING OF YEAR FUND BALANC	10-000-390		(174,304.00)
1	12/31/2022	LOCAL SALES/USE TAX	10-000-452	131,630.00	
1	12/31/2022	SPECIAL CITY/COUNTY HWY TAX	10-000-458		(2,842.00)
1	12/31/2022	BEGINNING OF YEAR FUND BALANC	12-000-390		(33,438.00)
1	12/31/2022	LOCAL SALES/USE TAX	12-000-452	33,438.00	
1	12/31/2022	INTERGOVERNMENTAL RECEIVABLE	10-000-030 BTC	45,516.00	
		To rollforward fund balance			
2	12/31/2022	BEGINNING OF YEAR FUND BALANC	04-000-390		(136,247.00)
2	12/31/2022	Transfer to Parks and Rec	04-000-999	136,247.00	
2	12/31/2022	BEGINNING OF YEAR FUND BALANC	11-000-390		(127,903.00)
2	12/31/2022	Transfer to General	11-000-903	127,903.00	
		To close out funds and tie out fund balance			
5	12/31/2022	ACCOUNTS PAYABLE	01-000-201		(275.00)
5	12/31/2022	ACCRUED PAYROLL	01-000-274		(12,996.00)
5	12/31/2022	PERSONAL SERVICES	01-001-701	4,303.00	
5	12/31/2022	PERSONAL SERVICES	01-002-701	1,209.00	
5	12/31/2022	PERSONAL SERVICES	01-004-701	7,484.00	
5	12/31/2022	LEAVENWORTH COUNTY JAIL	01-004-764	275.00	
5	12/31/2022	ACCRUED COMPENSATED ABSENCES	05-000-272		(29,936.00)
5	12/31/2022	ACCRUED PAYROLL	05-000-274		(842.00)
5	12/31/2022	PERSONAL SERVICES	05-009-701	30,777.00	
5	12/31/2022	CAPITAL OUTLAY	05-009-850	1.00	
5	12/31/2022	ACCRUED COMPENSATED ABSENCES	09-000-272		(5,393.00)
5	12/31/2022	ACCRUED PAYROLL	09-000-274		(762.00)
5	12/31/2022	PERSONAL SERVICES	09-010-701	6,154.00	
5	12/31/2022	SOLID WASTE DISPOSAL	09-010-775	1.00	
		Client Provided - True up trial balance			
7	12/31/2022	ACCOUNTS PAYABLE	01-000-201	4,906.50	
7	12/31/2022	PROFESSIONAL SVCS/STUDIES	01-017-765		(4,906.50)
7	12/31/2022	ACCOUNTS PAYABLE	05-000-201	26,280.25	
7	12/31/2022	COLLECTION SYS MAINT & REPAIR	05-009-789		(26,280.25)
7	12/31/2022	ACCOUNTS PAYABLE	12-000-201	53,145.36	
7	12/31/2022	MISC CONTRACTUAL SERVICES	12-000-799		(11,016.00)
7	12/31/2022	CAPITAL OUTLAY	12-000-850		(42,129.36)
		Reversal of prior year's AP			

8	12/31/2022	BOND PREMIUMS	05-000-290	6,502.00	
8	12/31/2022	Amortization expense	05-000-291 BTC		(6,502.00)
		To adjust bond premiums to actual			
9	12/31/2022	GO BOND SERIES 2016/BALANCE ADJ	05-000-281	295,000.00	
9	12/31/2022	KDHE LOAN PYMT/PAY OFF Debt	05-009-875		(295,000.00)
		To record long-term debt for proprietary fund debt			
10	12/31/2022	ACCRUED INT	05-000-270		(14,697.00)
10	12/31/2022	INTEREST EXPENSE	05-000-862 BTC	14,697.00	
		To adjust accrued interest to actual			
11	12/31/2022	UNEARNED REVENUE-GRANTS	24-000-275	495,675.00	
11	12/31/2022	AM RESCUE PLAN ACT FUNDING	24-000-515		(495,675.00)
		To recognize ARPA funding as revenue from PY and CY			
12	12/31/2022	ACCRUED PAYROLL	01-000-274	6,100.00	
12	12/31/2022	PERSONAL SERVICES	01-001-701		(2,039.00)
12	12/31/2022	PERSONAL SERVICES	01-002-701		(623.00)
12	12/31/2022	PERSONAL SERVICES	01-004-701		(3,438.00)
		To adjust accrued payroll to actual			
13	12/31/2022	Special Assessment Receivable	08-000-025 BTC	4,140,835.00	
13	12/31/2022	Unavailable Revenue-Special Assessments	08-000-355 BTC		(4,140,835.00)
		to record special assessments receivable			
19	12/31/2022	OTHER FINANCING SOURCE-DEBT ISSUANCE	12-000-473		(4,365.00)
19	12/31/2022	OTHER FINANCING SOURCE--BOND PREMIUM	12-000-474		(216,625.00)
19	12/31/2022	COST OF ISSUANCE	12-000-855	220,990.00	
		To correct entry for issuance of general obligation bonds.			
20	12/31/2022	CAPITAL ASSETS-INFRASTRUCTURE	05-000-093	1,191,112.00	
20	12/31/2022	ACCUM DEPRECIATION-INFRASTRUCTURE	05-000-095		(453,651.00)
20	12/31/2022	Contributed Capital	05-000-460		(1,191,112.00)
20	12/31/2022	CAPITAL OUTLAY	05-009-850		(183,763.00)
20	12/31/2022	Construction in Progress	05-000-093 BTC	183,763.00	
20	12/31/2022	DEPRECIATION	05-000-860 BTC	453,651.00	
		To true-up capital assets			

21	12/31/2022	MONTHLY FUND BALANCE	01-000-084		(9,804.00)
21	12/31/2022	INTEREST INCOME	01-000-551	9,804.00	
21	12/31/2022	MONTHLY FUND BALANCE	05-000-084		(10,189.00)
21	12/31/2022	INTEREST INCOME	05-000-551	10,189.00	
21	12/31/2022	MONTHLY FUND BALANCE	06-000-084		(153.00)
21	12/31/2022	INTEREST INCOME	06-000-551	153.00	
21	12/31/2022	MONTHLY FUND BALANCE	07-000-084		(292.00)
21	12/31/2022	INTEREST INCOME	07-000-551	292.00	
21	12/31/2022	MONTHLY FUND BALANCE	08-000-084		(7,231.00)
21	12/31/2022	INTEREST INCOME	08-000-551	7,231.00	
21	12/31/2022	MONTHLY FUND BALANCE	09-000-084		(103.00)
21	12/31/2022	INTEREST INCOME	09-000-551	103.00	
21	12/31/2022	MONTHLY FUND BALANCE	10-000-084		(31,119.00)
21	12/31/2022	INTEREST INCOME	10-000-551	31,119.00	
21	12/31/2022	MONTHLY FUND BALANCE	12-000-084	35,968.00	
21	12/31/2022	INTEREST INCOME	12-000-551		(35,968.00)
21	12/31/2022	MONTHLY FUND BALANCE	20-000-084		(462.00)
21	12/31/2022	INTEREST INCOME	20-000-551	462.00	
21	12/31/2022	MONTHLY FUND BALANCE	21-000-084		(335.00)
21	12/31/2022	INTEREST INCOME	21-000-551	335.00	
21	12/31/2022	MONTHLY FUND BALANCE	22-000-084		(868.00)
21	12/31/2022	INTEREST INCOME	22-000-551	868.00	
21	12/31/2022	MONTHLY FUND BALANCE	26-000-084		(17.00)
21	12/31/2022	INTEREST INCOME	26-000-551	17.00	

Client Provided: To book gain/loss on investment account.

CITY OF BASEHOR, KANSAS

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

Prepared by:

Finance Department
City of Basehor, Kansas

CITY OF BASEHOR, KANSAS
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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CITY OF BASEHOR, KANSAS
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Basehor, Kansas

Report to the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Basehor, Kansas (the City) as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, consolidated highway fund, capital improvements reserve fund and employee benefit fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Auditors' Responsibilities for the Audit of the Financial Statements 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 within one year after the date that the financial statements are issued or available to be issued.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 statements.

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 statements, 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 statements.
- 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 statements.
- 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The statements and schedules listed under supplementary information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 statements as a whole.

BT + Co., P.A.

June 13, 2023
Topeka, Kansas

CITY OF BASEHOR, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

As management of the City of Basehor (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2022. The City of Basehor is the 2nd fastest growing city in Kansas with a population of 5,000 or more. The City maintains a AA+ long-term rating from S&P Global Ratings, attributable to strong reserves, very strong financial management, and a minimal debt burden. We encourage readers to consider the information presented here along with the City's basic financial statements and the related notes to the basic financial statements.

Financial Highlights

- The assets and deferred outflow of resources of the City increased 27.42% from 2021. Total assets and deferred outflow of resources at December 31, 2022 was $62,010,581 compared to $48,665,765 at December 31, 2021.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2022 by $35,942,950 (net position).
- The City's total net position increased by $3,837,181 from 2021. The Governmental Activities increased $2,109,645 and the Business Type Activities increased $1,727,536.
- The City's total assets at December 31, 2022 were $61,264,671 with a breakdown of $43,553,313 in Governmental Activities and $ 17,711,358 in Business type Activities. The City had capital asset additions of $2,749,142, with the capital assets being net of accumulated depreciation, where applicable.
- As of December 31, 2022, the City's governmental funds reported combined ending fund balances of $20,268,912, an increase of $10,041,268 from the prior year. A primary reason for the overall increase in fund balance of the City's governmental funds was attributable to receiving the bond proceeds for the 2022(A) bond issuance in 2022.
- At December 31, 2022, the fund balance for the General Fund was $4,354,618 or 116.07% of general fund revenues.
- The City's total debt increased by $8,911,724 during 2022 to a total of $19,505,750. This is due to the bond issuance of the 2022(A) bond issuance.
- The Net Pension Liability as of the end of the year is $2,154,002, an increase of $641,865.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government activities of the City include general government, public safety, public works, and community services. The business-type activities of the City include sewer and solid waste.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into these categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities. The City maintains 13 individual governmental funds. This number of funds increased from 2021 with the establishment of the Mayor's Charity Fund and the Land Bank Fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Consolidated Highway Fund, Capital Improvements Reserve Fund, Employee Benefit Fund, ARPA Fund and Bond and Interest Fund, all of which are considered to be major funds.

The City adopts an annual appropriated budget of which the General Fund is the primary fund. A budgetary comparison statement has been provided for this fund and other major funds to demonstrate compliance with this budget.

Proprietary Funds

The City maintains two proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Proprietary funds to account for its sewer operation and solid waste operation. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds

The City maintains one custodial fund to account for amounts collected for special assessments for the Grayhawk at Prairie Gardens benefit district.

Notes to the Basic Financial Statements

The notes to the basic financial statements are included in the report. They provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

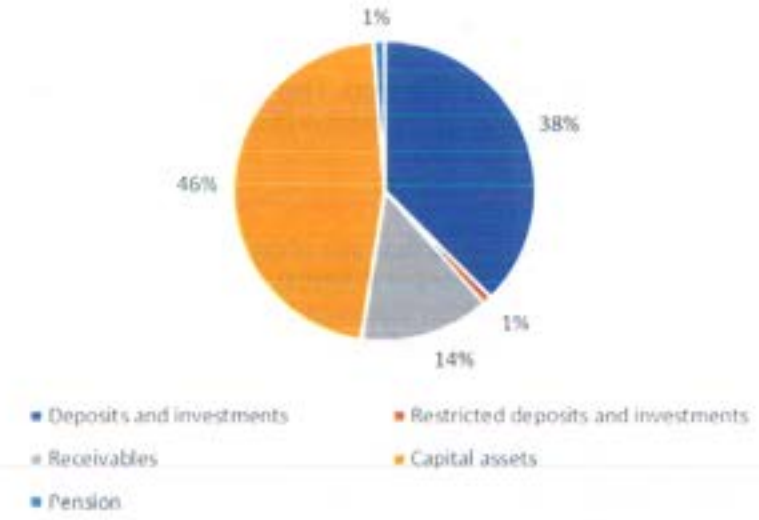
Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $35,942,950 at December 31, 2022. The City's net position increased by $3,837,181. Governmental activities increased net position by $ $2,109,645 while business-type activities increased net position by $ $1,727,536 in 2022.

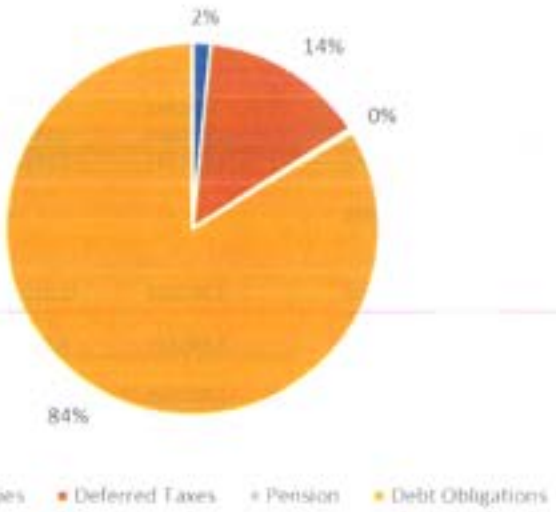
The following is a comparative summary of Statements of Net Position at December 31, 2022 and 2021:

	Governmental Activities		Business Type Activities		Totals	
	2021	2022	2021	2022	2021	2022
ASSETS						
Current and other assets	$ 18,413,153	$ 28,354,349	$ 3,730,934	$ 4,213,718	$ 22,144,087	$ 32,568,067
Capital assets	13,371,046	15,198,964	12,576,416	13,497,640	25,947,462	28,696,604
Total Assets	**31,784,199**	**43,553,313**	**16,307,350**	**17,711,358**	**48,091,549**	**61,264,671**
DEFERRED OUTFLOWS	**574,216**	**745,910**	-	-	**574,216**	**745,910**
LIABILITIES						
Current and other liabilities	1,540,467	1,261,861	385,423	368,397	1,925,890	1,630,258
Long-term liabilities	8,565,200	18,404,482	2,493,518	2,187,016	11,058,718	20,591,498
Total Liabilities	**10,105,667**	**19,666,343**	**2,878,941**	**2,555,413**	**12,984,608**	**22,221,756**
DEFERRED INFLOWS	**3,575,388**	**3,845,875**	-	-	**3,575,388**	**3,845,875**
NET POSITION						
Net investments in capital assets	5,565,538	6,955,865	9,787,898	11,010,624	15,353,436	17,966,489
Restricted	11,238,620	19,857,807	-	-	11,238,620	19,857,807
Unrestricted	1,873,202	(6,026,667)	3,640,511	4,145,321	5,513,713	(1,881,346)
Total Net Position	**$ 18,677,360**	**$ 20,787,005**	**$ 13,428,409**	**$ 15,155,945**	**$ 32,105,769**	**$ 35,942,950**

The largest portion of the City's assets, 46%, reflects its investments in capital assets (e.g. land, buildings, equipment, improvements, and infrastructure) and cash, 38%, reflects investments in certificate of deposits, bank accounts, and municipal investment pool.



The following is an allocation of the liabilities and deferred inflow of resources at December 31, 2022:

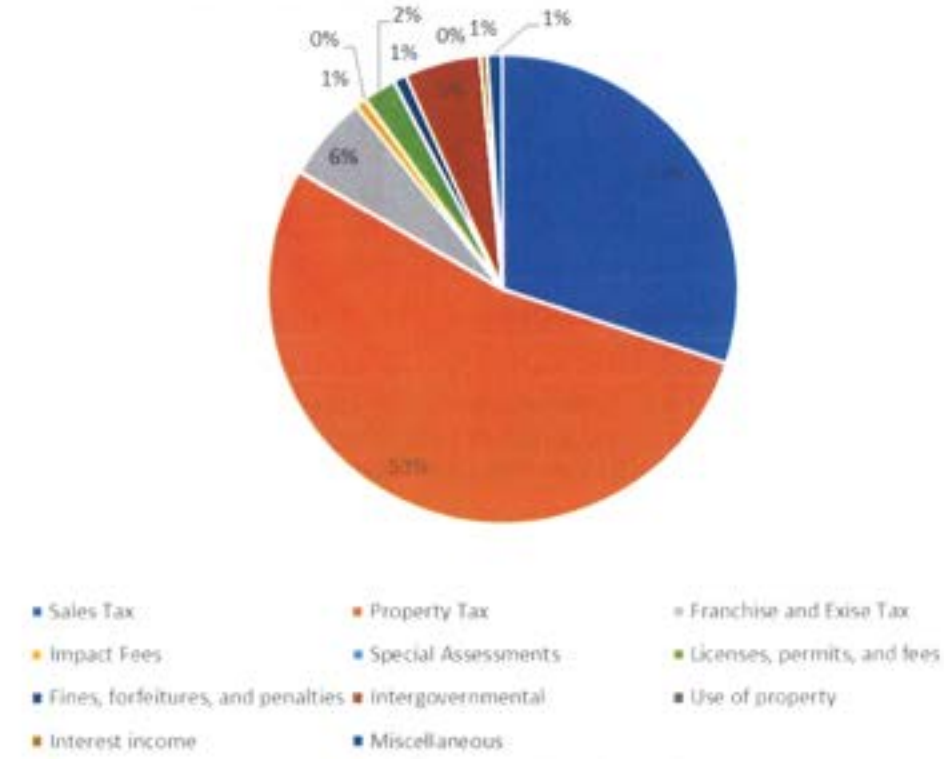


General obligation bonds account for 84% of the total liabilities.

The City has a Current Ratio of 2.76 at December 31, 2022. The Current Ratio compares the current assets to current liabilities. This ratio determines whether the City can meet its current obligations. The current ratio in 2021 was 2.90. A ratio greater than 2 is considered excellent.

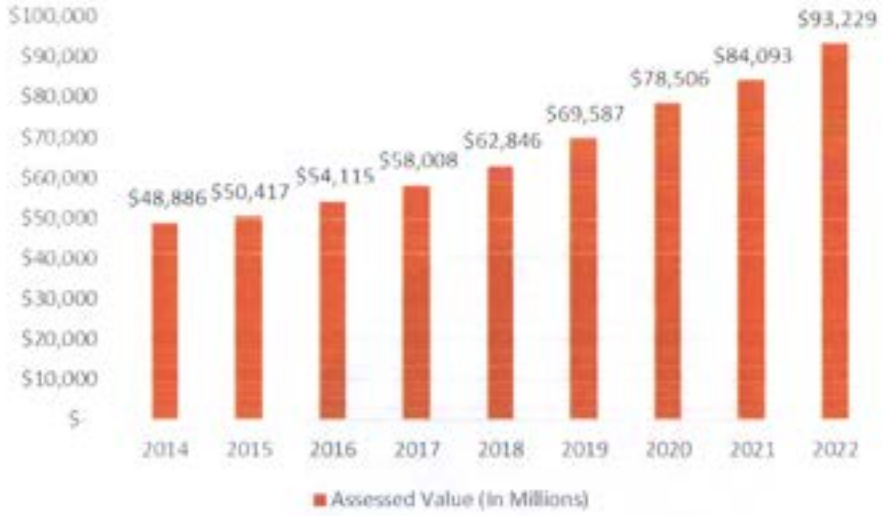
Analysis of the City's Operations – Overall the City had an increase in total assets of $13,173,122. Tax revenues (including property and sales) outperformed the budgeted amount by $332,141. Sewer and solid waste charges decreased by 2.09% which was related to an decrease in building permit activity in 2022. Sewer and solid waste operating expenses increased by 8.6% to $1,944,112 in 2022 compared to $1,794,167 in 2021. A statement of revenues, expenditures, and changes in fund balances for governmental funds is included in this report.

The following represents the allocation of the City's revenues:



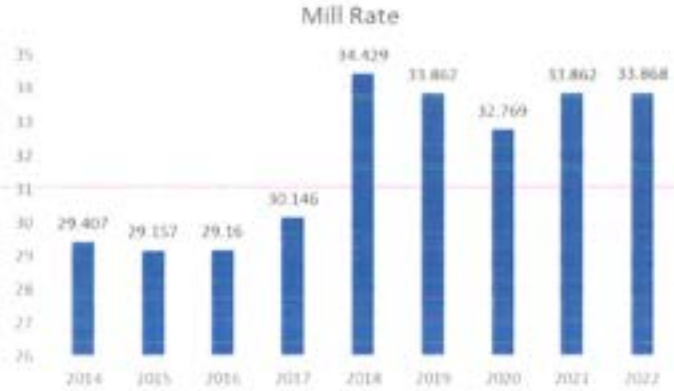
Property taxes accounted for 53% of the total revenues in 2022. Property taxes are determined during the annual budget process as required by the State. To determine property taxes, the County Appraiser provides an appraisal for the various properties in the City. Once the appraisal has been determined, the appraised value is converted to an assessed value, which is established by the State. For homeowners the assessment percentage is 11.5% of the appraised value, and commercial properties is 25% of the appraised value.

The following represents the assessed value obtained from the annual budget filings:



The assessed value has increased at a compounded annual growth rate of (CAGR) of 9.18% from 2014. The increase in value is attributed to the increase in the appraised value of properties and the increase in population growth. The City is the 2nd fastest growing City in Kansas with a population of 5,000 or more.

The mill levy is the "tax rate" that is applied to the properties. One mill is $1 per $1,000 dollars of assessed value. In 2022 and 2021, one mill was valued at $93,229 and $84,093, respectively, per $1,000 dollars of assessed value. The following represents the actual mill levies:



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the main operating fund of the City. At December 31, 2022, the fund balance for the General Fund was $4,354,618 or 116.07% of general fund revenues. The fund balance of the General Fund increased by $995,369 in 2022 and $519,663 during 2021 comparatively.

The Consolidated Highway Fund had a total fund balance of $4,184,401. The net increase in the fund balance during 2022 was $528,062. Strong sales tax performance was a contributing factor into the increase in fund balance.

The Capital Improvements Reserve Fund had a total fund balance of $10,205,615 which represented an increase of $8,234,300. This increase is a result of the 2022(A) bond proceeds from 2022.

Proprietary Funds

The City's proprietary funds financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the Sewer Utility Fund at the end of 2022 and 2021 was $15,060,693 and $13,315,972, respectively; and the Solid Waste Fund was $95,252 and $112,437, respectively. The Sewer Utility Fund had an Operating Ratio of 2.36 and 1.80 in 2022 and 2021, respectively. This ratio compares the sewer charges to operating expenses, less depreciation. A ratio greater than 1.20 is an indication that the rates are adequate.

Budgetary Highlights

Property taxes are determined by assessed values and mill rates (also referred to as mill levies or tax rates). The City is required to have balanced budgets for their levy funds. As a result, property taxes are a key source of revenue for the City. In 2022, property taxes collected in the General Fund were $158,821 more than budget and the sales taxes collected in the General Fund were $173,320 more than budget. As part of the budgeting process the City budgets for a contingency reserve for unforeseen expenditures. For 2022, expenditures exceeded the budget in Capital Improvements Reserve fund by $1,638,519. The spending of fund balance in this fund is intentional.

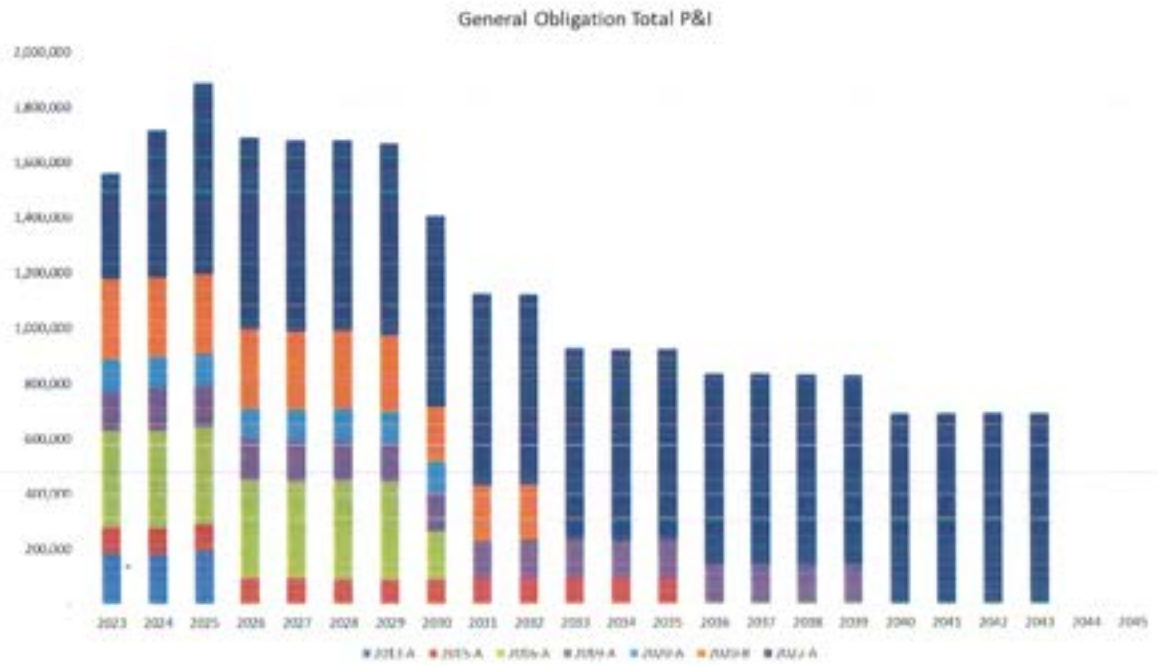
Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2022, totaled $ $28,696,604 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, equipment, streets and sewer lines. More detailed information about the City's capital assets is presented in the Basic Financial Statements included in this report.

Long-Term Debt

The following represents the outstanding debt at December 31, 2022:



In 2022, the City issued general obligation debt in its 2022(A) bond issuance. The rating for the City's general obligation bonds is an AA+/Stable rating from Standard & Poor's (S&P) which was upgraded from AA.

State statutes limit the amount of general obligation debt a governmental entity may issue to 30% of its total assessed valuation. The City's obligations are significantly lower than the 30% of its total assessed valuation.

Request for Information

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City Clerk/Finance Department at 2620 North 155th Street, Basehor, Kansas 66007 or (913) 724-1370.

CITY OF BASEHOR, KANSAS
STATEMENT OF NET POSITION
December 31, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Deposits and investments	$ 19,315,914	$ 3,941,186	$ 23,257,100
Restricted deposits and investments	598,088	-	598,088
Receivables:			
Taxes	4,190,252	-	4,190,252
Municipal court	10,677	-	10,677
Accounts	53,067	272,532	325,599
Intergovernmental	45,516	-	45,516
Special assessments	4,140,835	-	4,140,835
Capital assets, net of accumulated depreciation, where applicable:			
Land	659,377	-	659,377
Construction in progress	2,064,618	183,763	2,248,381
Land improvements	456,612	-	456,612
Buildings	2,181,321	6,160,819	8,342,140
Infrastructure	8,748,201	7,136,056	15,884,257
Machinery and equipment	1,088,835	17,002	1,105,837
Total assets	43,553,313	17,711,358	61,264,671
Deferred outflows of resources:			
Deferred outflows - pension	745,910	-	745,910
Total deferred outflow of resources	745,910	-	745,910
Liabilities:			
Accounts payable	131,905	5,060	136,965
Accrued liabilities	48,560	9,597	58,157
Accrued interest	197,355	16,663	214,018
Noncurrent liabilities:			
Due within one year	884,041	337,077	1,221,118
Due in more than one year	18,404,482	2,187,016	20,591,498
Total liabilities	19,666,343	2,555,413	22,221,756
Deferred inflows of resources:			
Deferred receivable - property taxes	3,764,137	-	3,764,137
Deferred inflows - pension	81,738	-	81,738
Total deferred inflows of resources	3,845,875	-	3,845,875
Net position:			
Net investment in capital assets	6,955,865	11,010,624	17,966,489
Restricted for:			
Debt service	4,541,443	-	4,541,443
Capital improvements	10,472,697	-	10,472,697
Street projects	4,184,401	-	4,184,401
Employee benefits	198,892	-	198,892
Culture and recreation	395,251	-	395,251
Public safety	65,123	-	65,123
Unrestricted	(6,026,667)	4,145,321	(1,881,346)
Total net position	$ 20,787,005	$ 15,155,945	$ 35,942,950

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Primary Government: Governmental Activities	Net Revenue (Expense) and Changes in Net Position: Primary Government: Business-Type Activities	Net Revenue (Expense) and Changes in Net Position: Primary Government: Total
Governmental activities:							
General government	$ 3,064,055	$ 337,714	$ 21,753	$ 1,037,848	$ (1,666,740)	$ -	$ (1,666,740)
Public safety	1,683,914	-	21,753	77,045	(1,585,116)	-	(1,585,116)
Public works	1,690,372	123,505	205,332	939,941	(421,594)	-	(421,594)
Culture and recreation	128,523	63,180	36,953	-	(28,390)	-	(28,390)
Neighborhood revitalization	5,651	-	-	-	(5,651)	-	(5,651)
Interest on long-term debt	514,068	-	-	-	(514,068)	-	(514,068)
Total governmental activities	7,086,583	524,399	285,791	2,054,834	(4,221,559)	-	(4,221,559)
Business-type activities:							
Sewer Utility	1,425,062	2,180,431	-	1,191,112	-	1,946,481	1,946,481
Solid Waste Utility	566,470	574,139	-	-	-	7,669	7,669
Total business-type activities	1,991,532	2,754,570	-	1,191,112	-	1,954,150	1,954,150
Total government	$ 9,078,115	$ 3,278,969	$ 285,791	$ 3,245,946	(4,221,559)	1,954,150	(2,267,409)
General revenues:							
Property taxes					3,629,697	-	3,629,697
Sales taxes					2,034,652	-	2,034,652
Franchise taxes					354,673	-	354,673
Excise taxes					61,186	-	61,186
Unrestricted investment earnings (loss)					25,996	(1,614)	24,382
Transfers, net					225,000	(225,000)	-
Total general revenues and transfers					6,331,204	(226,614)	6,104,590
Change in net position					2,109,645	1,727,536	3,837,181
Net position, beginning of year					18,677,360	13,428,409	32,105,769
Net position, end of year					$ 20,787,005	$ 15,155,945	$ 35,942,950

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022

	Major Funds							
	General	Consolidated Highway	Capital Improvements Reserve	Employee Benefit	ARPA	Bond and Interest	Nonmajor Funds	Total Governmental
Assets:								
Deposits and investments	$ 4,179,110	$ 3,407,846	$ 10,238,859	$ 196,795	$ -	$ 583,958	$ 709,346	$ 19,315,914
Receivables:								
Taxes	3,953,359	132,951	89,937	-	-	14,005	-	4,190,252
Intergovernmental	-	45,516	-	-	-	-	-	45,516
Special assessments	-	-	-	-	-	4,140,835	-	4,140,835
Municipal court	10,677	-	-	-	-	-	-	10,677
Accounts	32,220	-	-	2,097	-	-	18,750	53,067
Restricted deposits and investments	-	598,088	-	-	-	-	-	598,088
Total assets	$ 8,175,366	$ 4,184,401	$ 10,328,796	$ 198,892	$ -	$ 4,738,798	$ 728,096	$ 28,354,349
Liabilities:								
Accounts payable	$ 8,051	$ -	$ 123,181	$ -	$ -	$ -	$ 673	$ 131,905
Accrued liabilities	48,560	-	-	-	-	-	-	48,560
Total liabilities	56,611	-	123,181	-	-	-	673	180,465
Deferred inflows of resources:								
Unavailable revenue - property taxes	3,764,137	-	-	-	-	-	-	3,764,137
Unavailable revenue - special assessments	-	-	-	-	-	4,140,835	-	4,140,835
Total deferred inflows of resources	3,764,137	-	-	-	-	4,140,835	-	7,904,972
Fund balances:								
Restricted	-	4,184,401	10,205,615	198,892	-	597,963	727,456	15,914,327
Assigned	7,020	-	-	-	-	-	-	7,020
Unassigned	4,347,598	-	-	-	-	-	(33)	4,347,565
Total fund balances	4,354,618	4,184,401	10,205,615	198,892	-	597,963	727,423	20,268,912
Total liabilities, deferred inflows of resources, and fund balances	$ 8,175,366	$ 4,184,401	$ 10,328,796	$ 198,892	$ -	$ 4,738,798	$ 728,096	$ 28,354,349

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2022

Total fund balances - governmental funds		$ 20,268,912
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		15,198,964
Other long-term assets are not available to pay for current expenditures and therefore are reported as unavailable in the funds.		4,140,835
Deferred outflows of resources related to pensions represent a consumption of net position that applies to a future period and therefore are not reported in the funds.		745,910
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:		
General obligation bonds payable	$ (16,335,000)	
Financed purchases	(198,541)	
Interest payable	(197,355)	
Compensated absences	(115,787)	
Net pension liability	(2,154,002)	(19,000,685)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Premium on general obligation bonds		(485,193)
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and therefore are not reported in the funds.		(81,738)
Net position of governmental activities		$ 20,787,005

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	Major Funds								
	General	Consolidated Highway	Capital Improvements Reserve	Employee Benefit	ARPA	Bond and Interest	Nonmajor Funds	Eliminations	Total Governmental
Revenues									
Taxes:									
Property	$ 3,354,729	$ -	$ -	$ -	$ -	$ 74,968	$ -	$ -	$ 3,429,697
Sales	752,586	708,898	571,168	-	-	-	-	-	2,034,652
Franchise	354,673	-	-	-	-	-	-	-	354,673
Excise	-	61,186	-	-	-	-	-	-	61,186
Impact fees	-	50,305	-	-	-	-	-	-	50,305
Special assessments	-	-	-	-	-	278,653	-	-	278,653
Licenses, permits and fees	173,893	-	-	-	-	-	88,200	-	262,093
Fines, forfeitures and penalties	65,301	-	-	-	-	-	-	-	65,301
Intergovernmental	98,798	205,132	46,498	-	991,550	-	43,506	-	1,385,484
Use of property	-	-	-	-	-	-	47,000	-	47,000
Investment income (loss)	(1,569)	(22,580)	54,860	85	1,255	(3,754)	(299)	-	25,996
Miscellaneous	55,893	-	-	11,893	-	-	46,916	-	114,700
Total revenues	5,054,302	1,003,141	674,526	11,978	992,605	347,867	225,323	-	8,309,940
Expenditures									
Current									
General government	1,726,277	-	-	947,032	-	-	-	-	2,673,309
Public works	324,628	475,279	-	-	-	-	43,470	-	843,377
Culture and recreation	-	-	-	-	-	-	95,732	-	95,732
Public safety	1,192,359	-	-	-	-	-	-	-	1,192,359
Neighborhood revitalization	5,651	-	-	-	-	-	-	-	5,651
Debt service									
Principal	-	-	-	-	-	752,445	-	-	752,445
Interest and other charges	-	-	-	-	-	180,890	-	-	180,890
Debt issuance costs	-	-	226,335	-	-	-	-	-	226,335
Capital outlay	181,980	-	2,338,419	-	-	-	-	-	2,520,399
Total expenditures	3,430,895	475,279	2,564,754	947,032	-	933,335	139,202	-	8,490,297
Excess (deficiency) of revenues over (under) expenditures	1,623,407	528,062	(1,890,228)	(935,054)	992,605	(585,468)	86,121	-	(180,357)
Other financing sources (uses):									
Transfers in	999,665	-	127,903	1,027,973	-	650,000	50,000	(127,903)	2,727,638
Transfers out	(1,627,903)	-	-	-	(992,795)	-	(9,843)	127,903	(2,502,638)
General obligation bond issuance	-	-	9,780,000	-	-	-	-	-	9,780,000
Premium on general obligation bond issuance	-	-	216,625	-	-	-	-	-	216,625
Total other financing sources (uses)	(628,238)	-	10,124,528	1,027,973	(992,795)	650,000	40,157	-	10,221,625
Net change in fund balances	995,169	528,062	8,234,300	92,919	(190)	64,532	126,278	-	10,041,268
Fund balances, beginning of year	3,359,249	3,656,339	1,971,315	105,973	192	533,431	601,145	-	10,227,644
Fund balances, end of year	$ 4,354,418	$ 4,184,401	$ 10,205,615	$ 198,892	$ -	$ 597,963	$ 727,423	$ -	$ 20,268,912

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 10,041,268
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	$ 1,984,599	
Depreciation expense	(1,096,622)	887,977
The net effect of various miscellaneous transactions involving capital assets (e.g. sales, trade-ins, disposals, and donations) is to increase net position.		939,941
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(278,653)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Debt issued:		
General obligation bonds	(9,780,000)	
Bond premium	(216,625)	
Principal payments:		
General obligation bonds	650,000	
Financed purchases	102,444	(9,244,181)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences	4,185	
Pension	(134,049)	
Accrued interest	(137,798)	
Amortization of bond premiums	30,955	(236,707)
Change in net position of governmental activities		$ 2,109,645

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Property taxes	$ 3,395,908	$ 3,395,908	$ 3,554,729	$ 158,821
Sales taxes	570,000	570,000	743,320	173,320
Franchise taxes	321,500	321,500	336,695	15,195
Licenses, permits and fees	225,720	225,720	152,350	(73,370)
Fines, forfeitures and penalties	126,500	126,500	61,411	(65,089)
Intergovernmental	16,000	16,000	98,798	82,798
Investment income (loss)	20,000	20,000	(1,569)	(21,569)
Miscellaneous	20,500	20,500	55,891	35,391
Total revenues	4,696,128	4,696,128	5,001,625	305,497
Expenditures:				
General administration:				
Personnel	677,833	677,833	658,145	(19,688)
Contractual services	1,138,700	1,138,700	1,027,276	(111,424)
Commodities	45,250	45,250	42,644	(2,606)
Capital outlay	10,000	10,000	11,145	1,145
Neighborhood revitalization	50,000	50,000	5,651	(44,349)
	1,921,783	1,921,783	1,744,861	(176,922)
Public safety:				
Personnel	1,034,790	1,034,790	1,052,881	18,091
Contractual services	102,500	102,500	80,280	(22,220)
Commodities	53,000	53,000	55,502	2,502
Capital outlay	169,500	169,500	175,983	6,483
	1,359,790	1,359,790	1,364,646	4,856
Public works:				
Personnel	282,777	282,777	284,961	2,184
Contractual services	66,750	66,750	27,549	(39,201)
Commodities	19,500	19,500	13,099	(6,401)
Capital outlay	12,000	12,000	1,872	(10,128)
	381,027	381,027	327,481	(53,546)
Total expenditures	3,662,600	3,662,600	3,436,988	(225,612)
Excess of revenues over expenditures	1,033,528	1,033,528	1,564,637	531,109
Other financing sources (uses):				
Transfers in	246,372	246,372	999,665	753,293
Transfers out	-	-	(1,500,000)	(1,500,000)
Total other financing sources (uses)	246,372	246,372	(500,335)	(746,707)
Net change in fund balances	$ 1,279,900	$ 1,279,900	1,064,302	$ (215,598)
Fund balance, beginning of year			3,099,737	
Fund balance, end of year			4,164,039	
Explanation of difference between budgetary and GAAP fund balances:				
Sales tax receivable			132,951	
Franchise tax receivable			56,271	
Court receivable			10,677	
Accounts receivable			32,220	
Encumbrances outstanding			7,020	
Accrued payroll			(48,560)	
Fund balance on the basis of GAAP - General Fund only			$ 4,354,618	

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CONSOLIDATED HIGHWAY FUND
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Sales tax	$ 770,262	$ 770,262	$ 743,320	$ (26,942)
Intergovernmental	202,043	202,043	205,332	3,289
Impact fees	-	-	50,505	50,505
Excise taxes	204,352	204,352	61,186	(143,166)
Investment income (loss)	15,092	15,092	(22,580)	(37,672)
Total revenues	1,191,749	1,191,749	1,037,763	(153,986)
Expenditures:				
Contractual services	900,000	900,000	475,279	(424,721)
Net change in fund balances	$ 291,749	$ 291,749	562,484	$ 270,735
Fund balance, beginning of year			3,443,450	
Fund balance, end of year			4,005,934	
Explanation of difference between budgetary and GAAP fund balances:				
Sales tax receivable			132,951	
Intergovernmental receivable			45,516	
Fund balance on the basis of GAAP			$ 4,184,401	

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS RESERVE FUND
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Sales taxes	$ 191,282	$ 191,282	$ 526,917	$ 335,635
Intergovernmental	452,785	452,785	46,498	(406,287)
Investment income	3,500	3,500	54,860	51,360
Total revenues	647,567	647,567	628,275	(19,292)
Expenditures:				
Debt service expenditures	-	-	226,335	226,335
Capital outlay	926,235	926,235	2,338,419	1,412,184
Total expenditures	926,235	926,235	2,564,754	1,638,519
Deficiency of revenues under expenditures	(278,668)	(278,668)	(1,936,479)	(1,657,811)
Other financing sources:				
General obligation bond issuance	-	-	9,780,000	9,780,000
Premium on general obligation bond	-	-	216,625	216,625
Transfers in	358,635	358,635	127,903	(230,732)
Total other financing sources	358,635	358,635	10,124,528	9,765,893
Net change in fund balances	$ 79,967	$ 79,967	8,188,049	$ 8,108,082
Fund balance, beginning of year			1,927,629	
Fund balance, end of year			10,115,678	
Explanation of difference between budgetary and GAAP fund balances:				
Sales tax receivable			89,937	
Fund balance on the basis of GAAP			$ 10,205,615	

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
EMPLOYEE BENEFIT FUND
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Property taxes	$ 79,035	$ 79,035	$ -	$ (79,035)
Miscellaneous	-	-	11,893	11,893
Investment income	650	650	85	(565)
Total revenues	79,685	79,685	11,978	(67,707)
Expenditures:				
Personnel services	993,600	993,600	947,032	(46,568)
Deficiency of revenues under expenditures	(913,915)	(913,915)	(935,054)	(21,139)
Other financing sources:				
Transfers in	112,357	112,357	1,027,973	915,616
Net change in fund balances	$ (801,558)	$ (801,558)	92,919	$ 894,477
Fund balance, beginning of year			105,973	
Fund balance, end of year			$ 198,892	

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2022

	Business-Type Activities		
	Sewer Utility	Solid Waste Utility	Total
Assets:			
Current assets:			
Deposits and investments	$ 3,897,264	$ 43,922	$ 3,941,186
Accounts receivable	213,300	59,232	272,532
Total current assets	4,110,564	103,154	4,213,718
Noncurrent assets:			
Capital assets:			
Construction in progress	183,763	-	183,763
Buildings	9,972,508	-	9,972,508
Infrastructure	20,035,717	-	20,035,717
Machinery and equipment	322,205	-	322,205
Accumulated depreciation	(17,016,553)	-	(17,016,553)
Total noncurrent assets	13,497,640	-	13,497,640
Total assets	17,608,204	103,154	17,711,358
Liabilities:			
Current liabilities:			
Accounts payable	5,060	-	5,060
Accrued interest	16,663	-	16,663
Compensated absences	31,684	5,393	37,077
Accrued payroll	7,088	2,509	9,597
Current portion of bonds payable	300,000	-	300,000
Total current liabilities	360,495	7,902	368,397
Noncurrent liabilities			
Bonds payable, net	2,187,016	-	2,187,016
Total noncurrent liabilities	2,187,016	-	2,187,016
Total liabilities	2,547,511	7,902	2,555,413
Net position:			
Net investment in capital assets	11,010,624	-	11,010,624
Unrestricted	4,050,069	95,252	4,145,321
Total net position	$ 15,060,693	$ 95,252	$ 15,155,945

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2022

	Business-Type Activities		
	Sewer Utility	Solid Waste Utility	Total
Operating revenues:			
Charges for services	$ 2,162,649	$ 568,893	$ 2,731,542
Other revenue	17,782	5,246	23,028
Total operating revenues	2,180,431	574,139	2,754,570
Operating expenses:			
Personnel	358,440	92,611	451,051
Contractual	525,749	467,639	993,388
Commodities	39,802	6,220	46,022
Depreciation	453,651	-	453,651
Total operating expenses	1,377,642	566,470	1,944,112
Operating income	802,789	7,669	810,458
Nonoperating revenues (expenses):			
Investment income (loss)	(1,760)	146	(1,614)
Interest expense	(47,420)	-	(47,420)
Total nonoperating revenues (expenses)	(49,180)	146	(49,034)
Income before transfers and capital contributions	753,609	7,815	761,424
Capital contributions	1,191,112	-	1,191,112
Transfers out	(200,000)	(25,000)	(225,000)
Change in net position	1,744,721	(17,185)	1,727,536
Net position, beginning of year	13,315,972	112,437	13,428,409
Net position, end of year	$ 15,060,693	$ 95,252	$ 15,155,945

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2022

	Business-Type Activities		
	Sewer Utility	Solid Waste Utility	Total
Cash flows from operating activities:			
Receipts from customers	$ 2,144,039	$ 563,771	$ 2,707,810
Other income	17,782	5,246	23,028
Payments to suppliers	(586,771)	(473,859)	(1,060,630)
Payments to employees	(357,581)	(92,310)	(449,891)
Net cash from operating activities	1,217,469	2,848	1,220,317
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(183,763)	-	(183,763)
Transfers out	(200,000)	(25,000)	(225,000)
Principal paid on general obligation debt	(295,000)	-	(295,000)
Interest paid on debt	(55,888)	-	(55,888)
Net cash from capital and related financing activities	(734,651)	(25,000)	(759,651)
Cash flows from investing activities:			
Investment income (loss)	(1,760)	146	(1,614)
Net change in cash and cash equivalents	481,058	(22,006)	459,052
Cash and cash equivalents, beginning of year	3,416,206	65,928	3,482,134
Cash and cash equivalents, end of year	$ 3,897,264	$ 43,922	$ 3,941,186
Reconciliation of operating income to net cash from operating activities:			
Operating income	$ 802,789	$ 7,669	810,458
Adjustments to reconcile operating income to net cash from operating activities:			
Items not requiring cash:			
Depreciation	453,651	-	453,651
Changes in:			
Accounts receivable	(18,610)	(5,122)	(23,732)
Accounts payable	(21,220)	-	(21,220)
Compensated absences and accrued payroll	859	301	1,160
Net cash from operating activities	$ 1,217,469	$ 2,848	$ 1,220,317

Noncash activities:
Capital contributions of $ 1,191,112 were received in the Sewer Utility fund from developers.

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
December 31, 2022

	Custodial Fund
Assets:	
Cash and cash equivalents	$ -
Net position:	
Restricted for individuals and organizations	$ -

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
Year Ended December 31, 2022

	Custodial Fund
Additions:	
Contributions from property owners	$ 37,500
Deductions:	
Payments to bondholder	37,500
Net change in fiduciary net position	-
Net position, beginning	-
Net position, ending	$ -

See accompanying notes to financial statements.

1 - Summary of Significant Accounting Policies

The City of Basehor, Kansas (the City) was incorporated in 1965 under the provisions of K.S.A. 12-101, et seq. The City operates under a Council-Administrator form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, culture/recreation, public improvements, sewer, planning and zoning, and general administrative services. An elected six-member council (including the Mayor) governs the City. As required, the financial statements present data for all departments and funds of the City, including all boards and commissions (the primary government, herein referred to as the City). The City has no component units. This summary of significant accounting policies of the City is presented to assist in understanding the City's basic financial statements. The following is a summary of the more significant policies:

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 60-day availability period is used for revenue recognition for all governmental funds revenues except property taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by unavailable revenue accounts.

The custodial fund is reported using the economic resources measurement focus and the accrual basis of accounting.

The City reports the following major governmental funds:

General - The general fund is the main operating fund of the City. It accounts for all financial resources of the general government, except those accounted for and reported in another fund. This fund accounts for the general operating transactions of the City including public safety, public works, culture and recreation, and neighborhood revitalization.

Bond and Interest - The bond and interest fund accounts for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

Consolidated Highway - The consolidated highway fund is used to account for road and highway projects funded by property taxes.

Capital Improvements Reserve - The capital improvements reserve fund is used to account for capital improvement projects funded by property taxes.

Employee Benefit - The employee benefit fund is used to account for employee benefits funded by property taxes.

ARPA – The ARPA Fund is used to account for intergovernmental revenues received as part of the American Rescue Plan Act of 2021.

The City reports the following major proprietary funds:

Sewer Utility - The sewer utility fund accounts for the operation and maintenance activities of the City's wastewater collection and treatment systems.

Solid Waste Utility - The Solid Waste Utility Fund accounts for the provision of solid waste collection and disposal services to the residents and businesses of the City.

Additionally, the City reports the following fiduciary fund type:

Custodial funds are used to report resources held by the City in a purely custodial capacity. The City uses custodial funds to account for amounts collected for special assessments for the Grayhawk at Prairie Gardens benefit district.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer utility and solid waste utility funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments

Cash and investments of the individual funds are combined to form a pool that is managed by the City Treasurer. Each fund's equity in the pool is included in "deposits and investments" in the financial statements. These pooled deposits and investments consist of operating accounts, non-negotiable

certificates of deposit which are recorded at cost because they are not affected by market rate changes, deposits in the Kansas Municipal Investment Pool (KMIP), U.S. government securities, and U.S. government agency securities which are recorded at fair value. Investment earnings, including interest income, are allocated based on management discretion and upon their average daily equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the general fund.

Restricted Deposits and Investments

In an agreement with the developer of the Falcon Lakes subdivision dated February 20, 2001, the City agreed to restrict the use of the $ 2,405 per lot impact fee. This restriction limited the use of these funds to improvements to the perimeter roads (Donahoo Road, Hollingsworth Road and 147th Street). Of the $ 4,005,934 of deposits and investments in the Consolidated Highway Fund as of December 31, 2022, $ 598,088 was subject to this restriction.

Cash Flows Statement

For purposes of the cash flows statement, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible amounts, if any. Management records a trade accounts receivable allowance based on percentages of collection estimated from the aging of the accounts receivable. At December 31, 2022, no allowance for uncollectible receivables has been recorded.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds unavailable revenue is reported as follows:

General fund property tax receivable	$	3,764,137
Bond and interest fund special assessments receivable		4,140,835
	$	7,904,972

Property Taxes

The City's property tax is levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by Leavenworth County. The assessed value at January 1, 2021 upon which the 2022 levy was based was $ 93,229,481.

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1 of each year. Property owners have the option of paying one-half of 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 following year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. The Leavenworth County Treasurer is the tax collection agent for all taxing entities within the County. Property taxes levied in prior years that remain uncollected are recorded as receivables, net of estimated uncollectibles.

Special Assessments Receivable

As provided by Kansas Statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund. Special assessments are levied over the repayment period of the bonds and annual installments are due and payable with annual ad valorem taxes. At December 31, 2022, the special assessment taxes levied are a lien on the property and are recorded as a special assessments receivable in the debt service fund with a corresponding amount recorded as unavailable revenue. Special assessments receivable at December 31, 2022 was $ 4,140,835.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks, and similar items), and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $ 2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 – 40 years
Improvements	20 – 40 years
Infrastructure	15 – 40 years
Machinery and equipment	8 – 20 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. The *deferred outflows for pension* is reported in the government-wide statement of net position. See Note 6 for more information on the deferred outflows for the pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has several items that qualify for reporting in this category. One item, *unavailable revenue/deferred receivable*, is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. Governmental activities report deferred receivable only from property taxes. The final item, *deferred inflows for pension* is reported in the government-wide statement of net position. See Note 6 for more information on the deferred inflows for the pension plan.

Compensated Absences

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. Varying amounts of hours are allowed to be carried over to subsequent years. This carryover is payable upon separation from service. All vacation is accrued when incurred in the government-wide and proprietary fund financial statements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts and refunding differences are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2022, fund balances for governmental funds are made up of the following:

Nonspendable fund balance – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories, prepaid amounts, and long-term notes receivable.

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance – includes amounts that can only be spent for specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally (ordinance).

Assigned fund balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by an action of (1) the City Council or (2) a body or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes, the City Manager.

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

The following is the detail for fund balance classifications in the financial statements.

	Major Governmental Funds						
	General	Consolidated Highway	Capital Improvements Reserve	Employee Benefit	Bond and Interest	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:							
Restricted for:							
Debt service	$ -	$ -	$ -	$ -	$ 597,963	$ -	$ 597,963
Capital improvements	-	-	10,205,615	-	-	267,082	10,472,697
Street projects	-	4,184,401	-	-	-	-	4,184,401
Employee benefits	-	-	-	198,892	-	-	198,892
Culture and recreation	-	-	-	-	-	395,251	395,251
Public safety	-	-	-	-	-	65,123	65,123
Assigned	7,020	-	-	-	-	-	7,020
Unassigned	4,347,598	-	-	-	-	(33)	4,347,565
Total fund balances	$ 4,354,618	$ 4,184,401	$ 10,205,615	$ 198,892	$ 597,963	$ 727,423	$ 20,268,912

Concentrations of Credit Risk

Credit is extended to citizens for special assessments levied by the City for capital improvements. These special assessments are secured by liens on the related properties.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pending Governmental Accounting Standards Board Statements

At December 31, 2022, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* provides guidance for the financial reporting of public-private and public-public partnerships and availability payment arrangements. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 99, *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 100, *Accounting Changes and Error Corrections* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

2 - Stewardship, Compliance, and Accountability

Budgetary Information

Applicable Kansas statutes require an annual operating budget be legally adopted for the general fund, special revenue funds (unless exempted by a specific statute), debt service funds, and proprietary funds. A legal operating budget is not prepared for the ARPA, Mayor Charity, Special Parks and Recreation, Land Bank or the Special Alcohol and Drug funds. All budgets are prepared utilizing the cash basis further modified by the encumbrance method of accounting – that is, commitments evidenced by documents such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The statutes provide for the following sequence and timetable in adoption of budgets:

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

Beginning in 2022, if the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget is adjusted to on or before September 20th. The City did hold a revenue neutral rate hearing for the 2022 budget.

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures in an individual fund. The legal level of budgetary control is the fund level. 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 City. All unencumbered appropriations lapse at the end of the year. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or cancelled. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish, in the local newspaper, a notice of public hearing to amend the budget. At least ten days after publication, a public hearing is held and the governing body may amend the budget at that time. During 2022, there were no budget amendments.

Budget Violations

For the year ended December 31, 2022, expenditures exceeded the budget in the General fund by $ 1,395,271, the Capital Improvements Reserve fund by $ 1,638,519, the Bond and Interest fund by $ 14,351, and the Solid Waste Utility fund by $ 18,511.

3 - Deposits and Investments

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. Kansas statutes require that deposits of the City be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. At year-end, $ 269,380 of the City's deposits were not collateralized.

Investments

As of December 31, 2022, the City had the following investments:

Description	Fair Value	Maturity	Rating
Kansas Municipal Investment Pool	$ 558,702	Overnight	Not rated
U.S. Government Securities	10,800,904	< 1 Year	AAA
U.S. Government Agency Securities	3,302,968	< 1 Year	Not rated
	$ 14,662,574		

Credit 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 (KMIP). The City has no investment policy that would further limit its investment choices. The City's investments in the KMIP and U.S. government agency securities were not rated by a rating agency as of December 31, 2022.

The KMIP is under the oversight of the Pooled Money Investment Board (the Board). The Board is comprised of the State Treasurer and four additional members appointed by the State Governor. The Board reports annually to the Kansas Legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. Government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The fair value of the City's position in the KMIP is substantially the same as the value of the pool shares.

Concentrations 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. As noted in the schedule above, the City's investments as of December 31, 2022 consisted entirely of the KMIP, U.S. government securities and U.S. government agency securities.

Custodial Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates, but state statutes do establish a two-year limitation on investment maturities. In practice, the City does not exceed a one-year maturity when investing idle funds. The City is not exposed to significant interest rate risk.

Fair Value Measurement – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended December 31, 2022, the City's investment in the KMIP was considered a cash equivalent as all investments were held in the overnight pool. Investments that are considered cash equivalents are not classified in the fair value hierarchy.

At December 31, 2022, the City's investments were categorized within the fair value hierarchy as follows:

		Fair Value Measurements at Reporting Data Using		
Investment Type	Fair Value	Level 1	Level 2	Level 3
U.S. Government Securities	$ 10,800,904	$ -	$ 10,800,904	$ -
U.S. Government Agency Securities	3,302,968	-	3,302,968	-

4 - Taxes

Neighborhood Revitalization Areas - The City established three neighborhood revitalization areas during the year ended December 31, 2021. NRAs are established under K.S.A. 12-17,114 and are subject to City policy. NRAs are provided to assist with spurring investment and revitalization of properties which can benefit a neighborhood and the general public. The program works by rebating a portion (95% for residential property improvements, 50% for commercial and industrial improvements) of the incremental increase in property taxes resulting from property improvements back to the property owner. The base value, or what the property was valued at prior to improvements, is shielded from the rebate. To receive an NRA, individuals or businesses must submit an application to be reviewed by City staff and approved by the City Council. Applicants must also provide verification they are current on all real or personal property taxes. During the year ended December 31, 2022, the City paid $ 5,651 to various homeowners under the neighborhood revitalization program.

No other governments have entered into tax abatement agreements that reduce the City's tax revenues.

5 - Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 659,377	$ -	$ -	$ 659,377
Construction in progress	143,868	1,920,750	-	2,064,618
Total capital assets not being depreciated	803,245	1,920,750	-	2,723,995
Capital assets being depreciated:				
Land improvements	685,146	-	-	685,146
Buildings	2,486,290	-	-	2,486,290
Infrastructure	24,698,527	939,941	-	25,638,468
Vehicles and equipment	2,682,021	63,849	-	2,745,870
Total capital assets being depreciated	30,551,984	1,003,790	-	31,555,774
Less accumulated depreciation for:				
Land improvements	(201,440)	(27,094)	-	(228,534)
Buildings	(250,305)	(54,664)	-	(304,969)
Infrastructure	(16,171,879)	(718,388)	-	(16,890,267)
Vehicles and equipment	(1,360,559)	(296,476)	-	(1,657,035)
Total accumulated depreciation	(17,984,183)	(1,096,622)	-	(19,080,805)
Total capital assets being depreciated, net	12,567,801	(92,832)	-	12,474,969
Governmental activities capital assets, net	$ 13,371,046	$ 1,827,918	$ -	$ 15,198,964

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	$ -	$ 183,763	$ -	$ 183,763
Capital assets being depreciated:				
Buildings	9,972,508	-	-	9,972,508
Infrastructure	18,844,605	1,191,112	-	20,035,717
Vehicles and equipment	322,205	-	-	322,205
Total capital assets being depreciated	29,139,318	1,191,112	-	30,330,430
Less accumulated depreciation for:				
Buildings	(3,590,278)	(221,411)	-	(3,811,689)
Infrastructure	(12,678,057)	(221,604)	-	(12,899,661)
Vehicles and equipment	(294,567)	(10,636)	-	(305,203)
Total accumulated depreciation	(16,562,902)	(453,651)	-	(17,016,553)
Business-type activities capital assets, net	$ 12,576,416	$ 921,224	$ -	$ 13,497,640

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	28,333
Public safety		190,031
Public works		845,467
Culture and recreation		32,791
Total depreciation expense - governmental activities	$	1,096,622
Business-type activities:		
Sewer utility	$	453,651

6 - Defined Benefit Pension Plan

General Information About the Pension Plan

Description of Pension Plan. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by KPERS, a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
  - State/School employees
  - Local employees
- Police and firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City are included in the Police and Firemen employee group.

KPERS issues a stand-alone annual comprehensive financial report, which is available on the KPERS website at www.kpers.org.

Benefits Provided. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (except police and firemen) with ten or more years of credited service may retire as early as age 55 (police and firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points (police and firemen

normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan was created for new hires starting January 1, 2015. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

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. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. 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. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement groups are funded on an actuarial reserve basis.

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate were 22.99% for KP&F for the year ended

December 31, 2022. Contributions to the Pension Plan from the City were $ 225,047 for KP&F for the year ended December 31, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the City reported a liability of $ 2,154,002 for KP&F for its proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2022, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022.

Although KPERS administers one cost-sharing, multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KP&F, relative to the total employer and nonemployer contributions of the Police and Firemen group within KPERS for the KPERS fiscal year ended June 30, 2022.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2022, the City's proportion for KP&F was 0.149352%, which was a decrease of 0.009112% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City recognized pension expense of $ 359,096 for KP&F. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 91,407	$ -
Net difference between projected and actual earnings on pension plan investments	147,832	-
Changes of assumptions	276,803	-
Changes in proportionate share	104,476	81,738
City contributions subsequent to measurement date	125,392	-
Total	$ 745,910	$ 81,738

The $ 125,392 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2023	$ 164,176
2024	146,528
2025	78,147
2026	146,515
2027	3,414
	$ 538,780

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Salary increases, including price inflation	3.50 to 12.00 percent
Long-term rate of return, net of investment expense, and including price inflation	7.00 percent
Payroll growth assumption	3.00 percent

Changes in actuarial assumptions and methods in the December 31, 2021 actuarial valuation were as follows:

Both Groups

- Investment return assumption was lowered from 7.75% to 7.00%.
- The total unfunded actuarial liability was reamortized. The UAL bases were combined and the balance was reamortized over a closed 22-year period for KP&F.

Mortality rates were based on the RP-2014 Mortality Tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study, which covered the three-year period of January 1, 2016 through December 31, 2018. The experience study is dated January 7, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	23.50%	5.20%
Non-U.S. Equities	23.50%	6.40%
Private Equity	8.00%	9.50%
Private Real Estate	11.00%	4.45%
Yield Driven	8.00%	4.70%
Real Return	11.00%	3.25%
Fixed Income	11.00%	1.55%
Cash	4.00%	0.25%
Total	100%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. Future employer contribution rates were modeled for KP&F assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KP&F. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore,

the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the City's proportionate share of the collective net pension liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's KP&F proportionate share of the collective net pension liability	$ 2,954,529	$ 2,154,002	$ 1,487,917

Pension plan fiduciary net position. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

7 - Defined Contribution Plan

All full-time employees employed by the City are entitled to enroll, at the City Council's discretion, in a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). For all employees who enroll in the plan, excluding those participating in the KP&F retirement plan, the City shall contribute to the Plan an amount as specified according to the current maximum contribution to old age Social Security benefits. The contribution for the year ending December 31, 2022, was $ 37,183 from employees and $ 169,878 from the City.

8 - Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds payable at December 31, 2022 are comprised of the following issues:

	Date of Issuance	Maturity	Call Dates	Interest Rates	Original Issue	Principal Payments During 2022	Outstanding December 31, 2022
General Obligation Bonds:							
Governmental Activities:							
2013A Refunding	1/30/2013	9/1/2025	9/1/2021	2.00%	$ 3,480,000	$ 170,000	$ 540,000
2015A Improvement	8/26/2015	9/1/2035	9/1/2024	2.00 - 4.00%	1,295,000	60,000	925,000
2019A Improvement	3/21/2019	9/1/2039	9/1/2027	1.70 - 3.125%	2,105,000	85,000	1,880,000
2020A Improvement	3/26/2020	9/1/2030	None	2.00%	1,035,000	100,000	835,000
2020B Refunding	10/22/2020	9/1/2032	9/1/2029	1.00 - 3.00%	2,840,000	235,000	2,375,000
2022A Improvement	6/16/2022	9/1/2043	9/1/2032	3.00 - 3.50%	9,780,000	-	9,780,000
					$ 20,535,000	$ 650,000	$ 16,335,000
Business-type Activities:							
2016A Refunding	6/16/2016	9/1/2030	9/1/2025	2.00 - 2.25%	$ 4,095,000	$ 295,000	$ 2,435,000

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	$ 665,000	$ 565,037	$ 300,000	$ 49,988
2024	1,030,000	480,073	310,000	43,987
2025	1,070,000	450,026	315,000	37,788
2026	900,000	421,411	325,000	31,487
2027	915,000	395,975	330,000	24,988
2028-2032	4,465,000	1,587,461	855,000	33,800
2033-2037	3,390,000	997,670	-	-
2038-2042	3,240,000	447,375	-	-
2043	660,000	23,100	-	-
	$ 16,335,000	$ 5,368,128	$ 2,435,000	$ 222,038

The installment ranges for the general obligation bonds are the following:

	Installment Range	
	Low	High
General obligation bonds:		
Governmental activities:		
2013A Refunding	$ 175,000	$ 190,000
2015A Improvement	60,000	85,000
2019A Improvement	85,000	135,000
2020A Improvement	100,000	110,000
2020B Refunding	190,000	265,000
2022A Improvement	350,000	660,000
Business-type activities:		
2016A Refunding	170,000	345,000

Financed Purchases

The City entered into a 0.75% interest financed purchase agreement for police vehicles, payable in semi-annual principal and interest payments of $ 41,371 through March 1, 2024. The outstanding balance at December 31, 2022 is $ 123,179.

The City entered into a 0.9% interest financed purchase agreement for a solid waste truck, payable in annual principal and interest payments of $ 10,961 through March 1, 2026. The outstanding balance at December 31, 2022 is $ 75,362.

The assets acquired through financed purchases had a cost of $ 335,158 and accumulated depreciation at December 31, 2022 was $ 91,441.

Annual debt service requirements to maturity are as follows:

	Governmental Activities	
	Principal	Interest
2023	$ 103,254	$ 1,410
2024	62,697	596
2025	21,677	244
2026	10,913	49
	$ 198,541	$ 2,299

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	$ 7,205,000	$ 9,780,000	$ 650,000	$ 16,335,000	$ 665,000
Plus deferred amounts:					
Issuance premiums	299,523	216,625	30,955	485,193	-
Financed purchases - direct borrowings	300,985	-	102,444	198,541	103,254
Compensated absences	119,972	115,787	119,972	115,787	115,787
Net pension liability	1,512,137	641,865	-	2,154,002	-
	$ 9,437,617	$ 10,754,277	$ 903,371	$ 19,288,523	$ 884,041
Business-type Activities:					
General obligation bonds	$ 2,730,000	$ -	$ 295,000	$ 2,435,000	$ 300,000
Plus deferred amounts:					
Issuance premiums	58,518	-	6,502	52,016	-
Compensated absences	36,951	37,077	36,951	37,077	37,077
	$ 2,825,469	$ 37,077	$ 338,453	$ 2,524,093	$ 337,077

For the governmental activities, compensated absences and the net pension liability are liquidated by the general fund.

Conduit Debt Obligations

The City has issued Special Obligation Revenue Bonds, Series 2020, 2021 and 2022 which, in accordance with GASB Statement No. 91, *Conduit Debt Obligations*, have not been recorded as liabilities in the City's financial statements. Private developers used the proceeds of these bonds to finance capital expansion. The bonds are payable solely from special assessments and the City has no responsibility to make debt service payments if special assessments receipts are insufficient to cover debt service. The City has not made a voluntary commitment to cover debt service. As of December 31, 2022, there were three series of special obligation bonds outstanding.

	Date of Issuance	Maturity	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance
Conduit debt - special obligation bonds							
Series 2020	7/15/2020	10/1/2040	0.00%	$ 327,900	$ -	$ 17,560	$ 310,340
Series 2021	4/6/2021	10/1/2041	0.00%	369,000	-	18,450	350,550
Series 2022	6/16/2022	10/1/2042	0.00%	-	475,850	-	475,850
				$ 696,900	$ 475,850	$ 36,010	$ 1,136,740

9 - Risk Management

The City is exposed to various risks of loss to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illness; natural disasters and employee health and dental benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

10 - Commitments and Contingencies

The City is a party in various pending claims. Although the outcome of these pending claims is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial position of the City.

11 - Transfers

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General Fund	Bond and Interest Fund	Resolution 2021-29	$ 650,000
General Fund	Employee Benefit Fund	Resolution 2021-29	800,000
General Fund	Parks and Recreation Fund	Resolution 2021-29	50,000
ARPA Fund	General Fund	Federal	992,795
Special Alcohol and Drug Fund	General Fund	79-41a04 (d) (2)	6,870
Special Alcohol and Drug Fund	Employee Benefit Fund	KSA 12-16,102	2,973
Sewer Utility Fund	Employee Benefit Fund	KSA 12-16,102	200,000
Solid Waste Utility Fund	Employee Benefit Fund	KSA 12-16,102	25,000

12 - Subsequent Events

The City has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements are available to be issued.

On June 5, 2023, the City entered into an agreement with Crossland Construction for the construction of a new City Hall facility for $ 3,927,000. Construction is estimated to begin in June of 2023 and will be completed by May 31, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BASEHOR, KANSAS
Schedule of the City's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Eight Fiscal Years*

	2022	2021	2020
City's proportion of the collective net pension liability	0.149%	0.158%	0.143%
City's proportionate share of the collective net pension liability	$ 2,154,002	$ 1,512,137	$ 1,767,209
City's covered payroll	$ 887,088	$ 893,402	$ 870,558
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	242.82%	169.26%	203.00%
Plan fiduciary net position as a percentage of the total pension liability	69.75%	76.40%	66.30%

	2019	2018	2017	2016	2015
City's proportion of the collective net pension liability	0.141%	0.146%	0.131%	0.142%	0.143%
City's proportionate share of the collective net pension liability	$ 1,431,300	$ 1,402,014	$ 1,230,371	$ 1,317,562	$ 1,041,028
City's covered payroll	$ 787,630	$ 694,849	$ 662,996	$ 662,996	$ 634,065
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	181.72%	201.77%	185.58%	198.73%	164.18%
Plan fiduciary net position as a percentage of the total pension liability	71.20%	74.22%	72.15%	69.30%	74.60%

* GASB 68 requires presentation of ten years. Data was not available prior to fiscal year 2015; therefore, ten years of data is unavailable.

CITY OF BASEHOR, KANSAS
Schedule of the City's Contributions
Kansas Public Employees Retirement System
Last Eight Fiscal Years*

	2022	2021	2020
Contractually required contribution	$ 225,047	$ 198,528	$ 190,914
Contributions in relation to the contractually required contribution	225,047	198,528	190,914
Contribution deficiency (excess)	$ -	$ -	$ -
City's covered payroll	$ 978,861	$ 865,396	$ 870,558
Contributions as a percentage of covered payroll	22.99%	22.94%	21.93%

	2019	2018	2017	2016	2015
Contractually required contribution	$ 174,524	$ 149,920	$ 132,230	$ 135,384	$ 141,616
Contributions in relation to the contractually required contribution	174,524	149,920	132,230	135,384	141,616
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 787,630	$ 694,849	$ 662,996	$ 662,996	$ 634,065
Contributions as a percentage of covered payroll	22.13%	20.09%	19.03%	20.42%	21.36%

* GASB 68 requires presentation of ten years. Data was not available prior to fiscal year 2015; therefore, ten years of data is unavailable.

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Special Parks and Recreation – This fund accounts for special alcohol liquor tax revenues that are restricted to expenditures for the purchase, establishment, maintenance, or expansion of park and recreational services, programs, and facilities.

Special Alcohol and Drug – This fund accounts for special alcohol liquor tax revenues that are restricted for the purpose of funding programs for the education, treatment, and intervention of alcohol and drug abuse.

Mayor Charity – This fund accounts for donations restricted for golf tournaments.

Land Bank – This fund accounts for fees restricted for the purpose of land.

Parks and Recreation – This fund accounts for ad valorem taxes levied for the purpose of parks and recreation.

Cedar Lakes Maintenance – This fund accounts for fees restricted for Cedar Lakes maintenance.

Glenwood Maintenance – This fund accounts for fees restricted for Glenwood maintenance.

CITY OF BASEHOR, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2022

	Special Revenue Funds							
	Special Parks and Recreation	Special Alcohol and Drug	Mayor Charity	Land Bank	Parks and Recreation	Cedar Lakes Maintenance	Glenwood Maintenance	Total Nonmajor Governmental Funds
Assets:								
Cash and cash equivalents	$ -	$ 65,123	$ 7,277	$ (33)	$ 369,897	$ 124,626	$ 142,456	$ 709,346
Receivables:								
Accounts					18,750			18,750
Total assets	$ -	$ 65,123	$ 7,277	$ (33)	$ 388,647	$ 124,626	$ 142,456	$ 728,096
Liabilities and fund balances:								
Liabilities:								
Accounts payable	$ -	$ -	$ -	$ -	$ 673	$ -	$ -	$ 673
Fund balances:								
Restricted	-	65,123	7,277	-	387,974	124,626	142,456	$ 727,456
Unassigned	-	-	-	(33)	-	-	-	(33)
Total fund balances	-	65,123	7,277	(33)	387,974	124,626	142,456	727,423
Total liabilities and fund balances	$ -	$ 65,123	$ 7,277	$ (33)	$ 388,647	$ 124,626	$ 142,456	$ 728,096

CITY OF BASEHOR, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	Special Revenue Funds								
	Special Parks and Recreation	Special Alcohol and Drug	Mayor Charity	Land Bank	Parks and Recreation	Cedar Lakes Maintenance	Glenwood Maintenance	Eliminations	Total Nonmajor Governmental Totals
Revenues:									
Licenses, permits and fees	$ -	$ -	$ -	$ -	$ 15,200	$ 40,000	$ 33,000	$ -	$ 88,200
Intergovernmental	-	21,753	-	-	21,753	-	-	-	43,506
Use of property	-	-	-	-	47,000	-	-	-	47,000
Investment income (loss)	-	(22)	6	-	(131)	(72)	(80)	-	(299)
Miscellaneous	-	-	30,736	-	16,180	-	-	-	46,916
Total revenues	-	21,731	30,742	-	100,002	39,928	32,920	-	225,323
Expenditures:									
Current:									
Public works	-	-	-	33	-	33,187	10,250	-	43,470
Culture and recreation	-	-	23,465	-	72,267	-	-	-	95,732
Total expenditures	-	-	23,465	33	72,267	33,187	10,250	-	139,202
Excess (deficit) of revenues over (under) expenditures	-	21,731	7,277	(33)	27,735	6,741	22,670	-	86,121
Other financieg sources (uses):									
Transfers in	-	-	-	-	186,247	-	-	(136,247)	50,000
Transfers out	(136,247)	(9,843)	-	-	-	-	-	136,247	(9,843)
Total other financing sources (uses)	(136,247)	(9,843)	-	-	186,247	-	-	-	40,157
Net change in fund balances	(136,247)	11,888	7,277	(33)	213,982	6,741	22,670	-	126,278
Fund balances, beginning of year	136,247	53,235	-	-	173,992	117,885	119,786	-	601,145
Fund balances, end of year	$ -	$ 65,123	$ 7,277	$ (33)	$ 387,974	$ 124,626	$ 142,456	$ -	$ 727,423

CITY OF BASEHOR, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PARKS AND RECREATION FUND
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Property taxes	$ 10,559	$ 10,559	$ -	$ (10,559)
Intergovernmental	27,281	27,281	21,753	(5,528)
Use of property	40,000	40,000	47,000	7,000
Licenses, permits and fees	15,530	15,530	15,200	(330)
Donations	2,744	2,744	16,180	13,436
Interest income	589	589	(131)	(720)
Total revenues	96,703	96,703	100,002	3,299
Expenditures:				
Contractual expenses	110,601	110,601	72,267	(38,334)
Excess (deficiency) of revenues over (under) expenditures	(13,898)	(13,898)	27,735	41,633
Other financing sources:				
Transfers in	-	-	186,247	186,247
Net change in fund balances	$ (13,898)	$ (13,898)	213,982	$ 227,880
Fund balance, beginning of year			155,242	
Fund balance, end of year			369,224	
Explanation of difference between budgetary and GAAP fund balances:				
Accounts receivable			18,750	
Fund balance on the basis of GAAP			$ 387,974	

CITY OF BASEHOR, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CEDAR LAKES MAINTENANCE FUND
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Licenses, permits and fees	$ 40,000	$ 40,000	$ 40,000	$ -
Interest income	55	55	(72)	(127)
Total revenues	40,055	40,055	39,928	(127)
Expenditures:				
Contractual expenses	40,000	40,000	33,187	(6,813)
Net change in fund balances	$ 55	$ 55	6,741	$ 6,686
Fund balance, beginning of year			117,885	
Fund balance, end of year			$ 124,626	

CITY OF BASEHOR, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GLENWOOD MAINTENANCE FUND
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Licenses, permits and fees	$ 33,000	$ 33,000	$ 33,000	$ -
Interest income	150	150	(80)	(230)
Total revenues	33,150	33,150	32,920	(230)
Expenditures:				
Contractual expenses	33,000	33,000	10,250	(22,750)
Net change in fund balances	$ 150	$ 150	22,670	$ 22,520
Fund balance, beginning of year			119,786	
Fund balance, end of year			$ 142,456	

CITY OF BASEHOR, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BOND AND INTEREST FUND
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
County and state taxes	$ 72,678	$ 72,678	$ 75,212	$ 2,534
Special assessments	286,058	286,058	278,653	(7,405)
Interest income	2,500	2,500	(5,754)	(8,254)
Total revenues	361,236	361,236	348,111	(13,125)
Expenditures:				
Debt service expenditures	918,984	918,984	933,335	14,351
Deficiency of revenues under expenditures	(557,748)	(557,748)	(585,224)	(27,476)
Other financing sources (uses):				
Transfers in	-	-	650,000	650,000
Net change in fund balances	$ (557,748)	$ (557,748)	64,776	$ 622,524
Fund balance, beginning of year			519,182	
Fund balance, end of year			583,958	
Explanation of difference between budgetary and GAAP fund balances:				
Sales tax receivable			14,005	
Fund balance on the basis of GAAP			$ 597,963	

CITY OF BASEHOR, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SEWER UTILITY FUND
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Charges for services	$ 2,067,391	$ 2,067,391	$ 2,144,039	$ 76,648
Interest income	5,000	5,000	(1,760)	(6,760)
Miscellaneous	-	-	17,782	17,782
Total revenues	2,072,391	2,072,391	2,160,061	87,670
Expenditures:				
Sewer expenditures	2,267,723	2,267,723	1,457,783	(809,940)
Excess (deficiency) of revenues over (under) expenditures	(195,332)	(195,332)	702,278	897,610
Other financing sources (uses):				
Transfers in (out)	246,372	246,372	(200,000)	(446,372)
Net change in fund balances	$ 51,040	$ 51,040	502,278	$ 451,238
Fund balance, beginning of year			3,389,926	
Fund balance, end of year			3,892,204	

Explanation of difference between budgetary and GAAP fund balances:

Accounts receivable	213,300
Capital assets	13,497,640
Accrued payroll	(7,088)
Accrued interest payable	(16,663)
Compensated absences	(31,684)
Bonds payable	(2,487,016)
Fund balance on the basis of GAAP	$ 15,060,693

CITY OF BASEHOR, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SOLID WASTE UTILITY FUND
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Charges for services	$ 539,512	$ 539,512	$ 563,771	$ 24,259
Interest income	500	500	146	(354)
Miscellaneous	-	-	5,246	5,246
Total revenues	540,012	540,012	569,163	29,151
Expenditures:				
Solid waste expenditures	572,658	572,658	566,169	(6,489)
Excess (deficiency) of revenues over (under) expenditures	(32,646)	(32,646)	2,994	35,640
Other financing sources (uses):				
Transfers out	-	-	(25,000)	(25,000)
Net change in fund balances	$ (32,646)	$ (32,646)	(22,006)	$ 10,640
Fund balance, beginning of year			65,928	
Fund balance, end of year			43,922	
Explanation of difference between budgetary and GAAP fund balances:				
Accounts receivable			59,232	
Accrued payroll			(2,509)	
Compensated absences			(5,393)	
Fund balance on the basis of GAAP			$ 95,252	

BT & Co. P.A.

Certified Public Accountants

CITY OF BASEHOR, KANSAS

RESULTS OF EXAMINATION OF COMPLIANCE WITH THE CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM

JUNE 13, 2023

BT&Co.

Certified Public Accountants

4301 SW Huntoon St. Topeka, KS 66604 | t.785.234.3427 | toll-free 800.530.5526 | f. 785.233.1768 | w. btandcocpa.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (CSLFRF) REQUIREMENTS FOR AN ALTERNATIVE CSLFRF COMPLIANCE EXAMINATION ENGAGEMENT

The Honorable Mayor and City Council
City of Basehor, Kansas

We have examined the City of Basehor, Kansas' (the City's) compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the April 2022 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended December 31, 2022. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the specified requirements referenced above during the year ended December 31, 2022.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on the City's compliance with the

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specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects with the specified requirements referenced above during the year ended December 31, 2022. Accordingly, this report is not suitable for any other purpose.

BT + Co., P.A.

June 13, 2023

BT&Co. P.A.
Certified Public Accountants

4301 SW Huntoon St. Topeka, KS 66604 | t. 785.234.3427 | toll-free 800.530.5526 | f. 785.233.1768 | w. btandcocpa.com

June 13, 2023

Kristine Olson
City of Basehor, Kansas
2620 N. 155th Street
Basehor, Kansas 66007

Dear Ms. Olson:

K.S.A. 75-1124 requires the audit report and the management letter be filed with the Division of Accounts and Reports within one year after the end of the audit period. The statute further states that the report must be filed with the Director of Accounts and Reports before the final payment can be made to the auditor.

As of January 1, 2015, all municipality audit reports must be submitted to Municipal Services via electronic means (.pdf format). Audits should be submitted to armunis@da.ks.gov. Existing filing fees are as follows:

Educational Municipalities (USDs, Community Colleges, and Municipal Universities)	$ 100
Rural Water Districts	$ 100
Other Municipalities	$ 175

K.S.A. 75-1124 also provides that once a municipality audit report is submitted to Municipal Services the municipality or auditor is not required to submit to any other State agency or official.

If you have any questions, please contact me.

Very truly yours,

BT&CO., P.A.

Stacey Hammond

Stacey A. Hammond
Director

SAH:tls

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