

CITY OF BURRTON, KANSAS

Financial Statement

For the Year Ended December 31, 2021

City of Burrton, Kansas
For the Year Ended December 31, 2021
CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
 <u>Financial Section</u>	
Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	Statement 1 4
Notes to Financial Statement	5-11
 <u>Regulatory – Required Supplementary Information</u>	
Summary of Expenditures – Actual and Budget – Regulatory Basis	Schedule 1 12
Schedule of Receipts and Expenditures – Actual and Budget – Regulatory Basis	Schedule 2
General Fund	13-14
Special Purpose Funds	15-17
Bond and Interest Fund	18
Capital Project Fund	19
Business Funds	20-22
Trust Funds	23
Summary of Receipts and Disbursements – Regulatory Basis	
Agency Funds	Schedule 3 24
Schedule of Cash Receipts and Expenditures – Actual – Regulatory Basis	
Related Municipal Entity	Schedule 4 25

INDEPENDENT AUDITOR'S REPORT

City Council
City of Burrton
Burrton, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Burrton, Kansas (City), and its related municipal entity, as of and for the year ended December 31, 2021, and the related disclosures to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2021, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2021, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 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 Audit of the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2021 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, summary of regulatory basis receipts and disbursements-agency fund and schedule of regulatory basis receipts and expenditures-actual-related municipal entity (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for additional analysis and are not a required part of the 2021 basic financial statement, but 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 2021 basic financial statement. The 2021 information has been 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 information is fairly stated in all material respects in relation to the 2021 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, 2020 (not presented herein), and have issued our report thereon dated July 1, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services>. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget and the schedule of receipts and expenditures-actual-related municipal entity for the year ended December 31, 2021 (Schedules 2 and 4 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the 2021 basic financial statement. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2020, on the basis of accounting described in Note 1.

Knudsen, Monroe & Company, LLC

Certified Public Accountants
Newton, Kansas
July 14, 2022

City of Burrton, Kansas

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis

For the Year Ended December 31, 2021

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Accounts Payable and Encumbrances	Ending Cash Balance
General Fund	\$ 96,289	517,047	475,676	137,660	20,612	158,272
Special Purpose Funds						
Employee benefit	17,552	96,787	56,667	57,672	-	57,672
Library	1,397	17,659	18,500	556	-	556
Street maintenance	73,727	209,226	20,749	262,204	167	262,371
Special highway	30,330	24,876	4,024	51,182	585	51,767
Equipment reserve	45,421	28,945	25,000	49,366	-	49,366
Capital improvement	225,370	13,868	18,000	221,238	-	221,238
Bond and Interest Fund	18,491	97,270	111,971	3,790	-	3,790
Capital Project Fund						
Street project	607,774	66,194	-	673,968	-	673,968
Business Funds						
Gas	52,701	1,067,286	849,136	270,851	1,913	272,764
Sewer	185,998	92,992	172,447	106,543	1,266	107,809
Solid waste	92,981	53,193	80,960	65,214	3,791	69,005
Water	106,004	132,484	122,866	115,622	1,129	116,751
Trust Funds						
Drug forfeiture	7,623	2,276	-	9,899	-	9,899
Insurance proceeds	-	42,203	-	42,203	-	42,203
Related Municipal Entity						
Burrton Public Library	16,972	24,424	25,756	15,640	1,326	16,966
Total Reporting Entity (Excluding Agency Fund)	<u>\$ 1,578,630</u>	<u>2,486,730</u>	<u>1,981,752</u>	<u>2,083,608</u>	<u>30,789</u>	<u>2,114,397</u>
Composition of Cash:						
Cash on hand						\$ 100
State Bank of Burrton						
Checking						1,280,248
Money Market						799,083
Certificates of Deposit						18,000
Related Municipal Entity						
Checking						<u>16,966</u>
Total Cash						2,114,397
Less Agency Fund per Schedule 3						<u>-</u>
Total Reporting Entity (Excluding Agency Funds)						<u>\$ 2,114,397</u>

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

NOTES TO FINANCIAL STATEMENT

December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The City of Burrton is a municipal corporation governed by an elected five-member council. This regulatory financial statement presents the City of Burrton (City) and its related municipal entity. The related municipal entity is included because it was established to benefit the City and/or its constituents.

Burrton Public Library – The City of Burrton Library Board operates the City’s public library. The City makes appropriations to the library to assist in funding capital expenditures and operating expenses. The governing body of the related municipal entity is appointed by the City council.

Related Organization

The Burrton Housing Authority is a related organization that is not included in the financial reporting entity. The Authority was created to administer public housing programs authorized by the United States Housing Act of 1937, as amended. Revenues consist of housing assistance payments from the U.S. Department of Housing and Urban Development and rent received from eligible low income tenants.

Regulatory Basis Fund Types

General Fund – used to account for all resources except those required to be accounted for in another fund.

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

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

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund – used to account for fees charged to users of the goods and services (i.e. water fund, gas fund, etc.).

Trust Fund – used to report assets held in trust for the benefit of the City (i.e. private purpose trust funds which benefit the City, scholarship funds, etc.)

Agency Fund – used to report assets held by the City in a purely custodial capacity.

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

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

NOTES TO FINANCIAL STATEMENT

December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Fund, and Business Funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. During the year the Bond and Interest and Gas Funds were amended.

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.

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

A legal operating budget is not required for Capital Project Funds, Trust Funds, Agency Funds, and certain Special Purpose Funds.

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

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 the KMAAG regulatory basis of accounting.

NOTES TO FINANCIAL STATEMENT

December 31, 2021

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

The City was not in compliance with K.S.A. 9-1402 and 9-1405 which require that deposits with statutorily authorized financial institutions be adequately secured. The City's cash deposits were not adequately secured for a period of 52 days during the year ended December 31, 2021.

K.S.A. 10-130 requires municipalities to remit payments for bonds or interest to the state fiscal agent at least twenty days before the date of maturity. The general obligation bond payments were not made timely in accordance with this statute.

3. DEPOSITS AND INVESTMENTS

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

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

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2021.

At December 31, 2021, the carrying amount of the City's deposits, including its related municipal entity, was \$2,114,297, and the bank balance was \$2,126,245. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$268,352 was covered by federal depository insurance and the remaining \$1,857,893 was collateralized with securities held by the pledging financial institution's agents in the City's name.

City of Burrton, Kansas

NOTES TO FINANCIAL STATEMENT

December 31, 2021

4. LONG-TERM DEBT

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

Issue	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 Loan									
Sewer Improvement	2.63%	02/11/10	\$ 445,688	09/01/30	\$ 236,979	-	22,267	214,712	6,087
General Obligation Bond Series 2020 A	0.85-1.50%	12/26/20	1,365,000	09/01/33	1,365,000	-	100,000	1,265,000	11,971
State of Kansas Loan									
City Utility Low-Interest Loan	0.25%	03/22/22	500,000	03/01/31	-	500,000	29,348	470,652	950
Total contractual indebtedness					\$ 1,601,979	500,000	151,615	1,950,364	19,008

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

	Year ending December 31							
	2022	2023	2024	2025	2026	2027 - 2031	2032 - 2033	Total
Principal								
KDHE Loan	\$ 22,856	23,461	24,082	24,720	25,374	94,219	-	214,712
General obligation bond	100,000	100,000	100,000	100,000	105,000	535,000	225,000	1,265,000
State of Kansas loan	50,821	50,949	51,076	51,204	51,332	215,270	-	470,652
Total principal	173,677	174,410	175,158	175,924	181,706	844,489	225,000	1,950,364
Interest								
KDHE Loan	5,498	4,893	4,272	3,634	2,980	5,020	-	26,297
General obligation bond	15,080	14,080	13,080	12,080	11,080	38,845	5,100	109,345
State of Kansas loan	1,119	991	865	736	608	1,146	-	5,465
Total interest	21,697	19,964	18,217	16,450	14,668	45,011	5,100	141,107
Total principal and interest	\$195,374	194,374	193,375	192,374	196,374	889,500	230,100	2,091,471

5. DEFINED BENEFIT PENSION PLAN

Plan Description

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

NOTES TO FINANCIAL STATEMENT

December 31, 2021

5. DEFINED BENEFIT PENSION PLAN (Continued)

Contributions

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium for the period July 1, 2021 through June 30, 2022 for the Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were \$26,019 for the year ended December 31, 2021.

Net Pension Liability

At December 31, 2021, the City's proportionate share of the collective net pension liability reported by KPERS was \$187,961. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post-Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. Each retiree pays the full amount of the applicable premium. The City does not currently have any retirees that participate.

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.

NOTES TO FINANCIAL STATEMENT

December 31, 2021

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

Death and Disability Other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% through June 30, 2021, with a 0% moratorium for the period July 1, 2021 through June 30, 2022.

Compensated Absences

Full-time employees earn vacation as follows:

During first year of employment - one week of vacation

Years 2 - 9 of employment - two weeks of vacation

Years 10-14 of employment - three weeks of vacation

Years 15 or more of employment - four weeks of vacation

Vacation hours may be carried over, with permission of the Mayor, up to a maximum of 240 hours. Upon termination, an employee will be compensated for all earned but unused vacation at their final rate of pay, subject to the maximum hours of accumulation.

Full-time employees earn eight hours of sick leave for each completed month of service after 90 days of employment with a maximum accumulation of 90 days. Upon termination, an employee will be compensated for 25% of earned, unused sick leave at the employee's final rate of pay.

Unused vacation and sick time has not been recorded as a liability in the accompanying financial statement.

7. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
Gas	Employee Benefit	K.S.A. 12-825d	\$ 20,000
Gas	Equipment Reserve	K.S.A. 12-825d	10,000
Sewer	Employee Benefit	K.S.A. 12-825d	10,000
Sewer	Bond and Interest	K.S.A. 12-825d	60,000
Solid Waste	Employee Benefit	K.S.A. 12-825d	5,000
Solid Waste	Street Maintenance	K.S.A. 12-825d	15,000
Solid Waste	Equipment Reserve	K.S.A. 12-825d	5,000
Solid Waste	Bond and Interest	K.S.A. 12-825d	5,000
Water	Employee Benefit	K.S.A. 12-825d	7,500
Water	Street Maintenance	K.S.A. 12-825d	9,734

NOTES TO FINANCIAL STATEMENT

December 31, 2021

8. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased commercial insurance for these potential risks. There has been no significant reduction in insurance coverage from 2020 to 2021; and there were no settlements that exceeded insurance coverage in the past three years.

During the ordinary course of its operations the City is a party to various claims, legal actions and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material financial impact on the City.

9. CORONAVIRUS PANDEMIC

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

As a result of COVID-19, numerous Federal and State grants have been made available to the City to assist with the risks and help offset costs incurred by the City.

10. DATE OF MANAGEMENT'S REVIEW

Management has performed an analysis of the activities and transactions subsequent to December 31, 2021, to determine the need for any adjustments to and/or disclosures within the audited financial statement. Management has performed their analysis through July 14, 2022, which is the date at which the financial statement was available to be issued.

CITY OF BURRTON
REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2021

City of Burrton, Kansas

SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General Fund	\$ 520,200	-	520,200	475,676	(44,524)
Special Purpose Funds					
Employee benefit	120,000	-	120,000	56,667	(63,333)
Library	18,500	-	18,500	18,500	-
Street maintenance	270,000	-	270,000	20,749	(249,251)
Special highway	36,000	-	36,000	4,024	(31,976)
Bond and Interest Fund	111,971	-	111,971	111,971	-
Business Funds					
Gas	852,500	-	852,500	849,136	(3,364)
Sewer	258,354	-	258,354	172,447	(85,907)
Solid waste	100,000	-	100,000	80,960	(19,040)
Water	287,500	-	287,500	122,866	(164,634)

City of Burrton, Kansas

General Fund**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**
Regulatory Basis

For the Year Ended December 31, 2021

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
RECEIPTS				
Ad valorem property tax	\$ 263,263	251,953	211,190	40,763
Delinquent tax	5,773	3,901	5,700	(1,799)
Vehicle tax	42,036	44,483	42,141	2,342
County sales tax	92,980	103,024	93,000	10,024
Harvey County special sales and use tax	11,696	13,053	15,500	(2,447)
Local alcohol tax	5,705	6,780	7,500	(720)
Franchise fees	54,845	56,756	58,200	(1,444)
Pool receipts	4,716	6,595	5,000	1,595
Fines and fees	3,865	2,381	3,800	(1,419)
Interest	876	817	1,400	(583)
Municipal court	19,187	10,548	30,000	(19,452)
Other	2,496	5,323	-	5,323
Reimbursements	39,153	11,433	7,500	3,933
	546,591	517,047	480,931	36,116
EXPENDITURES, page 14	512,774	475,676		
Receipts over (under) expenditures	33,817	41,371		
UNENCUMBERED CASH, beginning	62,472	96,289		
UNENCUMBERED CASH, ending	\$ 96,289	137,660		

City of Burrton, Kansas

General Fund**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
EXPENDITURES				
General				
Personnel services	\$ 126,588	136,247	144,400	(8,153)
Contractual services	96,358	76,860	75,000	1,860
Commodities	69,980	67,651	75,000	(7,349)
	<u>292,926</u>	<u>280,758</u>	<u>294,400</u>	<u>(13,642)</u>
Parks				
Commodities	19,801	4,019	-	4,019
Law enforcement				
Personnel services	118,160	121,793	130,000	(8,207)
Contractual services	9,804	10,807	8,500	2,307
Commodities	40,683	29,949	30,000	(51)
Capital outlay	-	-	1,500	(1,500)
	<u>168,647</u>	<u>162,549</u>	<u>170,000</u>	<u>(7,451)</u>
Legal	13,200	13,285	13,200	85
Street lighting	18,200	15,065	30,000	(14,935)
Residential incentives	-	-	4,000	(4,000)
Harvey County EDC	-	-	8,600	(8,600)
	<u>31,400</u>	<u>28,350</u>	<u>55,800</u>	<u>(27,450)</u>
Total expenditures	<u>\$ 512,774</u>	<u>475,676</u>	<u>520,200</u>	<u>(44,524)</u>

City of Burrton, Kansas

Special Purpose Funds**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**
Regulatory Basis

For the Year Ended December 31, 2021

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
EMPLOYEE BENEFIT				
RECEIPTS				
Ad valorem property tax	\$ 22,241	48,717	49,862	(1,145)
Delinquent tax	1,180	764	2,050	(1,286)
Vehicle tax	8,920	4,806	4,355	451
Employee paid insurance	1,071	-	18,500	(18,500)
Transfer from gas	20,000	20,000	20,000	-
Transfer from sewer	15,000	10,000	10,000	-
Transfer from solid waste	-	5,000	5,000	-
Transfer from water	-	7,500	7,500	-
	<u>68,412</u>	<u>96,787</u>	<u>117,267</u>	<u>(20,480)</u>
EXPENDITURES				
FICA and Medicare	-	-	34,000	(34,000)
KPERS	17,765	-	30,000	(30,000)
Health insurance	59,679	56,667	56,000	667
	<u>77,444</u>	<u>56,667</u>	<u>120,000</u>	<u>(63,333)</u>
Receipts over (under) expenditures	(9,032)	40,120		
UNENCUMBERED CASH, beginning	<u>26,584</u>	<u>17,552</u>		
UNENCUMBERED CASH, ending	<u>\$ 17,552</u>	<u>57,672</u>		
LIBRARY				
RECEIPTS				
Ad valorem property tax	\$ 14,251	14,393	14,734	(341)
Delinquent tax	484	307	500	(193)
Vehicle tax	2,961	2,959	2,795	164
	<u>17,696</u>	<u>17,659</u>	<u>18,029</u>	<u>(370)</u>
EXPENDITURES				
Appropriations to Library Board	<u>17,000</u>	<u>18,500</u>	<u>18,500</u>	<u>-</u>
Receipts over (under) expenditures	696	(841)		
UNENCUMBERED CASH, beginning	<u>701</u>	<u>1,397</u>		
UNENCUMBERED CASH, ending	<u>\$ 1,397</u>	<u>556</u>		

City of Burrton, Kansas

Special Purpose Funds**SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET**
Regulatory Basis

For the Year Ended December 31, 2021

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

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
STREET MAINTENANCE				
RECEIPTS				
Ad valorem tax	\$ 176	26,888	27,519	(631)
Delinquent tax	908	604	500	104
Vehicle tax	85	-	-	-
County sales tax	36,550	40,789	35,000	5,789
City sales tax	104,283	116,211	100,000	16,211
Transfer from solid waste	10,000	15,000	15,000	-
Transfer from water	-	9,734	-	9,734
	<u>152,002</u>	<u>209,226</u>	<u>178,019</u>	<u>31,207</u>
EXPENDITURES				
Personnel services	12,087	5,251	-	5,251
Contractual services	208,245	4,528	265,000	(260,472)
Commodities	9,831	7,292	5,000	2,292
Capital outlay	-	3,678	-	3,678
	<u>230,163</u>	<u>20,749</u>	<u>270,000</u>	<u>(249,251)</u>
Receipts over (under) expenditures	(78,161)	188,477		
UNENCUMBERED CASH, beginning	<u>151,888</u>	<u>73,727</u>		
UNENCUMBERED CASH, ending	<u>\$ 73,727</u>	<u>262,204</u>		
SPECIAL HIGHWAY				
RECEIPTS				
State gasoline tax	\$ 22,319	24,876	19,750	5,126
EXPENDITURES				
Personnel services	1,358	-	16,000	(16,000)
Contractual services	31,632	3,954	15,000	(11,046)
Commodities	965	70	5,000	(4,930)
	<u>33,955</u>	<u>4,024</u>	<u>36,000</u>	<u>(31,976)</u>
Receipts over (under) expenditures	(11,636)	20,852		
UNENCUMBERED CASH, beginning	<u>41,966</u>	<u>30,330</u>		
UNENCUMBERED CASH, ending	<u>\$ 30,330</u>	<u>51,182</u>		

City of Burrton, Kansas

Special Purpose Funds

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL

Regulatory Basis

For the Year Ended December 31, 2021

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

	<u>2020</u>	<u>2021</u>
EQUIPMENT RESERVE		
RECEIPTS		
Interest	\$ 94	77
County sales tax	12,427	13,868
Transfer from gas	-	10,000
Transfer from sewer	10,000	-
Transfer from solid waste	<u>-</u>	<u>5,000</u>
	<u>22,521</u>	<u>28,945</u>
EXPENDITURES		
Contractual services	12,000	-
Capital outlay	<u>48,435</u>	<u>25,000</u>
	<u>60,435</u>	<u>25,000</u>
Receipts over (under) expenditures	(37,914)	3,945
UNENCUMBERED CASH, beginning	<u>83,335</u>	<u>45,421</u>
UNENCUMBERED CASH, ending	<u>\$ 45,421</u>	<u>49,366</u>
 CAPITAL IMPROVEMENT		
RECEIPTS		
County sales tax	\$ 12,427	13,868
Reimbursements and other	<u>1,000</u>	<u>-</u>
	13,427	13,868
EXPENDITURES		
Capital outlay	<u>55,113</u>	<u>18,000</u>
Receipts over (under) expenditures	(41,686)	(4,132)
UNENCUMBERED CASH, beginning	<u>267,056</u>	<u>225,370</u>
UNENCUMBERED CASH, ending	<u>\$ 225,370</u>	<u>221,238</u>

City of Burrton, Kansas

Bond and Interest FundSCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
RECEIPTS				
Ad valorem property tax	\$ 50,168	21,180	21,688	(508)
Delinquent tax	1,224	870	1,000	(130)
Vehicle tax	6,274	10,220	9,832	388
Transfer from sewer	10,000	60,000	60,000	-
Transfer from solid waste	-	5,000	5,000	-
	<u>67,666</u>	<u>97,270</u>	<u>97,520</u>	<u>(250)</u>
EXPENDITURES				
Principal	45,000	100,000	100,000	-
Interest	22,220	11,971	11,971	-
	<u>67,220</u>	<u>111,971</u>	<u>111,971</u>	<u>-</u>
Receipts over (under) expenditures	446	(14,701)		
UNENCUMBERED CASH, beginning	<u>18,045</u>	<u>18,491</u>		
UNENCUMBERED CASH, ending	\$ 18,491	<u>3,790</u>		

City of Burrton, Kansas

Capital Project Fund

SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL

Regulatory Basis

For the Year Ended December 31, 2021

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

	<u>2020</u>	<u>2021</u>
STREET PROJECT		
RECEIPTS		
General obligation bond proceeds	\$ 618,184	-
Interest income	-	572
American rescue plan act grant	-	65,622
	<u>618,184</u>	<u>66,194</u>
EXPENDITURES		
Cost of issuance	<u>10,410</u>	-
Receipts over (under) expenditures	607,774	66,194
UNENCUMBERED CASH, beginning	-	607,774
UNENCUMBERED CASH, ending	<u>\$ 607,774</u>	<u>673,968</u>

City of Burrton, Kansas

Business FundsSCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
GAS				
RECEIPTS				
Sales	\$ 185,725	567,286	450,000	117,286
State utility loan proceeds	-	500,000	500,000	-
	<u>185,725</u>	<u>1,067,286</u>	<u>950,000</u>	<u>117,286</u>
EXPENDITURES				
Personnel services	38,366	38,640	40,000	(1,360)
Contractual services	57,823	51,423	75,000	(23,577)
Commodities	24,459	34,812	42,500	(7,688)
Capital outlay	-	3,678	-	3,678
Sales tax	2,526	2	-	2
Gas purchased	86,418	660,283	650,000	10,283
State utility loan principal	-	29,348	25,000	4,348
State utility loan interest	-	950	-	950
Transfer to employee benefit	20,000	20,000	20,000	-
Transfer to equipment reserve	-	10,000	-	10,000
	<u>229,592</u>	<u>849,136</u>	<u>852,500</u>	<u>(3,364)</u>
Receipts over (under) expenditures	(43,867)	218,150		
UNENCUMBERED CASH, beginning	<u>96,568</u>	<u>52,701</u>		
UNENCUMBERED CASH, ending	\$ <u>52,701</u>	<u>270,851</u>		

City of Burrton, Kansas

Business FundsSCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
SEWER				
RECEIPTS				
Fees	\$ 107,283	92,992	110,000	(17,008)
EXPENDITURES				
KDHE loan payment	28,354	28,354	28,354	-
Personnel services	35,656	46,800	55,000	(8,200)
Contractual services	12,088	10,822	155,000	(144,178)
Commodities	11,095	12,793	-	12,793
Capital outlay	-	3,678	-	3,678
Transfer to employee benefits	15,000	10,000	10,000	-
Transfer to equipment reserve	10,000	-	-	-
Transfer to bond and interest	10,000	60,000	10,000	50,000
	122,193	172,447	258,354	(85,907)
Receipts over (under) expenditures	(14,910)	(79,455)		
UNENCUMBERED CASH, beginning	200,908	185,998		
UNENCUMBERED CASH, ending	\$ 185,998	106,543		
SOLID WASTE				
RECEIPTS				
Fees	\$ 60,993	53,193	81,000	(27,807)
EXPENDITURES				
Personnel services	172	1,040	15,000	(13,960)
Contractual services	45,495	46,242	55,000	(8,758)
Capital outlay	-	3,678	-	3,678
Transfer to employee benefit	-	5,000	5,000	-
Transfer to street maintenance	10,000	15,000	15,000	-
Transfer to equipment reserve	-	5,000	5,000	-
Transfer to bond and interest	-	5,000	5,000	-
	55,667	80,960	100,000	(19,040)
Receipts over (under) expenditures	5,326	(27,767)		
UNENCUMBERED CASH, beginning	87,655	92,981		
UNENCUMBERED CASH, ending	\$ 92,981	65,214		

City of Burrton, Kansas

Business FundsSCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
WATER				
RECEIPTS				
Sales	\$ 139,122	122,669	160,000	(37,331)
Interest	9	2	-	2
Other	30	9,813	-	9,813
	<u>139,161</u>	<u>132,484</u>	<u>160,000</u>	<u>(27,516)</u>
EXPENDITURES				
Personnel services	55,166	55,185	65,000	(9,815)
Contractual services	96,856	19,234	215,000	(195,766)
Commodities	23,191	27,535	-	27,535
Capital outlay	-	3,678	-	3,678
Transfer to employee benefit	-	7,500	7,500	-
Transfer to street maintenance	-	9,734	-	9,734
	<u>175,213</u>	<u>122,866</u>	<u>287,500</u>	<u>(164,634)</u>
Receipts over (under) expenditures	(36,052)	9,618		
UNENCUMBERED CASH, beginning	<u>142,056</u>	<u>106,004</u>		
UNENCUMBERED CASH, ending	<u>\$ 106,004</u>	<u>115,622</u>		

City of Burrton, Kansas

Trust FundsSCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Year Ended December 31, 2021

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

	<u>2020</u>	<u>2021</u>
DRUG FORFEITURE		
RECEIPTS		
Deposits	\$ -	2,276
EXPENDITURES		
Contractual services	<u>1,000</u>	<u>-</u>
Receipts over (under) expenditures	(1,000)	2,276
UNENCUMBERED CASH, beginning	<u>8,623</u>	<u>7,623</u>
UNENCUMBERED CASH, ending	<u>\$ 7,623</u>	<u>9,899</u>
 INSURANCE PROCEEDS		
RECEIPTS		
Deposits	\$ -	42,203
Interest	<u>3</u>	<u>-</u>
	3	42,203
EXPENDITURES		
Contractual services	<u>8,243</u>	<u>-</u>
Receipts over (under) expenditures	(8,240)	42,203
UNENCUMBERED CASH, beginning	<u>8,240</u>	<u>-</u>
UNENCUMBERED CASH, ending	<u>\$ -</u>	<u>42,203</u>

City of Burrton, Kansas

Agency Fund

SUMMARY OF RECEIPTS AND DISBURSEMENTS

Regulatory Basis

For the Year Ended December 31, 2021

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Meter Deposit	<u>\$ 9,733</u>	<u>-</u>	<u>9,733</u>	<u>-</u>

City of Burrton, Kansas

Related Municipal EntitySCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
Regulatory Basis

For the Years Ended December 31, 2021 and 2020

	<u>2020</u>	<u>2021</u>
BURRTON PUBLIC LIBRARY		
RECEIPTS		
City of Burrton	\$ 17,000	18,500
SCKLS	6,001	5,283
State of Kansas	246	245
Memorials	135	-
Donations and other	<u>5,911</u>	<u>396</u>
	<u>29,293</u>	<u>24,424</u>
EXPENDITURES		
Personnel services	14,998	14,939
Contractual services	2,400	800
Books, periodicals and materials	2,793	2,652
Operating expenses and other	<u>5,360</u>	<u>7,365</u>
	<u>25,551</u>	<u>25,756</u>
Receipts over (under) expenditures	3,742	(1,332)
UNENCUMBERED CASH, beginning	<u>13,230</u>	<u>16,972</u>
UNENCUMBERED CASH, ending	<u>\$ 16,972</u>	<u>15,640</u>