

City of Centralia, Kansas

**Financial Statement
As of December 31, 2022
and For the Year Then Ended**

With Report by Independent Auditor



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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council of the
City of Centralia, Kansas

Adverse and Unmodified Opinions

I have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Centralia, Kansas (the City), 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 my opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of my 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 my 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

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

Auditor's Responsibilities for the Audit of the Financial Statement

My 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 my 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, I:

- 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 my 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.

I am 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 I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual and budget (Schedules 1, 2, 3 and 4 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 my 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.

ShIPLEY CPA, LLC

ShIPLEY CPA, LLC
Topeka, Kansas
February 21, 2023

CITY OF CENTRALIA, KANSAS
SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances And Accounts Payable	Ending Cash Balance
General Funds:						
General Fund	\$ 19,778	\$ 356,561	\$ 328,457	\$ 47,882	\$ 8,071	\$ 55,953
Special Purpose Funds:						
Library Fund	-	31,526	31,526	-	-	-
Special Highway Fund	33,390	13,541	30,000	16,931	-	16,931
Capital Improvement Fund	22,433	62,609	73,471	11,571	-	11,571
Equipment Reserve Fund	15,194	33,156	48,350	-	-	-
Grant Fund	-	40,060	-	40,060	-	40,060
Business Funds:						
Water Utility Fund	155,938	133,403	196,933	92,408	-	92,408
Sewer Utility Fund	29,868	78,966	88,561	20,273	-	20,273
Electric Utility Fund	214,259	442,309	527,342	129,226	-	129,226
Centralia Lake Fund	66,241	131,786	122,878	75,149	-	75,149
Electric Reserve Fund	75,000	85,000	99,536	60,464	-	60,464
Water Reserve Fund	32,253	20,000	25,373	26,880	-	26,880
Capital Project Funds:						
Capital Project Electric - Phase II	183,505	322,084	402,737	102,852	-	102,852
CCLIP Street Project	36,498	30,000	27,297	39,201	-	39,201
Swimming Pool Project	-	653,972	-	653,972	-	653,972
Related Municipal Entity:						
Centralia City Library	63,544	54,769	52,610	65,703	-	65,703
Total	\$ 947,901	\$ 2,489,742	\$ 2,055,071	\$ 1,382,572	\$ 8,071	\$ 1,390,643

Composition of Cash:

Checking accounts	\$ 1,397,393
Certificates of deposit	

Total

	1,397,393
Less Agency Funds (per Schedule 3)	<u>(6,750)</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 1,390,643</u>

CITY OF CENTRALIA, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022**

Note 1 – Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

The City of Centralia, Kansas (the City), is a municipal corporation governed by an elected five-member council plus a mayor. This regulatory financial statement presents the City. A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate.

Centralia City Library

The Centralia City Library (the CCL), is organized under K.S.A. 12-1218. The City levies a property tax for the CCL under K.S.A 79-1952, which is deposited in the City's Library Fund and transferred to the CCL for its operations.

Regulatory Basis Fund Types

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

The following types of funds were utilized in recording the financial activities of the City for the year 2022:

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

Special Purpose funds – Used to account for the proceeds of specific tax levies and other specific regulatory receipt sources that are intended for specified purposes.

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

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

Agency funds – Used to account for assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, tax collection accounts, etc.)

Basis of Accounting

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.

CITY OF CENTRALIA, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022**

Note 1 – Summary of Significant Accounting Policies (continued)

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 regulatory basis of accounting.

Reimbursed Expenses

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 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:

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in 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 ten days after publication the hearing may be held, and the governing body may amend the budget at that time. There were no such amendments to the 2022 budget.

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 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.

CITY OF CENTRALIA, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022**

Note 2 – Budgetary Information (continued)

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 and the following special purpose funds: Capital Improvement Fund, Equipment Reserve Fund, and the Grant 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

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 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 Government'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 did not have a peak period pledge agreement during 2022, and therefore the City did not designate peak periods. All deposits were legally secured at December 31, 2022.

At December 31, 2022, the carrying amount of the City's deposits including certificates of deposit was \$1,324,940 and the bank balance was \$1,374,338. The bank balance was held at one bank resulting in a concentration of credit risk. The difference between the carrying amount and the bank balance is outstanding checks and deposits. Of the bank balance, \$250,000 was covered by FDIC insurance and the remaining was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name.

Related Municipal Entity

At December 31, 2022, the carrying amount of the CCL deposits including certificates of deposit was \$65,703 and the bank balance was \$65,944. The bank balance was held at one bank. The difference between the carrying amount and the bank balance is outstanding checks and deposits. Of the bank balance, all was covered by FDIC insurance.

CITY OF CENTRALIA, KANSAS

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022

Note 3 – Deposits and Investments (continued)

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

Note 4 – Property Taxes

In accordance with governing State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar-year basis and are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half of the full amounts of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes levied and collected in the year prior to January 1st of the ensuing year.

Note 5 – Capital Projects

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Expended to Date</u>
Capital Project Electric - Phase II	\$ 1,070,846	\$ 883,327

Note 6 – Long-Term Debt

During 2021, the City issued Series 2021 General Obligation Bonds in the amount of \$475,000 for the purpose of the Capital Project Electric - Phase II.

CITY OF CENTRALIA, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022**

Note 6 – Long-Term Debt (continued)

Changes in long-term liabilities for the City for the year ended December 31, 2022 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 and Service Fee Paid
General Obligation Bonds:									
Series 2018-A	3.00%	5/2/2018	\$ 460,000	9/1/2027	\$ 310,000	\$ -	\$ 50,000	\$ 260,000	\$ 9,300
Series 2020 - Refunding	1.00%	9/26/2020	365,000	11/1/2039	365,000	-	20,000	345,000	5,373
Series 2021	1.15%	9/16/2021	475,000	9/1/2033	475,000	-	35,000	440,000	5,236
					<u>1,150,000</u>	<u>-</u>	<u>105,000</u>	<u>1,045,000</u>	<u>19,909</u>
Leases:									
Chevy Pickup	3.00%	6/3/2021	\$ 40,492	6/3/2026	36,721	-	30,518	6,203	-
Skid Steer	3.20%	7/9/2020	56,905	7/9/2025	46,234	-	17,237	28,997	-
					<u>82,955</u>	<u>-</u>	<u>47,755</u>	<u>35,200</u>	<u>-</u>
					<u>\$ 1,232,955</u>	<u>\$ -</u>	<u>\$ 152,755</u>	<u>\$ 1,080,200</u>	<u>\$ 19,909</u>

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

	2023	2024	2025	2026	2027	2028-2032	2033-2037	2038-2042	Total
Principal									
Series 2018-A	\$ 50,000	\$ 50,000	\$ 50,000	\$ 55,000	\$ 55,000	\$ -	\$ -	\$ -	\$ 260,000
Series 2020 - Refunding	20,000	20,000	20,000	20,000	20,000	100,000	100,000	45,000	345,000
Series 2021	35,000	35,000	40,000	40,000	40,000	205,000	45,000	-	440,000
Chevy Pickup	6,203	-	-	-	-	-	-	-	6,203
Skid Steer	11,370	11,736	5,891	-	-	-	-	-	28,997
	<u>122,573</u>	<u>116,736</u>	<u>115,891</u>	<u>115,000</u>	<u>115,000</u>	<u>305,000</u>	<u>145,000</u>	<u>45,000</u>	<u>1,080,200</u>
Interest									
Series 2018-A	7,800	6,300	4,800	3,300	1,650	-	-	-	23,850
Series 2020 - Refunding	5,173	4,972	4,772	4,573	4,373	18,588	10,839	1,505	54,795
Series 2021	8,800	8,100	7,400	6,600	5,800	17,000	2,700	-	56,400
Chevy Pickup	760	-	-	-	-	-	-	-	760
Skid Steer	1,037	670	292	-	-	-	-	-	1,999
	<u>23,570</u>	<u>20,042</u>	<u>17,264</u>	<u>14,473</u>	<u>11,823</u>	<u>35,588</u>	<u>13,539</u>	<u>1,505</u>	<u>137,804</u>
	<u>\$ 146,143</u>	<u>\$ 136,778</u>	<u>\$ 133,155</u>	<u>\$ 129,473</u>	<u>\$ 126,823</u>	<u>\$ 340,588</u>	<u>\$ 158,539</u>	<u>\$ 46,505</u>	<u>\$ 1,218,004</u>

CITY OF CENTRALIA, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022**

Note 7 – Interfund Transactions

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Authority</u>
General Fund	Capital Improvement Fund	\$ 10,000	K.S.A. 12-825d
Water Utility Fund	Capital Improvement Fund	20,000	K.S.A. 12-825d
Electric Utility Fund	Capital Improvement Fund	27,000	K.S.A. 12-825d
Water Utility Fund	General Fund	20,000	K.S.A. 12-825d
Sewer Utility Fund	General Fund	20,000	K.S.A. 12-825d
Electric Utility Fund	Electric Reserve Fund	85,000	K.S.A. 12-825d
Electric Utility Fund	Equipment Reserve Fund	28,000	K.S.A. 12-825d
Centralia Lake Fund	Equipment Reserve Fund	5,000	
Electric Utility Fund	General Fund	35,000	K.S.A. 12-825d
Electric Utility Fund	CCLIP Street Project Fund	15,000	K.S.A. 12-1,118
Water Utility Fund	CCLIP Street Project Fund	15,000	K.S.A. 12-1,118
Water Utility Fund	Water Reserve Fund	20,000	K.S.A. 12-825d

Note 8 – Compensated Absences

The City maintains a policy of providing vacation and sick leave to its full-time employees, granted in varying amounts depending on length of service and date of hire. Vacation days are vesting and are allowed a maximum of 40 hours to be carried over into the next period. Sick leave is non-vesting and accumulates with a maximum accrual of 480 hours. Per the City’s policy at December 31, 2022, the City’s liability for unused vacation was approximately \$8,078.

Note 9 – Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no decreases in insurance coverage from the prior year.

The City pays an annual premium to Kansas Municipal Insurance Trust for its worker’s compensation and employer’s liability insurance coverage. The agreement to participate provides that the Municipalities will be self-sustaining through member premiums. Additional premiums may be due if total claims for the pool are different than what has been anticipated by pool administrator.

The City continues to carry commercial insurance for all other risks of loss, including general liability, crime, inland marine, errors and omissions, business auto, and property. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF CENTRALIA, KANSAS

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022

Note 10 – Defined Benefit Pension Plan

Plan Description: The non-school Municipality participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained 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 \$17,185 for the year ended December 31, 2022.

Net Pension Liability

At December 31, 2022, the (non-school municipality)'s proportionate share of the collective net pension liability reported by KPERS was \$223,245. 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 CENTRALIA, KANSAS

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2022**

Note 11 - Compliance, Stewardship and Accountability

K.S.A. 79-2935 states that expenditures, including encumbrances, in any lawfully budgeted fund shall not exceed the adopted budget of expenditures plus any reimbursements (budget credits) of current year expenditures for such fund for that budget year. The Library Fund exceeded the adopted budget which appears to be a violation of this statute.

Note 12 - Evaluation of Subsequent Events

The City has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report, which is the date the financial statement was available for issue.

Regulatory Required Supplementary Information

**CITY OF CENTRALIA, KANSAS
SUMMARY OF EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget	Expenditures Chargeable to Current Year	Variance Over (Under)
General Funds:					
General Fund	\$ 329,796	\$ -	\$ 329,796	\$ 328,457	\$ (1,339)
Special Purpose Funds:					
Library Fund	31,000	-	31,000	31,526	526
Special Highway Fund	30,000	-	30,000	30,000	-
Business Funds:					
Water Utility Fund	209,315	-	209,315	196,933	(12,382)
Sewer Utility Fund	91,500	-	91,500	88,561	(2,939)
Electric Utility Fund	537,000	-	537,000	527,342	(9,658)
Centralia Lake Fund	123,000	-	123,000	122,878	(122)
Electric Reserve Fund	103,800	-	103,800	99,536	(4,264)
Water Reserve Fund	25,373	-	25,373	25,373	-

**CITY OF CENTRALIA, KANSAS
GENERAL FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts			
Ad valorem tax	\$ 63,496	\$ 70,564	\$ (7,068)
Delinquent tax	335	-	335
Motor vehicle tax	11,773	11,331	442
Recreational vehicle tax	378	321	57
16/20M vehicle tax	149	173	(24)
Commercial vehicle tax	-	713	(713)
Watercraft tax	-	30	(30)
Liquor tax	2,943	-	2,943
Local sales tax	66,949	58,000	8,949
Franchise tax	13,399	8,500	4,899
SAC tax	4,519	-	4,519
Personal property current tax	1,745	-	1,745
Reimbursements	10,602	2,500	8,102
Municipal court fees	-	500	(500)
Sale of material	7,514	500	7,014
Licenses	150	200	(50)
Library wage reimbursement	28,351	26,000	2,351
Pool revenue	5,190	5,500	(310)
Solid waste revenue	55,198	-	55,198
Interest on idle funds	5,374	5,000	374
Miscellaneous	3,496	5,000	(1,504)
Transfers in	75,000	112,000	(37,000)
	<u>356,561</u>	<u>\$ 306,832</u>	<u>\$ 49,729</u>
Total Receipts			
Expenditures			
General administration	99,223	\$ 139,300	\$ (40,077)
Streets	103,129	91,500	11,629
Pool	27,163	29,562	(2,399)
Solid waste	36,753	36,000	753
Parks	14,473	17,734	(3,261)
Library	28,351	-	28,351
Emergency services	6,465	5,700	765
Neighborhood revitalization rebate	2,900	-	2,900
Transfers out	10,000	10,000	-
Cash forward	-	-	-
	<u>328,457</u>	<u>\$ 329,796</u>	<u>\$ (1,339)</u>
Total Expenditures			
Receipts Over (Under) Expenditures	28,104		
Unencumbered Cash, Beginning	<u>19,778</u>		
Unencumbered Cash, Ending	<u>\$ 47,882</u>		

**CITY OF CENTRALIA, KANSAS
LIBRARY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts			
Ad valorem tax	\$ 22,893	\$ 25,440	\$ (2,547)
Delinquent tax	129	-	129
Motor vehicle tax	4,714	4,544	170
Recreational vehicle tax	152	129	23
16/20 M vehicle tax	59	69	(10)
Commercial vehicle tax	-	286	(286)
Watercraft tax	-	12	(12)
SAC tax	1,629	-	1,629
Personal property current tax	629	-	629
Miscellaneous	1,321	-	1,321
Total Receipts	<u>31,526</u>	<u>\$ 30,480</u>	<u>\$ 1,046</u>
Expenditures			
Operating expenses	30,480	\$ 31,000	\$ (520)
Neighborhood revitalization rebate	1,046	-	1,046
Total Expenditures	<u>31,526</u>	<u>\$ 31,000</u>	<u>\$ 526</u>
Receipts Over (Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	<u>\$ -</u>		

**CITY OF CENTRALIA, KANSAS
SPECIAL HIGHWAY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Actual	Budget	Variance Over (Under)
Receipts			
State of Kansas gas tax	\$ 13,541	\$ 13,500	\$ 41
Total Receipts	13,541	\$ 13,500	\$ 41
Expenditures			
Street repair and maintenance	30,000	\$ 20,000	\$ 10,000
Cash forward	-	10,000	(10,000)
Total Expenditures	30,000	\$ 30,000	\$ -
Receipts Over (Under) Expenditures	(16,459)		
Unencumbered Cash, Beginning	33,390		
Unencumbered Cash, Ending	\$ 16,931		

CITY OF CENTRALIA, KANSAS
CAPITAL IMPROVEMENT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Actual</u>
Receipts	
Transfers in	\$ 57,000
Reimbursement	<u>5,609</u>
Total Receipts	<u>62,609</u>
Expenditures	
Capital outlay	<u>73,471</u>
Total Expenditures	<u>73,471</u>
Receipts Over (Under) Expenditures	(10,862)
Unencumbered Cash, Beginning	<u>22,433</u>
Unencumbered Cash, Ending	<u><u>\$ 11,571</u></u>

**CITY OF CENTRALIA, KANSAS
EQUIPMENT RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Actual
Receipts	
Sale of material	\$ 156
Transfers in	33,000
Total Receipts	33,156
Expenditures	
Capital outlay	48,350
Total Expenditures	48,350
Receipts Over (Under) Expenditures	(15,194)
Unencumbered Cash, Beginning	15,194
Unencumbered Cash, Ending	\$ -

**CITY OF CENTRALIA, KANSAS
 GRANT FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

	Actual
Receipts	
Grants	\$ 40,060
Total Receipts	40,060
Expenditures	
Capital outlay	-
Total Expenditures	-
Receipts Over (Under) Expenditures	40,060
Unencumbered Cash, Beginning	-
Unencumbered Cash, Ending	\$ 40,060

CITY OF CENTRALIA, KANSAS
WATER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts			
Fees received	\$ 133,403	\$ 132,000	\$ 1,403
Licenses	-	-	-
Total Receipts	<u>133,403</u>	<u>\$ 132,000</u>	<u>\$ 1,403</u>
Expenditures			
Salaries	52,960	\$ 29,000	\$ 23,960
Benefits	9,591	8,000	1,591
Purchased water	22,798	25,000	(2,202)
Commodities	1,788	4,000	(2,212)
Contractual	16,604	5,000	11,604
Insurance	5,192	5,000	192
Water tower inspection	-	8,315	(8,315)
Capital outlay	13,000	75,000	(62,000)
Cash forward	-	10,000	(10,000)
Transfers out	75,000	40,000	35,000
Total Expenditures	<u>196,933</u>	<u>\$ 209,315</u>	<u>\$ (12,382)</u>
Receipts Over (Under) Expenditures	(63,530)		
Unencumbered Cash, Beginning	<u>155,938</u>		
Unencumbered Cash, Ending	<u>\$ 92,408</u>		

**CITY OF CENTRALIA, KANSAS
SEWER UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Actual	Budget	Variance Over (Under)
Receipts			
Fees received	\$ 78,966	\$ 83,000	\$ (4,034)
Licenses	-	-	-
Reimbursements	-	-	-
	78,966	\$ 83,000	\$ (4,034)
Expenditures			
Salaries	22,698	\$ 29,000	\$ (6,302)
Benefits	4,409	8,000	(3,591)
Operating expenses	22,316	19,000	3,316
Capital outlay	19,138	-	19,138
Utilities	-	500	(500)
Cash forward	-	15,000	(15,000)
Transfers out	20,000	20,000	-
	88,561	\$ 91,500	\$ (2,939)
Receipts Over (Under) Expenditures	(9,595)		
Unencumbered Cash, Beginning	29,868		
Unencumbered Cash, Ending	\$ 20,273		

CITY OF CENTRALIA, KANSAS
ELECTRIC UTILITY FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts			
Fees received	\$ 437,538	\$ 433,000	\$ 4,538
Reimbursement	4,771	-	4,771
Total Receipts	<u>442,309</u>	<u>\$ 433,000</u>	<u>\$ 9,309</u>
Expenditures			
Salaries	26,576	\$ 29,000	\$ (2,424)
Benefits	3,908	8,000	(4,092)
Purchased electricity	245,760	190,000	55,760
Electric transmissions cost	15,817	25,000	(9,183)
Commodities	7,207	5,000	2,207
Contractual	24,963	20,000	4,963
Insurance	3,111	2,500	611
Management fees	-	12,500	(12,500)
Capital outlay	10,000	75,000	(65,000)
Cash forward	-	20,000	(20,000)
Transfers out	190,000	150,000	40,000
Total Expenditures	<u>527,342</u>	<u>\$ 537,000</u>	<u>\$ (9,658)</u>
Receipts Over (Under) Expenditures	(85,033)		
Unencumbered Cash, Beginning	<u>214,259</u>		
Unencumbered Cash, Ending	<u>\$ 129,226</u>		

CITY OF CENTRALIA, KANSAS
CENTRALIA LAKE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Receipts			
Lake permit fees	\$ 72,664	\$ 80,000	\$ (7,336)
Advance lake fees	32,292	-	32,292
Kansas fish and game permits	17,510	15,000	2,510
Reimbursement	132	-	132
Haying lease payments	9,188	4,650	4,538
	<u>131,786</u>	<u>\$ 99,650</u>	<u>\$ 32,136</u>
Expenditures			
Salaries and benefits	36,036	\$ 33,000	\$ 3,036
Contractual	2,449	7,500	(5,051)
Commodities	9,585	7,500	2,085
Insurance	4,947	5,000	(53)
Utilities	23,505	20,000	3,505
Road work	8,341	7,000	1,341
Capital outlay	33,015	3,000	30,015
Cash forward	-	10,000	(10,000)
Transfers out	5,000	30,000	(25,000)
	<u>122,878</u>	<u>\$ 123,000</u>	<u>\$ (122)</u>
Receipts Over (Under) Expenditures	8,908		
Unencumbered Cash, Beginning	<u>66,241</u>		
Unencumbered Cash, Ending	<u>\$ 75,149</u>		

**CITY OF CENTRALIA, KANSAS
ELECTRIC RESERVE FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Actual	Budget	Variance Over (Under)
Receipts			
Transfers in	\$ 85,000	\$ 85,000	\$ -
Total Receipts	85,000	\$ 85,000	\$ -
Expenditures			
Bond principal	85,000	\$ 85,000	\$ -
Bond interest	14,536	18,800	(4,264)
Total Expenditures	99,536	\$ 103,800	\$ (4,264)
Receipts Over (Under) Expenditures	(14,536)		
Unencumbered Cash, Beginning	75,000		
Unencumbered Cash, Ending	\$ 60,464		

**CITY OF CENTRALIA, KANSAS
 WATER RESERVE FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

	Actual	Budget	Variance Over (Under)
Receipts			
Transfers in	\$ 20,000	\$ 20,000	\$ -
Total Receipts	20,000	\$ 20,000	\$ -
Expenditures			
Bond principal	20,000	\$ 20,000	\$ -
Bond interest	5,373	5,373	-
Total Expenditures	25,373	\$ 25,373	\$ -
Receipts Over (Under) Expenditures	(5,373)		
Unencumbered Cash, Beginning	32,253		
Unencumbered Cash, Ending	\$ 26,880		

CITY OF CENTRALIA, KANSAS
CAPITAL PROJECT ELECTRIC - PHASE II FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Actual</u>
Receipts	
Grants	\$ 322,084
Total Receipts	<u>322,084</u>
Expenditures	
Capital outlay	<u>402,737</u>
Total Expenditures	<u>402,737</u>
Receipts Over (Under) Expenditures	(80,653)
Unencumbered Cash, Beginning	<u>183,505</u>
Unencumbered Cash, Ending	<u><u>\$ 102,852</u></u>

CITY OF CENTRALIA, KANSAS
CCLIP STREET PROJECT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Actual</u>
Receipts	
Transfers in	<u>\$ 30,000</u>
Total Receipts	<u>30,000</u>
Expenditures	
Capital outlay	<u>27,297</u>
Total Expenditures	<u>27,297</u>
Receipts Over (Under) Expenditures	2,703
Unencumbered Cash, Beginning	<u>36,498</u>
Unencumbered Cash, Ending	<u><u>\$ 39,201</u></u>

CITY OF CENTRALIA, KANSAS
SWIMMING POOL PROJECT FUND
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Actual</u>
Receipts	
Grants	\$ -
Donations	653,313
Interest	<u>659</u>
Total Receipts	<u>653,972</u>
Expenditures	
Capital outlay	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over (Under) Expenditures	653,972
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 653,972</u></u>

**CITY OF CENTRALIA, KANSAS
 AGENCY FUND
 SCHEDULE OF RECEIPTS AND EXPENDITURES – ACTUAL
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

Funds	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Utility Deposits	\$ 2,100	\$ 6,750	\$ 2,100	\$ 6,750
Total Agency Funds	<u>\$ 2,100</u>	<u>\$ 6,750</u>	<u>\$ 2,100</u>	<u>\$ 6,750</u>

**CITY OF CENTRALIA, KANSAS
 SCHEDULE OF RECEIPTS AND EXPENDITURES
 RELATED MUNICIPAL ENTITY
 CENTRALIA CITY LIBRARY
 REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2022**

	Actual
Receipts	
Miscellaneous	54,769
Total Receipts	54,769
Expenditures	
Salaries	31,089
Operating expenses	11,255
Contractual	9,189
Commodities	1,077
Total Expenditures	52,610
Receipts Over (Under) Expenditures	2,159
Unencumbered Cash, Beginning	63,544
Unencumbered Cash, Ending	\$ 65,703