

CITY OF BIRD CITY, KANSAS

Primary Government Financial Statement
With Independent Auditors' Report

For the Year Ended December 31, 2022

CITY OF BIRD CITY, KANSAS
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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Bird City, Kansas
Bird City, KS

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **City of Bird City, Kansas**, as of and for the year ended December 31, 2022 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2022, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

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

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

As discussed in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, and summary of regulatory basis receipts and disbursements – agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City as of and for the year ended December 31, 2021 (not presented herein), and have issued our report thereon dated July 5, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services>. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2022 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2021 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2021 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2021, on the basis of accounting described in Note 1.



ADAMSBROWN, LLC
Certified Public Accountants
Colby, Kansas

July 3, 2023

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

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Regulatory Basis Fund Types							
General Fund	\$ 236,951	-	365,623	304,362	298,212	8,701	306,913
Special Purpose Funds							
Library Fund	-	-	19,378	18,553	825	-	825
Special Highway Fund	66,327	-	26,633	11,397	81,563	6,186	87,749
Special Parks Fund	5,915	-	2,947	5,547	3,315	50	3,365
Capital Equipment Fund	59,039	-	34,025	58,980	34,084	10,230	44,314
Capital Improvements Fund	24,046	-	5,000	-	29,046	-	29,046
Community Projects Fund	23,421	-	8,955	28,232	4,144	-	4,144
American Rescue Plan Act Fund	13,582	8,266	32,964	49,894	4,918	7,000	11,918
Business Funds							
Solid Waste Fund	13,983	-	6,716	5,229	15,470	-	15,470
Water and Sewer Fund	146,821	-	297,857	288,421	156,257	15,142	171,399
Wastewater Treatment Facility Debt Fund	77,957	-	36,000	35,132	78,825	-	78,825
Water Improvement Fund	50,310	-	25,000	22,229	53,081	-	53,081
Trust Funds							
Eggers Trust Fund	31,669	-	56	-	31,725	-	31,725
Prosecutors Trust Fund	292	-	275	250	317	-	317
Total Primary Government (Excluding Agency Funds)	\$ 750,313	8,266	861,429	828,226	791,782	47,309	839,091
				Composition of Cash			
				Checking Accounts		\$	863,333
				Petty Cash			150
				Total Primary Government			863,483
				Agency Funds Per Schedule 3			(24,392)
				Total Primary Government (Excluding Agency Funds)		\$	839,091

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

CITY OF BIRD CITY, KANSAS

Notes to Financial Statement

December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Bird City, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Financial Reporting Entity

The City is a municipal corporation governed by an elected five-member council. This financial statement does not include the related municipal entities shown below. A related municipal entity is an entity established to benefit the City and/or its constituents.

Housing Authority

The City's Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. Audited financial statements can be obtained by contacting the housing authority's office.

Public Library

The City's Library Board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City. Unaudited financial statements can be obtained by contacting the library.

Basis of Presentation – Fund Accounting

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

The following types of funds comprise the financial activities of the City for the year ended December 31, 2022.

Regulatory Basis Fund Types

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

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

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

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

Agency Fund – fund used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, County treasurer tax collection accounts, etc.).

CITY OF BIRD CITY, KANSAS

Notes to Financial Statement

December 31, 2022

Basis of Accounting

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

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

Reimbursements

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis of accounting.

NOTE 2 – BUDGETARY INFORMATION

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

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

CITY OF BIRD CITY, KANSAS

Notes to Financial Statement

December 31, 2022

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

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: Capital Equipment Fund, Capital Improvements Fund, Community Projects Fund, and American Rescue Plan Act Fund.

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

NOTE 3 – DEPOSITS AND INVESTMENTS

City of Bird City, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

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

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

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not use "peak periods". All deposits were legally secured at December 31, 2022.

At December 31, 2022, the City's carrying amount of deposits was \$863,483 and the bank balance was \$866,466. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and \$616,466 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an

CITY OF BIRD CITY, KANSAS
Notes to Financial Statement
December 31, 2022

outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2022.

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Bird City, Kansas**' interfund transfers and regulatory authority for the year ended December 31, 2022 were as follows:

From	To	Regulatory Authority	Amount
Water and Sewer Fund	Capital Improvements Fund	K.S.A. 12-825d	\$ 5,000
Water and Sewer Fund	Wastewater Treatment Facility Debt Fund	K.S.A. 12-825d	36,000
Water and Sewer Fund	Water Improvement Fund	K.S.A. 12-825d	25,000
Water and Sewer Fund	Capital Equipment Fund	K.S.A. 12-825d	30,000
Water and Sewer Fund	Special Highway Fund	K.S.A. 68-590	15,000

NOTE 5 – LITIGATION

City of Bird City, Kansas is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the City.

NOTE 6 – RISK MANAGEMENT

City of Bird City, Kansas is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than related to employee health benefits. 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.

The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for 173 participating members. The City pays an annual premium to Kansas Municipal Insurance Trust for its workers' compensation insurance coverage. The agreement to participate provides that the Kansas Municipal Insurance Trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. During 2022, the City contributed \$3,138 to the fund for this insurance coverage. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Kansas Municipal Insurance Trust management.

NOTE 7 – GRANTS AND SHARED REVENUES

City of Bird City, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received

CITY OF BIRD CITY, KANSAS

Notes to Financial Statement

December 31, 2022

may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

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

Contributions

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.90% for the fiscal year ended December 31, 2022. Contributions to the pension plan from the City were \$9,847 for the year ended December 31, 2022.

Net Pension Liability

At December 31, 2022, the City's proportionate share of the collective net pension liability reported by KPERS was \$100,635. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

CITY OF BIRD CITY, KANSAS

Notes to Financial Statement

December 31, 2022

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

As provided by K.S.A.74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2022.

NOTE 10 – COMPENSATED ABSENCES

Paid Time Off

City of Bird City, Kansas' policy regarding paid time off entitles regular full-time employees to accumulate paid time off hours as follows:

0 – 6 months	Earned at 8 hours per month
6 months – 1 year	Earned at 10 hours per month
1 – 3 years	Earned at 12 hours per month
3 – 5 years	Earned at 16 hours per month
Over 5 years	Earned at 20 hours per month

New employees cannot use their earned paid time off until they have been employed for six months. Paid time off is paid at an employee's regular rate of pay and there is no maximum time accumulated of paid time off. Upon voluntary termination of employment, an employee will be paid for any accrued time off up to 120 hours and upon forced resignation, employees are paid up to 80 hours. Upon involuntary termination, an employee will be paid for any accrued paid time off up to 40 hours.

NOTE 11 – DEBT RESTRICTIONS AND COVENANTS

KDHE Loan

On November 30, 2010, **City of Bird City, Kansas** entered into an amended loan agreement with the Kansas Department of Health and Environment to fund improvements to the wastewater treatment facility in the amount of \$538,143. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2022 as it is providing dedicated funds through a combination of water rates and fees.

KDHE Water Improvement Loan

On April 19, 2016, **City of Bird City, Kansas** entered into an amended loan agreement with the Kansas Department of Health and Environment to fund improvements for a wastewater treatment project not to exceed \$435,998. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2022.

NOTE 12 – LONG-TERM DEBT

City of Bird City, Kansas has the following type of long-term debt.

CITY OF BIRD CITY, KANSAS

Notes to Financial Statement

December 31, 2022

KDHE Revolving Loans

On September 25, 2008, the City entered into a \$545,925 revolving loan agreement with the Kansas Department of Health and Environment on behalf of the State of Kansas to finance the construction of a wastewater treatment facility. The City will use proceeds generated by the operation of the facility for loan repayment, which began September 1, 2008. The loan agreement was amended to \$538,143 on November 30, 2010 due to the expenditures on the project being lower than originally expected.

On October 8, 2012, the City entered into a \$320,000 revolving loan agreement with the Kansas Department of Health and Environment on behalf of the State of Kansas to finance the replacement of existing waterlines, meters, install valves, and rehabilitate the existing elevated storage tank of the City's water system. The City will use rates, fees, and charges collected for use and services furnished by or through the system for loan repayment, which began August 1, 2014. The loan agreement was amended on June 13, 2014 because no draw downs had been made at this time. The payment beginning date was amended to August 1, 2015. The loan agreement was amended again on April 19, 2016 for the final loan amount of \$435,998.

Lease Obligations

The City has entered into a lease agreement for equipment with an option to purchase at the expiration of the lease terms. The lease contains a fiscal funding clause.

CITY OF BIRD CITY, KANSAS

Notes to Financial Statement

December 31, 2022

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

	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/Payments	Balance End of Year	Interest Paid
KDHE Loans									
KDHE Revolving Loan Sewer System	2.65%	11/30/2010	\$ 538,143	9/1/2028	\$ 195,402	-	30,152	165,250	4,980
KDHE Revolving Loan Water Project	2.25%	4/19/2016	435,998	2/1/2035	257,563	-	16,526	241,037	5,703
Finance Leases									
CNH 2021 New Holland	3.99%	10/11/2021	37,585	10/11/2025	37,585	-	12,487	25,098	125
Total Contractual Indebtedness					\$ 490,550	-	59,165	431,385	10,808

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

	YEAR							Total
	2023	2024	2025	2026	2027	2028-2032	2033-2035	
Principal								
KDHE Loans								
KDHE Loan - Sewer System	\$ 30,956	31,782	32,630	33,500	17,084	19,298	-	165,250
KDHE Loan - Water Project	16,900	17,283	17,674	18,074	18,483	98,878	53,745	241,037
Finance Leases								
CNH for 2021 New Holland	12,528	12,570	-	-	-	-	-	25,098
Total Principal	60,384	61,635	50,304	51,574	35,567	118,176	53,745	431,385
Interest								
KDHE Loans								
KDHE Loan - Sewer System	3,781	3,034	2,266	1,477	437	255	-	11,250
KDHE Loan - Water Project	4,500	4,177	3,847	3,509	3,164	10,359	1,543	31,099
Finance Leases								
CNH for 2021 New Holland	83	42	-	-	-	-	-	125
Total Interest	8,364	7,253	6,113	4,986	3,601	10,614	1,543	42,474
Total Principal and Interest	\$ 68,748	68,888	56,417	56,560	39,168	128,790	55,288	473,859

CITY OF BIRD CITY, KANSAS

Regulatory-Required Supplementary Information

CITY OF BIRD CITY, KANSAS
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Regulatory Basis Fund Types					
General Fund	\$ 533,948	-	533,948	304,362	(229,586)
Special Purpose Funds					
Library Fund	18,553	-	18,553	18,553	-
Special Highway Fund	84,043	-	84,043	11,397	(72,646)
Special Parks Fund	8,935	-	8,935	5,547	(3,388)
Business Funds					
Solid Waste Fund	20,270	-	20,270	5,229	(15,041)
Water and Sewer Fund	401,733	-	401,733	288,421	(113,312)

CITY OF BIRD CITY, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 184,412	189,788	193,476	(3,688)
Delinquent Tax	3,938	8,458	1,000	7,458
Motor Vehicle Tax	29,932	29,992	24,216	5,776
Recreational Vehicle Tax	230	256	171	85
16/20M Vehicle Tax	283	343	303	40
Commercial Motor Vehicle Fees	765	1,362	901	461
Gross Earning (Intangible) Tax	2,227	2,618	2,264	354
Intergovernmental Revenues				
Local Alcoholic Liquor Tax	2,842	2,947	3,365	(418)
Local Sales Tax	41,216	44,912	42,000	2,912
Licenses and Permits				
Franchise Tax	40,487	43,955	42,000	1,955
Licenses	5,927	6,430	3,600	2,830
Dog Tags and Fines	188	65	350	(285)
Use of Money and Property				
Rent	4,400	4,800	3,600	1,200
Interest	567	1,744	1,200	544
Other				
Donations	27,047	13,934	3,000	10,934
Miscellaneous	691	3,554	15	3,539
Pool	7,880	10,365	7,500	2,865
Reimbursed Expenses	612	100	500	(400)
Total Receipts	353,644	365,623	329,461	36,162
Expenditures				
Personal Services	14,155	9,558	9,600	(42)
County Economic Development	1,800	1,850	3,000	(1,150)
Employee Benefits	38,329	42,702	56,100	(13,398)
Fire	20,366	15,241	17,150	(1,909)
Library	-	-	2,000	(2,000)
Capital Outlay	-	54	205,418	(205,364)
Insurance	37,457	42,414	38,000	4,414
Legal and Accounting	24,197	21,075	21,430	(355)
Miscellaneous	2,603	2,894	11,100	(8,206)
Noxious Weed	-	307	200	107
Park	1,397	499	2,500	(2,001)
Police	38,400	39,433	39,750	(317)
Pool	29,644	41,607	37,250	4,357
Street	58,264	66,545	72,450	(5,905)
Street Lighting	16,382	15,169	14,500	669
Utilities	4,369	5,014	3,500	1,514
Total Expenditures	287,363	304,362	533,948	(229,586)
Receipts Over (Under) Expenditures	66,281	61,261		
Unencumbered Cash - Beginning	170,670	236,951		
Unencumbered Cash - Ending	\$ 236,951	298,212		

CITY OF BIRD CITY, KANSAS
Library Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 14,040	16,186	16,604	(418)
Delinquent Tax	302	578	-	578
Motor Vehicle Tax	1,858	2,389	1,844	545
Recreational Vehicle Tax	13	19	13	6
16/20 Vehicle Tax	22	26	23	3
Commercial Motor Vehicle Fees	59	180	69	111
Total Receipts	16,294	19,378	<u>18,553</u>	<u>825</u>
Expenditures				
Library Operations	16,294	18,553	<u>18,553</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	825		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	825		

CITY OF BIRD CITY, KANSAS
Special Highway Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
State of Kansas Gas Tax	\$ 12,411	11,633	11,110	523
Transfers In				
Water and Sewer Fund	15,000	15,000	15,000	-
Total Receipts	27,411	26,633	<u>26,110</u>	<u>523</u>
Expenditures				
Street Repairs and Maintenance	8,031	11,397	<u>84,043</u>	<u>(72,646)</u>
Receipts Over (Under) Expenditures	19,380	15,236		
Unencumbered Cash - Beginning	<u>46,947</u>	<u>66,327</u>		
Unencumbered Cash - Ending	\$ <u>66,327</u>	<u>81,563</u>		

CITY OF BIRD CITY, KANSAS
Special Parks Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Local Alcoholic Liquor Tax	\$ 2,842	2,947	3,365	(418)
Expenditures				
Park Improvement	1,398	5,036	8,935	(3,899)
Utilities	428	511	-	511
Total Expenditures	1,826	5,547	8,935	(3,388)
Receipts Over (Under) Expenditures	1,016	(2,600)		
Unencumbered Cash - Beginning	4,899	5,915		
Unencumbered Cash - Ending	\$ 5,915	3,315		

CITY OF BIRD CITY, KANSAS
Capital Equipment Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In		
Water and Sewer Fund	\$ 31,000	30,000
Sale of Equipment	2,975	4,025
Total Receipts	33,975	34,025
Expenditures		
Equipment	14,263	58,980
Receipts Over (Under) Expenditures	19,712	(24,955)
Unencumbered Cash - Beginning	39,327	59,039
Unencumbered Cash - Ending	\$ 59,039	34,084

CITY OF BIRD CITY, KANSAS
Capital Improvements Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In		
Water and Sewer Fund	\$ 5,000	5,000
Expenditures	-	-
Receipts Over (Under) Expenditures	5,000	5,000
Unencumbered Cash - Beginning	19,046	24,046
Unencumbered Cash - Ending	<u>\$ 24,046</u>	<u>29,046</u>

CITY OF BIRD CITY, KANSAS
Community Projects Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Grants	\$ 38,550	8,955
Expenditures		
Capital Outlay	23,374	28,232
Receipts Over (Under) Expenditures	15,176	(19,277)
Unencumbered Cash - Beginning	8,245	23,421
Unencumbered Cash - Ending	\$ 23,421	4,144

CITY OF BIRD CITY, KANSAS
American Rescue Plan Act Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid	\$ 32,964	32,964
Expenditures		
Capital Outlay	19,382	49,894
Receipts Over (Under) Expenditures	13,582	(16,930)
Unencumbered Cash - Beginning	-	13,582
Prior Year Cancelled Encumbrances	-	8,266
Unencumbered Cash - Ending	\$ <u>13,582</u>	<u>4,918</u>

CITY OF BIRD CITY, KANSAS
Solid Waste Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Charges to Customers	\$ 6,676	6,716	<u>6,500</u>	<u>216</u>
Expenditures				
Charges Paid to Landfill	5,314	5,229	<u>20,270</u>	<u>(15,041)</u>
Receipts Over (Under) Expenditures	1,362	1,487		
Unencumbered Cash - Beginning	<u>12,621</u>	<u>13,983</u>		
Unencumbered Cash - Ending	\$ <u>13,983</u>	<u>15,470</u>		

CITY OF BIRD CITY, KANSAS
Water and Sewer Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Collections	\$ 268,988	291,910	258,650	33,260
Equipment Sales	932	5,947	-	5,947
Miscellaneous	-	-	500	(500)
Total Receipts	<u>269,920</u>	<u>297,857</u>	<u>259,150</u>	<u>38,707</u>
Expenditures				
Personal Services	36,218	41,722	38,300	3,422
Capital Outlay	-	-	143,048	(143,048)
Recycle Fee	2,210	1,185	2,000	(815)
Production and Distribution	96,772	110,066	95,100	14,966
Sales Tax	1,542	1,420	1,750	(330)
Sewer	5,775	21,019	13,635	7,384
Water Protection Fee	1,686	2,009	1,900	109
Transfers Out				
Wastewater Treatment Facility Debt Fund	36,000	36,000	36,000	-
Water Improvement Fund	23,000	25,000	25,000	-
Capital Equipment Fund	31,000	30,000	25,000	5,000
Special Highway Fund	15,000	15,000	15,000	-
Capital Improvements Fund	5,000	5,000	5,000	-
Total Expenditures	<u>254,203</u>	<u>288,421</u>	<u>401,733</u>	<u>(113,312)</u>
Receipts Over (Under) Expenditures	15,717	9,436		
Unencumbered Cash - Beginning	<u>131,104</u>	<u>146,821</u>		
Unencumbered Cash - Ending	<u>\$ 146,821</u>	<u>156,257</u>		

CITY OF BIRD CITY, KANSAS
Wastewater Treatment Facility Debt Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In		
Water and Sewer Fund	\$ 36,000	36,000
Expenditures		
Principal	29,369	30,152
Interest	5,219	4,510
Fees	544	470
Total Expenditures	35,132	35,132
Receipts Over (Under) Expenditures	868	868
Unencumbered Cash - Beginning	77,089	77,957
Unencumbered Cash - Ending	\$ 77,957	78,825

CITY OF BIRD CITY, KANSAS
Water Improvement Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In		
Water and Sewer Fund	\$ 23,000	25,000
Expenditures		
Interest and Fees	6,068	5,703
Principal	16,162	16,526
Total Expenditures	22,230	22,229
Receipts Over (Under) Expenditures	770	2,771
Unencumbered Cash - Beginning	49,540	50,310
Unencumbered Cash - Ending	\$ 50,310	53,081

CITY OF BIRD CITY, KANSAS
Park Trust Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts	\$ -	-
Expenditures		
Park Maintenance	749	-
Receipts Over (Under) Expenditures	(749)	-
Unencumbered Cash - Beginning	749	-
Unencumbered Cash - Ending	\$ -	-

CITY OF BIRD CITY, KANSAS
Eggers Trust Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Interest Income	\$ 23	56
Expenditures	-	-
Receipts Over (Under) Expenditures	23	56
Unencumbered Cash - Beginning	31,646	31,669
Unencumbered Cash - Ending	\$ 31,669	31,725

CITY OF BIRD CITY, KANSAS
Prosecutors Trust Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals For the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Fines	\$ 125	275
Expenditures		
Scholarships	250	250
Receipts Over (Under) Expenditures	(125)	25
Unencumbered Cash - Beginning	417	292
Unencumbered Cash - Ending	\$ 292	317

CITY OF BIRD CITY, KANSAS
Agency Funds
 Schedule of Receipts and Disbursements
 Regulatory Basis
 For the Year Ended December 31, 2022

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Fire Fund	\$ 24,366	8,690	8,664	24,392