

CITY OF BASEHOR, KANSAS



FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

Prepared by:

Finance Department
City of Basehor, Kansas

CITY OF BASEHOR, KANSAS
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

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YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Basehor, Kansas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Basehor, Kansas (the City) as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund, consolidated highway fund, capital improvements reserve fund and employee benefit fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matters

As discussed in Note 1 to the financial statements, on January 1, 2021, the City adopted Governmental Accounting Standards Board Statement No. 91, *Conduit Debt Obligations*. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, the financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

An Independently Owned Member, RSM US Alliance

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern 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 Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who

considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The statements and schedules listed under supplementary information in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BT & Co., P.A.

June 24, 2022
Topeka, Kansas

CITY OF BASEHOR, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021

As management of the City of Basehor (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. The City of Basehor is the 2nd fastest growing city in Kansas with a population of 5,000 or more. The City maintains a AA+ long-term rating from S&P Global Ratings, attributable to strong reserves, very strong financial management, and a minimal debt burden. We encourage readers to consider the information presented here along with the City's basic financial statements and the related notes to the basic financial statements.

Financial Highlights

- The assets and deferred outflow of resources of the City increased 19.35% from 2020. Total assets and deferred outflow of resources at December 31, 2021 was \$48,665,765 compared to \$40,774,888 at December 31, 2020.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2021 by \$32,105,769 (net position).
- The City's total net position increased by \$2,051,857 from the 2020 restated amounts. The Governmental Activities increased \$1,113,944 and the Business-Type Activities increased \$937,913.
- The City's capital assets at December 31, 2021 were \$25,947,462 with a breakdown of \$13,371,046 in Governmental Activities and \$12,576,416 in Business-Type Activities. The City had capital asset additions of \$1,728,867, with the capital assets being net of accumulated depreciation, where applicable.
- As of December 31, 2021, the City's governmental funds reported combined ending fund balances of \$10,227,644, an increase of \$901,440 from the prior year restated balances. A primary reason for the overall increase in fund balance of the City's governmental funds was attributable to \$308,486 in increased property tax revenue and \$435,936 in increased sales tax revenue.
- At December 31, 2021, the fund balance for the General Fund was \$3,359,249 or 99.67% of general fund revenues
- The City's total debt decreased by \$574,567 during 2021 to a total of \$10,594,026.
- The Net Pension Liability as of the end of the year is \$1,512,137, a decrease of \$255,072.
- The City received American Rescue Plan Act (ARPA) funds from the federal government totaling \$495,867 for certain permissible uses in response to the COVID-19 global pandemic.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities. The City maintains 11 individual governmental funds. This number of funds increased from 2020 with the establishment of the American Rescue Plan Act (ARPA) fund. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Consolidated Highway Fund, Capital Improvements Reserve Fund, Employee Benefit Fund, ARPA Fund, and Bond and Interest Fund, all of which are considered to be major funds.

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

Proprietary funds

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

Notes to the Basic Financial Statements

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

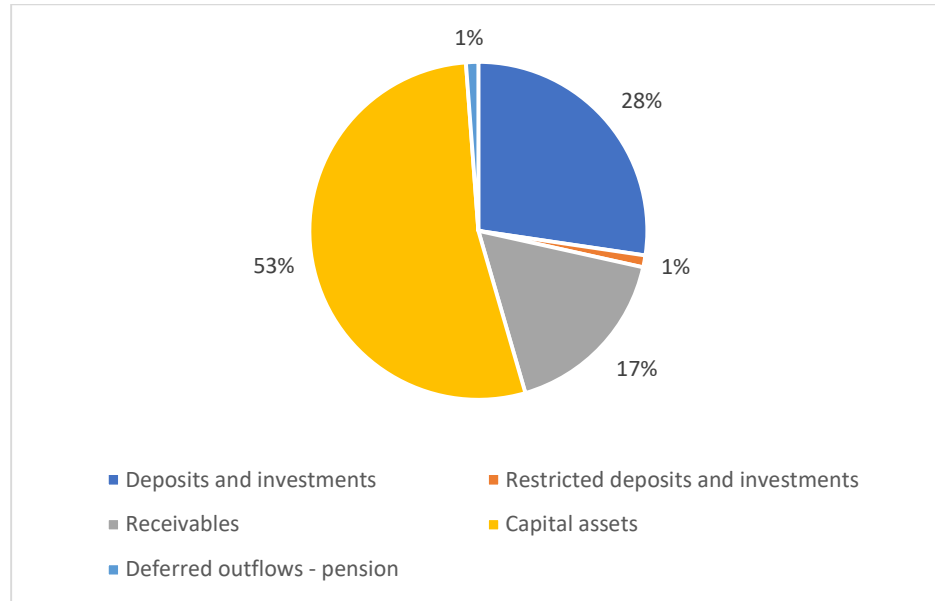
Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$32,105,769 at December 31, 2021. The City's net position increased by \$2,051,857. Governmental activities increased net position by \$1,113,944 while business-type activities increased net position by \$937,913 in 2021.

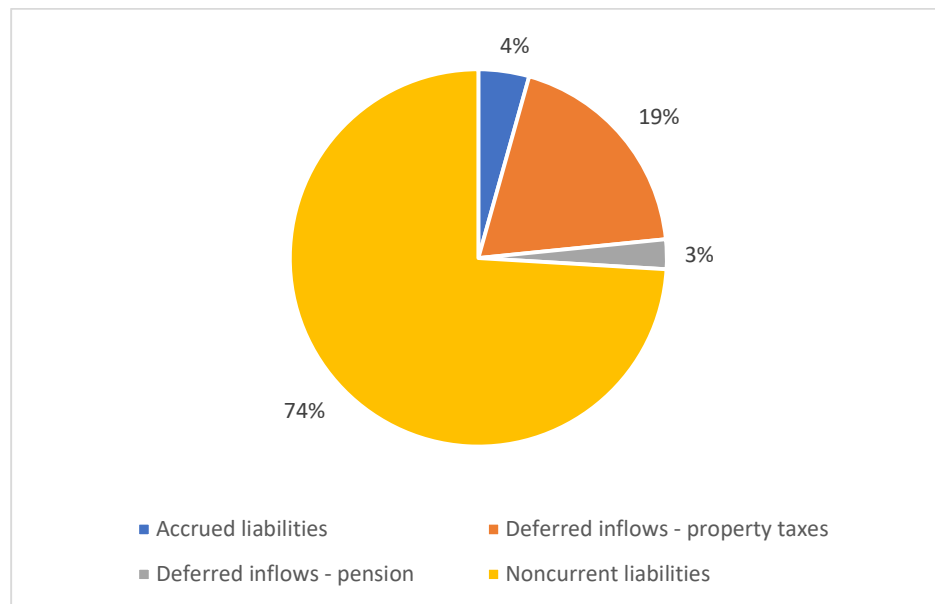
The following is a comparative summary of Statements of Net Position at December 31, 2021 and 2020:

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
ASSETS AND DEFERRED OUTFLOWS						
Current and other assets	\$ 18,413,153	\$ 11,876,250	\$ 3,730,934	\$ 2,815,366	\$ 22,144,087	\$ 14,691,616
Capital assets	13,371,046	13,001,051	12,576,416	12,673,058	25,947,462	25,674,109
Deferred outflows	574,216	409,163	-	-	574,216	409,163
Total Assets and Deferred Outflows	\$ 32,358,415	\$ 25,286,464	\$ 16,307,350	\$ 15,488,424	\$ 48,665,765	\$ 40,774,888
LIABILITIES AND DEFERRED INFLOWS						
Current and other liabilities	\$ 1,540,467	\$ 670,174	\$ 385,423	\$ 452,512	\$ 1,925,890	\$ 1,122,686
Long-term liabilities	8,565,200	7,708,216	2,493,518	4,292,586	11,058,718	12,000,802
Deferred inflows	3,575,388	2,890,609	-	-	3,575,388	2,890,609
Total Liabilities and Deferred Inflows	\$ 13,681,055	\$ 11,268,999	\$ 2,878,941	\$ 4,745,098	\$ 16,559,996	\$ 16,014,097
NET POSITION						
Net investment in capital assets	\$ 5,565,538	\$ 6,536,944	\$ 9,787,898	\$ 7,968,572	\$ 15,353,436	\$ 14,505,516
Restricted	11,238,620	1,028,204	-	-	11,238,620	1,028,204
Unrestricted	1,873,202	6,452,317	3,640,511	2,774,754	5,513,713	9,227,071
Total net position, beginning	18,677,360	14,017,465	13,428,409	10,743,326	32,105,769	24,760,791
Prior period adjustment	-	3,545,951	-	1,747,170	-	5,293,121
Total Net Position, as restated	\$ 18,677,360	\$ 17,563,416	\$ 13,428,409	\$ 12,490,496	\$ 32,105,769	\$ 30,053,912

The largest portions of the City's assets and deferred outflows of resources, 53%, are its capital assets (e.g., land, buildings, equipment, improvements, and infrastructure) and deposits and investments, 28%, including investments in certificate of deposits, bank accounts, and municipal investment pool.



The following is an allocation of the liabilities and deferred inflow of resources at December 31, 2021:

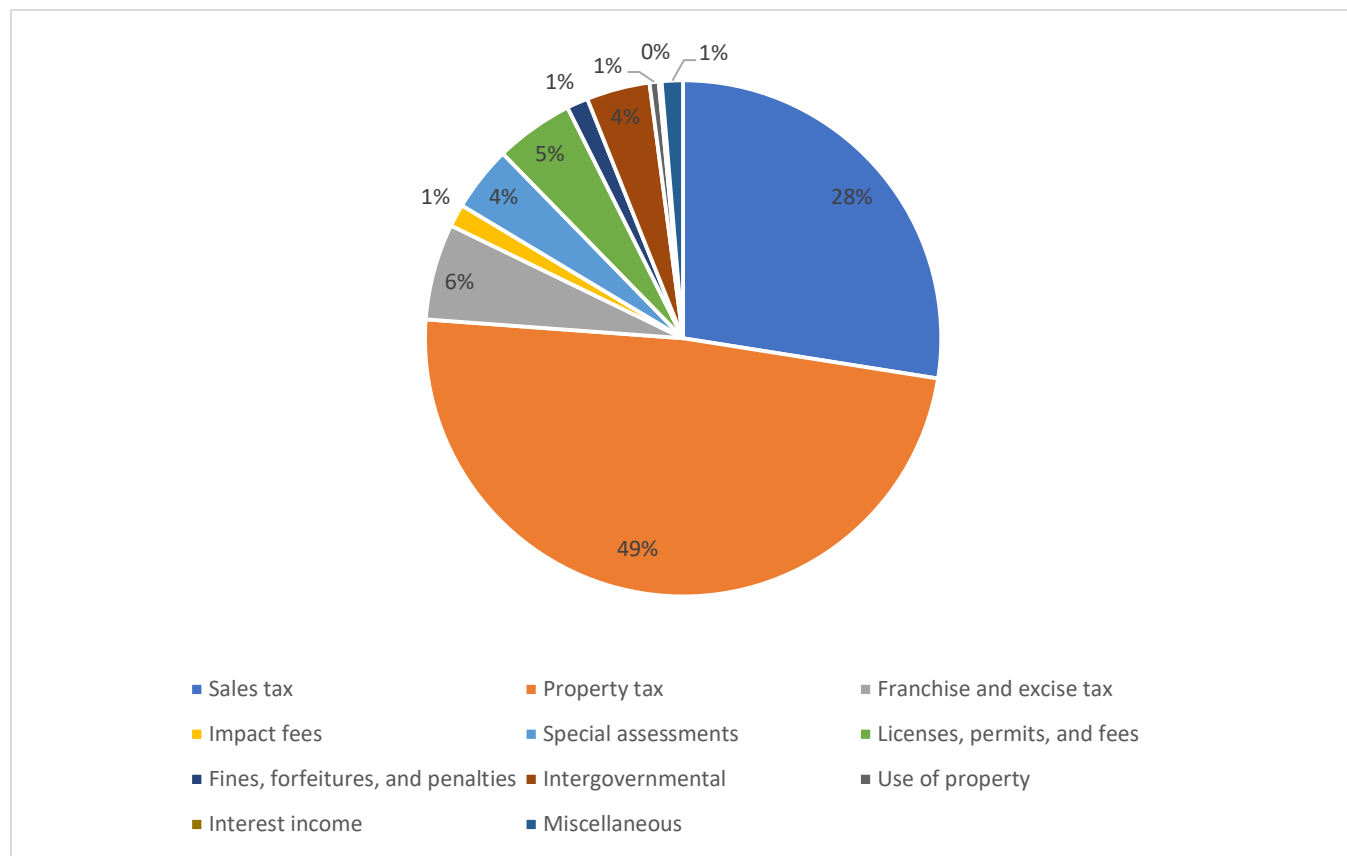


General obligation bonds account for 62% of the total liabilities and deferred inflows of resources.

The City has a Current Ratio of 3.52 at December 31, 2021. The Current Ratio compares the current assets to current liabilities. This ratio determines whether the City can meet its current obligations. The current ratio in 2020 was 3.04. A ratio greater than 2 is considered excellent.

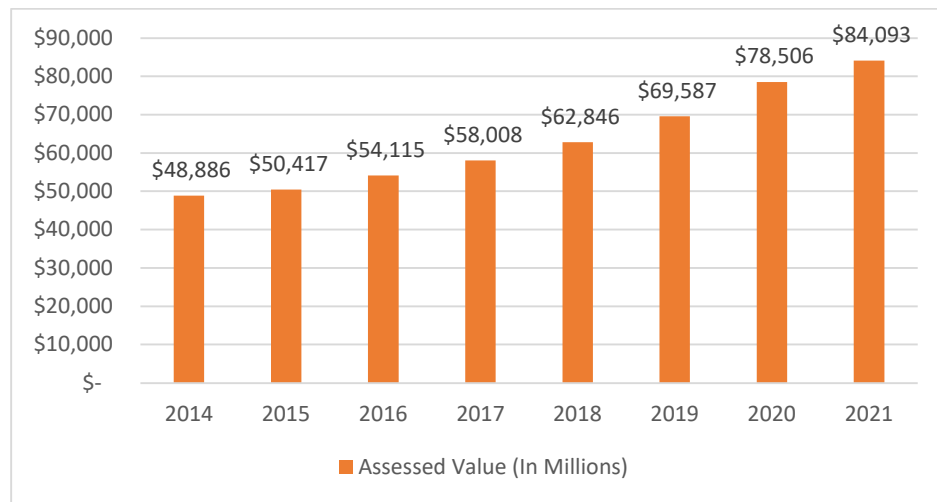
Analysis of the City's Operations – Overall the City had an increase in total assets and deferred inflows of resources of \$7,890,877. Tax revenues (including property and sales) outperformed the budgeted amount in the General Fund by \$271,750. Sewer and solid waste charges increased 26% which was related to an increase in rates and an increase in sewer customers. Sewer and solid waste operating expenses decreased 2% to \$1,794,167 in 2021 compared to \$1,834,595 in 2020. A statement of revenues, expenditures, and changes in fund balances for governmental funds is included in this report.

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



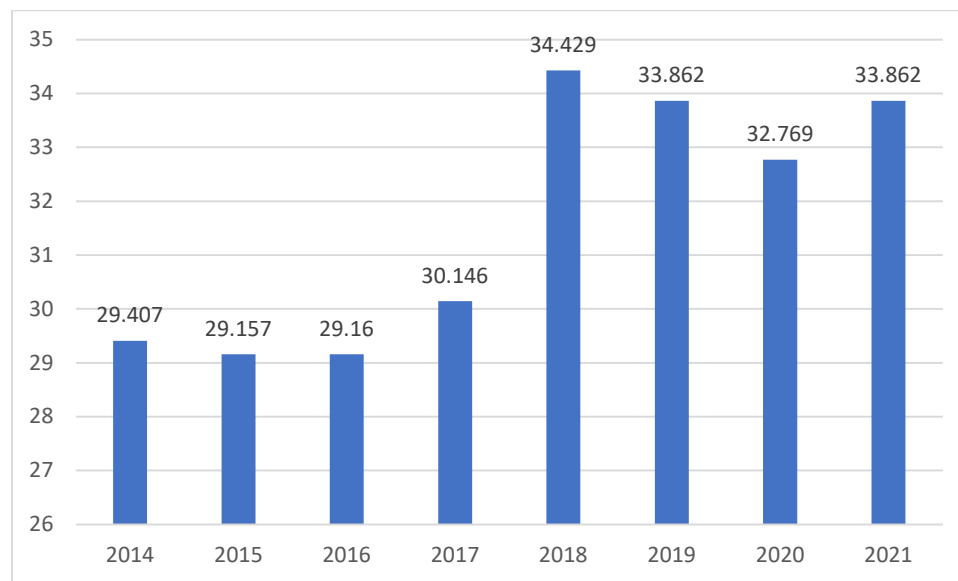
Property taxes accounted for 49% of the total revenues in 2021. Property taxes are determined during the annual budget process as required by the State. To determine property taxes, the County Appraiser provides an appraisal for the various properties in the City. Once the appraisal has been determined, the appraised value is converted to an assessed value, which is established by the State. For homeowners the assessment percentage is 11.5% of the appraised value, and commercial properties is 25% of the appraised value.

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



The assessed value has increased at a compounded annual growth rate of (CAGR) of 8.06% from 2014. The increase in value is attributed to the increase in the appraised value of properties and the increase in population growth. The City is the 2nd fastest growing City in Kansas with a population of 5,000 or more.

The mill levy is the “tax rate” that is applied to the properties. One mill is \$1 per \$1,000 dollars of assessed value. In 2021 and 2020, one mill was valued at \$84,093 and \$78,506, respectively, per \$1,000 dollars of assessed value. The following represents the actual mill levies:



Financial Analysis of the City's Funds

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

Governmental funds

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

The General Fund is the main operating fund of the City. At December 31, 2021, the fund balance for the General Fund was \$3,359,249 or 99.7% of general fund revenues. The fund balance of the General Fund increased by \$519,663 in 2021 and \$174,717 during 2020 comparatively.

The Consolidated Highway Fund had a total fund balance of \$3,656,339. The net increase in the fund balance during 2021 was \$566,394. Strong sales tax performance was a contributing factor into the increase in fund balance.

The Capital Improvements Reserve Fund had a total fund balance of \$1,971,315 which represented a decrease of \$252,560. The decrease is attributable to additional expenses in capital outlay.

Proprietary Funds

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

The net position of the Sewer Utility Fund at the end of 2021 and 2020 was \$13,315,972 and \$10,641,548, respectively; and the Solid Waste Fund was \$112,437 and \$101,778, respectively. The Sewer Utility Fund had an Operating Ratio of 2.93 and 2.04 in 2021 and 2020, respectively. This ratio compares the operating revenues to operating expenses, less depreciation. A ratio greater than 1.20 is an indication that the rates are adequate.

Budgetary Highlights

Property taxes are determined by assessed values and mill rates (also referred to as mill levies or tax rates). The City is required to have balanced budgets for their levy funds. As a result, property taxes are a key source of revenue for the City. In 2021, property taxes collected in the General Fund were \$125,666 more than budget and the sales taxes collected in the General Fund were \$146,084 more than budget. As part of the budgeting process the City budgets for a contingency reserve for unforeseen expenditures. For 2021, expenditures exceeded the budget in Capital Improvements Reserve fund by \$43,340.

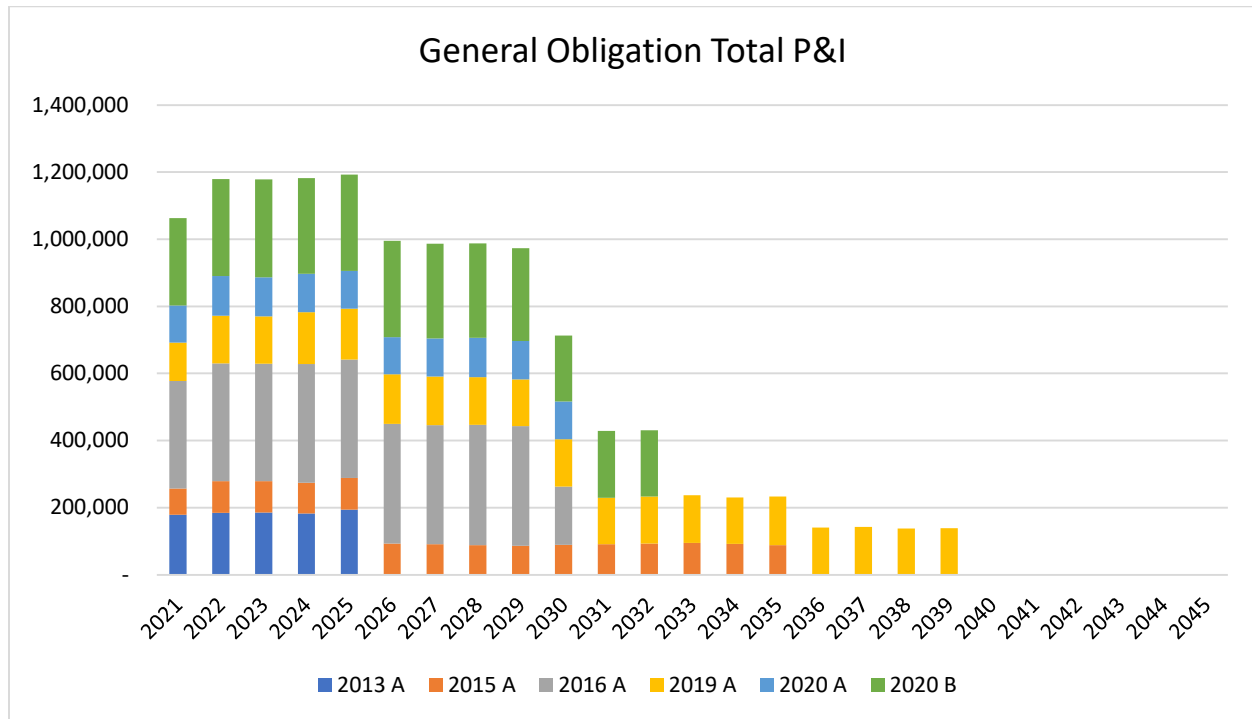
Capital Asset and Debt Administration

Capital Assets

The City's capital assets for its governmental and business-type activities as of December 31, 2021, totaled \$25,947,462 (net of accumulated depreciation). Total capital assets includes land, buildings, improvements, vehicles, equipment, streets and sewer lines. More detailed information about the City's capital assets is presented in the Basic Financial Statements included in this report.

Long-Term Debt

The following represents the outstanding debt at December 31, 2021:



In 2021, the City did not issue any general obligation debt. The rating for the City's general obligation bonds is an AA+/Stable rating from Standard & Poor's (S&P) which was upgraded from AA.

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

Request for Information

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

CITY OF BASEHOR, KANSAS
STATEMENT OF NET POSITION
December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Deposits and investments	\$ 9,819,538	\$ 3,482,134	\$ 13,301,672
Restricted deposits and investments	547,583	-	547,583
Receivables:			
Taxes	3,544,813	-	3,544,813
Municipal court	10,677	-	10,677
Accounts	25,537	248,800	274,337
Intergovernmental	45,517	-	45,517
Special assessments	4,419,488	-	4,419,488
Capital assets, net of accumulated depreciation, where applicable:			
Land	659,377	-	659,377
Construction in progress	143,868	-	143,868
Land improvements	483,706	-	483,706
Buildings	2,235,985	6,382,230	8,618,215
Infrastructure	8,526,648	6,166,548	14,693,196
Machinery and equipment	1,321,462	27,638	1,349,100
Total assets	<u>31,784,199</u>	<u>16,307,350</u>	<u>48,091,549</u>
Deferred outflows of resources:			
Deferred outflows - pension	574,216	-	574,216
Total deferred outflow of resources	<u>574,216</u>	<u>-</u>	<u>574,216</u>
Liabilities:			
Accounts payable	64,985	26,280	91,265
Accrued liabilities	47,833	8,563	56,396
Unearned revenues	495,675	-	495,675
Accrued interest	59,557	18,629	78,186
Noncurrent liabilities:			
Due within one year	872,417	331,951	1,204,368
Due in more than one year	8,565,200	2,493,518	11,058,718
Total liabilities	<u>10,105,667</u>	<u>2,878,941</u>	<u>12,984,608</u>
Deferred inflows of resources:			
Deferred inflows - property taxes	3,157,528	-	3,157,528
Deferred inflows - pension	417,860	-	417,860
Total deferred inflows of resources	<u>3,575,388</u>	<u>-</u>	<u>3,575,388</u>
Net position:			
Net investment in capital assets	5,565,538	9,787,898	15,353,436
Restricted for:			
Debt service	4,893,362	-	4,893,362
Capital improvements	2,208,986	-	2,208,986
Street projects	3,656,339	-	3,656,339
Employee benefits	116,267	-	116,267
Pandemic response	192	-	192
Culture and recreation	310,239	-	310,239
Public safety	53,235	-	53,235
Unrestricted	1,873,202	3,640,511	5,513,713
Total net position	<u>\$ 18,677,360</u>	<u>\$ 13,428,409</u>	<u>\$ 32,105,769</u>

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 2,376,395	\$ 363,693	\$ 49,988	\$ -	\$ (1,962,714)	\$ -	\$ (1,962,714)
Public safety	1,301,670	-	19,688	-	(1,281,982)	-	(1,281,982)
Public works	1,888,394	165,606	211,920	265,556	(1,245,312)	-	(1,245,312)
Culture and recreation	83,520	64,800	44,332	-	25,612	-	25,612
Neighborhood revitalization	4,442	-	-	-	(4,442)	-	(4,442)
Interest on long-term debt	168,487	-	-	-	(168,487)	-	(168,487)
Total governmental activities	5,822,908	594,099	325,928	265,556	(4,637,325)	-	(4,637,325)
Business-type activities:							
Sewer Utility	1,300,595	2,265,625	-	88,944	-	1,053,974	1,053,974
Solid Waste Utility	537,249	547,815	-	-	-	10,566	10,566
Total business-type activities	1,837,844	2,813,440	-	88,944	-	1,064,540	1,064,540
Total government	\$ 7,660,752	\$ 3,407,539	\$ 325,928	\$ 354,500	(4,637,325)	1,064,540	(3,572,785)
General revenues:							
Property taxes					3,321,911	-	3,321,911
Sales taxes					1,875,678	-	1,875,678
Franchise taxes					297,708	-	297,708
Excise taxes					114,421	-	114,421
Unrestricted investment earnings					11,551	3,373	14,924
Transfers, net					130,000	(130,000)	-
Total general revenues and transfers					5,751,269	(126,627)	5,624,642
Change in net position					1,113,944	937,913	2,051,857
Net position, beginning of year, as previously stated					14,017,465	10,743,326	24,760,791
Prior period adjustments					3,545,951	1,747,170	5,293,121
Net position, beginning of year, as restated					17,563,416	12,490,496	30,053,912
Net position, end of year					\$ 18,677,360	\$ 13,428,409	\$ 32,105,769

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	Major Funds							
	Capital						Total	
	General	Consolidated Highway	Improvements Reserve	Employee Benefit	ARPA	Bond and Interest	Nonmajor Funds	Governmental
Assets:								
Deposits and investments	\$ 3,238,707	\$ 2,895,867	\$ 1,981,547	\$ 105,973	\$ 495,867	\$ 519,182	\$ 582,395	\$ 9,819,538
Receivables:								
Taxes	3,319,506	167,372	43,686	-	-	14,249	-	3,544,813
Intergovernmental	-	45,517	-	-	-	-	-	45,517
Special assessments	-	-	-	-	-	4,419,488	-	4,419,488
Municipal court	10,677	-	-	-	-	-	-	10,677
Accounts	6,787	-	-	-	-	-	18,750	25,537
Restricted deposits and investments	-	547,583	-	-	-	-	-	547,583
Total assets	<u>\$ 6,575,677</u>	<u>\$ 3,656,339</u>	<u>\$ 2,025,233</u>	<u>\$ 105,973</u>	<u>\$ 495,867</u>	<u>\$ 4,952,919</u>	<u>\$ 601,145</u>	<u>\$ 18,413,153</u>
Liabilities:								
Accounts payable	\$ 11,067	\$ -	\$ 53,918	\$ -	\$ -	\$ -	\$ -	\$ 64,985
Accrued liabilities	47,833	-	-	-	-	-	-	47,833
Unearned revenues	-	-	-	-	495,675	-	-	495,675
Total liabilities	<u>58,900</u>	<u>-</u>	<u>53,918</u>	<u>-</u>	<u>495,675</u>	<u>-</u>	<u>-</u>	<u>608,493</u>
Deferred inflows of resources:								
Unavailable revenue - property taxes	3,157,528	-	-	-	-	-	-	3,157,528
Unavailable revenue - special assessments	-	-	-	-	-	4,419,488	-	4,419,488
Total deferred inflows of resources	<u>3,157,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,419,488</u>	<u>-</u>	<u>7,577,016</u>
Fund balances:								
Restricted	-	3,656,339	1,971,315	105,973	192	533,431	601,145	6,868,395
Assigned	127,903	-	-	-	-	-	-	127,903
Unassigned	3,231,346	-	-	-	-	-	-	3,231,346
Total fund balances	<u>3,359,249</u>	<u>3,656,339</u>	<u>1,971,315</u>	<u>105,973</u>	<u>192</u>	<u>533,431</u>	<u>601,145</u>	<u>10,227,644</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,575,677</u>	<u>\$ 3,656,339</u>	<u>\$ 2,025,233</u>	<u>\$ 105,973</u>	<u>\$ 495,867</u>	<u>\$ 4,952,919</u>	<u>\$ 601,145</u>	<u>\$ 18,413,153</u>

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2021

Total fund balances - governmental funds		\$ 10,227,644
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		13,371,046
Other long-term assets are not available to pay for current expenditures and therefore are reported as unavailable in the funds.		4,419,488
Deferred outflows of resources related to pensions represent a consumption of net position that applies to a future period and therefore are not reported in the funds		574,216
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:		
General obligation bonds payable	\$ (7,205,000)	
Capital leases payable	(300,985)	
Interest payable	(59,557)	
Compensated absences	(119,972)	
Net pension liability	<u>(1,512,137)</u>	(9,197,651)
Governmental funds report the effect of premiums, discounts, and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Premium on general obligation bonds		(299,523)
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and therefore are not reported in the funds.		<u>(417,860)</u>
Net position of governmental activities		<u><u>\$ 18,677,360</u></u>

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2021

	Major Funds							
	General	Consolidated Highway	Capital Improvements Reserve	Employee Benefit	ARPA	Bond and Interest	Nonmajor Funds	Total Governmental
Revenues:								
Taxes:								
Property	\$ 1,965,746	\$ -	\$ -	\$ 697,083	\$ -	\$ 566,554	\$ 92,528	\$ 3,321,911
Sales	690,939	937,839	246,900	-	-	-	-	1,875,678
Franchise	297,708	-	-	-	-	-	-	297,708
Excise	-	114,421	-	-	-	-	-	114,421
Impact fees	-	96,200	-	-	-	-	-	96,200
Special assessments	-	-	-	-	-	278,869	-	278,869
Licenses, permits and fees	237,014	-	-	-	-	-	97,800	334,814
Fines, forfeitures and penalties	90,901	-	-	-	-	-	-	90,901
Intergovernmental	19,688	211,920	-	-	-	-	39,376	270,984
Use of property	-	-	-	-	-	-	40,000	40,000
Interest income	3,807	3,580	2,260	363	192	867	482	11,551
Miscellaneous	64,685	-	1,620	-	-	-	24,644	90,949
Total Revenues	3,370,488	1,363,960	250,780	697,446	192	846,290	294,830	6,823,986
Expenditures:								
Current								
General government	1,416,086	-	-	846,811	-	-	-	2,262,897
Public works	286,085	797,566	-	-	-	-	30,063	1,113,714
Culture and recreation	-	-	-	-	-	-	53,712	53,712
Public safety	1,134,957	-	-	-	-	-	-	1,134,957
Neighborhood revitalization	3,364	-	-	951	-	-	127	4,442
Debt service								
Principal	51,003	-	-	-	-	645,000	-	696,003
Interest and other charges	1,329	-	-	-	-	193,909	-	195,238
Debt issuance costs	12,615	-	-	-	-	-	-	12,615
Capital outlay	427,374	-	503,340	-	-	-	242	930,956
Total expenditures	3,332,813	797,566	503,340	847,762	-	838,909	84,144	6,404,534
Excess (deficiency) of revenues over (under) expenditures	37,675	566,394	(252,560)	(150,316)	192	7,381	210,686	419,452
Other financing sources (uses):								
Transfers in	130,000	-	-	-	-	-	-	130,000
Capital lease	351,988	-	-	-	-	-	-	351,988
Total other financing sources (uses)	481,988	-	-	-	-	-	-	481,988
Net change in fund balances	519,663	566,394	(252,560)	(150,316)	192	7,381	210,686	901,440
Fund balances, beginning of year, as previously stated	2,748,117	2,915,641	2,190,437	256,335	-	513,952	350,459	8,974,941
Prior period adjustments	91,469	174,304	33,438	(46)	-	12,098	40,000	351,263
Fund balances, beginning of year, as restated	2,839,586	3,089,945	2,223,875	256,289	-	526,050	390,459	9,326,204
Fund balances, end of year	\$ 3,359,249	\$ 3,656,339	\$ 1,971,315	\$ 105,973	\$ 192	\$ 533,431	\$ 601,145	\$ 10,227,644

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total government funds		\$ 901,440
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 902,499	
Depreciation expense	<u>(1,001,775)</u>	(99,276)
The net effect of various miscellaneous transactions involving capital assets (e.g. sales, trade-ins, disposals, and donations) is to increase net position.		265,556
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(282,688)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:		
Debt issued:		
Capital leases	(351,988)	
Principal payments:		
General obligation bonds	645,000	
Capital leases	<u>51,003</u>	344,015
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in		
Compensated absences	(101,267)	
Pension	46,799	
Accrued interest	13,578	
Amortization of bond premiums	<u>25,787</u>	(15,103)
Change in net position of governmental activities		<u><u>\$ 1,113,944</u></u>

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Property taxes	\$ 1,840,080	\$ 1,840,080	\$ 1,965,746	\$ 125,666
Sales taxes	519,361	519,361	665,445	146,084
Franchise taxes	302,022	302,022	297,914	(4,108)
Licenses, permits and fees	138,324	138,324	237,014	98,690
Fines, forfeitures and penalties	115,000	115,000	90,901	(24,099)
Intergovernmental	15,376	15,376	19,688	4,312
Use of property	40,000	40,000	-	(40,000)
Interest income	15,375	15,375	3,766	(11,609)
Miscellaneous	19,626	19,626	29,996	10,370
Total revenues	3,005,164	3,005,164	3,310,470	305,306
Expenditures:				
General administration:				
Personnel	507,207	507,207	476,893	(30,314)
Contractual services	625,550	625,550	863,858	238,308
Commodities	92,850	92,850	73,010	(19,840)
Capital outlay	2,350,655	2,350,655	13,906	(2,336,749)
Neighborhood revitalization	50,000	50,000	3,364	(46,636)
	3,626,262	3,626,262	1,431,031	(2,195,231)
Public safety:				
Personnel	1,131,294	1,131,294	1,018,726	(112,568)
Contractual services	216,550	216,550	65,425	(151,125)
Commodities	53,400	53,400	47,727	(5,673)
Capital outlay	-	-	11,859	11,859
	1,401,244	1,401,244	1,143,737	(257,507)
Public works:				
Personnel	360,189	360,189	254,341	(105,848)
Contractual services	26,750	26,750	21,025	(5,725)
Commodities	17,500	17,500	9,953	(7,547)
Capital outlay	15,000	15,000	20,690	5,690
	419,439	419,439	306,009	(113,430)
Total expenditures	5,446,945	5,446,945	2,880,777	(2,566,168)
Excess (deficiency) of revenues over (under) expenditures	(2,441,781)	(2,441,781)	429,693	2,871,474
Other financing sources (uses)				
Transfers in	165,250	165,250	130,000	(35,250)
Transfers out	(60,000)	(60,000)	(60,000)	-
Total other financing sources (uses)	105,250	105,250	70,000	(35,250)
Net change in fund balances	\$ (2,336,531)	\$ (2,336,531)	499,693	\$ 2,836,224
Fund balances, beginning of year			2,600,044	
Fund balances, end of year			3,099,737	
Explanation of difference between budgetary and GAAP fund balances:				
Sales tax receivable			123,685	
Franchise tax receivable			38,293	
Court receivable			10,677	
Accounts receivable			6,787	
Accrued payroll			(47,833)	
Fund balances on the basis of GAAP - General Fund only			3,231,346	
Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials:				
Municipal Equipment Reserve			127,903	
			\$ 3,359,249	

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CONSOLIDATED HIGHWAY FUND
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Sales tax	\$ 581,091	\$ 581,091	\$ 902,096	\$ 321,005
Intergovernmental	149,790	149,790	209,078	59,288
Impact fees	-	-	96,200	96,200
Excise taxes	188,612	188,612	114,421	(74,191)
Interest income	4,815	4,815	3,580	(1,235)
Total revenues	924,308	924,308	1,325,375	401,067
Expenditures:				
Contractual services	812,000	812,000	797,566	(14,434)
Total expenditures	812,000	812,000	797,566	(14,434)
Net change in fund balances	<u>\$ 112,308</u>	<u>\$ 112,308</u>	527,809	<u>\$ 415,501</u>
Fund balances, beginning of year			<u>2,915,641</u>	
Fund balances, end of year			3,443,450	
Explanation of difference between budgetary and GAAP fund balances:				
Sales tax receivable			167,372	
Intergovernmental receivable			<u>45,517</u>	
Fund balances on the basis of GAAP			<u>\$ 3,656,339</u>	

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS RESERVE FUND
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Sales taxes	\$ 120,077	\$ 120,077	\$ 236,652	\$ 116,575
Interest income	3,000	3,000	2,260	(740)
Miscellaneous	-	-	1,620	1,620
Total revenues	123,077	123,077	240,532	117,455
Expenditures:				
Capital outlay	460,000	460,000	503,340	43,340
Net change in fund balances	<u>\$ (336,923)</u>	<u>\$ (336,923)</u>	(262,808)	<u>\$ 74,115</u>
Fund balances, beginning of year			<u>2,190,437</u>	
Fund balances, end of year			1,927,629	
Explanation of difference between budgetary and GAAP fund balances:				
Sales tax receivable			<u>43,686</u>	
Fund balances on the basis of GAAP			<u>\$ 1,971,315</u>	

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
EMPLOYEE BENEFIT FUND
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Property taxes	\$ 651,149	\$ 651,149	\$ 697,083	\$ 45,934
Interest income	650	650	363	(287)
Total revenues	651,799	651,799	697,446	45,647
Expenditures:				
Personnel services	992,175	992,175	846,811	(145,364)
Neighborhood revitalization	-	-	951	951
Total expenditures	992,175	992,175	847,762	(144,413)
Excess (deficiency) of revenues over (under) expenditures	(340,376)	(340,376)	(150,316)	190,060
Other financing sources (uses)				
Transfers in	112,357	112,357	-	(112,357)
Net change in fund balances	<u>\$ (228,019)</u>	<u>\$ (228,019)</u>	(150,316)	<u>\$ 77,703</u>
Fund balances, beginning of year			<u>256,289</u>	
Fund balances, end of year			<u>\$ 105,973</u>	

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021

	Business-Type Activities		
	Sewer Utility	Solid Waste Utility	Total
Assets:			
Current assets:			
Deposits and investments	\$ 3,416,206	\$ 65,928	\$ 3,482,134
Accounts receivable	194,690	54,110	248,800
Total current assets	3,610,896	120,038	3,730,934
Noncurrent assets:			
Capital assets:			
Buildings	9,972,508	-	9,972,508
Infrastructure	18,844,605	-	18,844,605
Machinery and equipment	322,205	-	322,205
Accumulated depreciation	(16,562,902)	-	(16,562,902)
Total noncurrent assets	12,576,416	-	12,576,416
Total assets	16,187,312	120,038	16,307,350
Liabilities:			
Current liabilities:			
Accounts payable	26,280	-	26,280
Accrued interest	18,629	-	18,629
Compensated absences	31,517	5,434	36,951
Accrued payroll	6,396	2,167	8,563
Current portion of bonds payable	295,000	-	295,000
Total current liabilities	377,822	7,601	385,423
Noncurrent liabilities			
Bonds payable, net	2,493,518	-	2,493,518
Total noncurrent liabilities	2,493,518	-	2,493,518
Total liabilities	2,871,340	7,601	2,878,941
Net position:			
Net investment in capital assets	9,787,898	-	9,787,898
Unrestricted	3,528,074	112,437	3,640,511
Total net position	\$ 13,315,972	\$ 112,437	\$ 13,428,409

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2021

	Business-Type Activities		
	Sewer Utility	Solid Waste Utility	Total
Operating revenues:			
Charges for services	\$ 2,230,931	\$ 538,546	\$ 2,769,477
Other revenue	34,694	9,269	43,963
Total operating revenues	2,265,625	547,815	2,813,440
Operating expenses:			
Personnel	348,848	85,828	434,676
Contractual	384,931	448,144	833,075
Commodities	38,530	3,277	41,807
Depreciation	484,609	-	484,609
Total operating expenses	1,256,918	537,249	1,794,167
Operating income	1,008,707	10,566	1,019,273
Nonoperating revenues (expenses):			
Interest revenue	3,280	93	3,373
Interest expense	(43,677)	-	(43,677)
Total nonoperating revenues (expenses)	(40,397)	93	(40,304)
Income before transfers and capital contributions	968,310	10,659	978,969
Capital contributions	88,944	-	88,944
Transfers out	(130,000)	-	(130,000)
Change in net position	927,254	10,659	937,913
Net position, beginning of year, as previously stated	10,641,548	101,778	10,743,326
Prior period adjustments	1,747,170	-	1,747,170
Net position, beginning of year, as restated	12,388,718	101,778	12,490,496
Net position, end of year	\$ 13,315,972	\$ 112,437	\$ 13,428,409

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2021

	Business-Type Activities		
	Sewer Utility	Solid Waste Utility	Total
Cash flows from operating activities:			
Receipts from customers	\$ 2,227,865	\$ 542,043	\$ 2,769,908
Other income	34,694	9,269	43,963
Payments to suppliers	(397,916)	(451,421)	(849,337)
Payments to employees	(318,927)	(79,974)	(398,901)
Net cash from operating activities	1,545,716	19,917	1,565,633
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(171,319)	-	(171,319)
Transfers out	(130,000)	-	(130,000)
Principal paid on general obligation debt	(290,000)	-	(290,000)
Interest paid on debt	(61,688)	-	(61,688)
Net cash from capital and related financing activities	(653,007)	-	(653,007)
Cash flows from investing activities:			
Interest received	3,280	93	3,373
Net change in cash and cash equivalents	895,989	20,010	915,999
Cash and cash equivalents, beginning of year	2,520,217	45,918	2,566,135
Cash and cash equivalents, end of year	\$ 3,416,206	\$ 65,928	\$ 3,482,134
Reconciliation of operating income to net cash from operating activities:			
Operating income	\$ 1,008,707	\$ 10,566	1,019,273
Adjustments to reconcile operating income to net cash from operating activities:			
Items not requiring cash:			
Depreciation	484,609	-	484,609
Changes in:			
Accounts receivable	(3,066)	3,497	431
Accounts payable	25,545	-	25,545
Compensated absences and accrued payroll	29,921	5,854	35,775
Net cash from operating activities	\$ 1,545,716	\$ 19,917	\$ 1,565,633
Noncash activities:			
Capital contributions of \$ 88,944 were received in the Sewer fund from developers.			

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
December 31, 2021

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

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
Year Ended December 31, 2021

	Custodial Fund
Additions:	
Contributions from property owners	\$ 18,600
Deductions:	
Payments to bondholder	18,600
Net change in fiduciary net position	-
Net position, beginning	-
Net position, ending	\$ -

See accompanying notes to financial statements.

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended December 31, 2021

1 - Summary of Significant Accounting Policies

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fiduciary fund type:

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

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

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

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

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

Cash and Investments

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

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

Restricted Deposits and Investments

In an agreement with the developer of the Falcon Lakes subdivision dated February 20, 2001, the City agreed to restrict the use of the \$ 2,405 per lot impact fee. This restriction limited the use of these funds to improvements to the perimeter roads (Donahoo Road, Hollingsworth Road and 147th Street). Of the \$ 3,443,450 of cash in the Consolidated Highway Fund as of December 31, 2021, \$ 547,583 was subject to this restriction.

Cash Flows Statement

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

Receivables

All trade and property tax receivables are shown net of an allowance for uncollectible amounts, if any. Management records a trade accounts receivable allowance based on percentages of collection estimated from the aging of the accounts receivable. At December 31, 2021, no allowance for uncollectible receivables has been recorded.

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

General fund property tax receivable	\$ 3,157,528
Bond and interest fund special assessments receivable	<u>4,419,488</u>
	<u><u>\$ 7,577,016</u></u>

Property Taxes

The City's property tax is levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by Leavenworth County. The assessed value at January 1, 2020 upon which the 2021 levy was based was \$ 84,093,059.

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1 of each year. Property owners have the option of paying one-half of the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the following year. Property taxes become delinquent on December 20 of each fiscal year if the

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

taxpayer has not remitted at least one-half of the amount due. The Leavenworth County Treasurer is the tax collection agent for all taxing entities within the County. Property taxes levied in prior years that remain uncollected are recorded as receivables, net of estimated uncollectibles.

Special Assessments Receivable

As provided by Kansas Statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund. Special assessments are levied over the repayment period of the bonds and annual installments are due and payable with annual ad valorem taxes. At December 31, 2021, the special assessment taxes levied are a lien on the property and are recorded as a special assessments receivable in the debt service fund with a corresponding amount recorded as unavailable revenue. Special assessments receivable at December 31, 2021 was \$ 4,419,488.

Capital Assets

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

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

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

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

Deferred Outflows/Inflows of Resources

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

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

Compensated Absences

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

Long-Term Obligations

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

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

Pensions

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

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2021, fund balances for governmental funds are made up of the following:

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

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

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

	Major Governmental Funds						Nonmajor Governmental Funds	Total Governmental Funds
	General	Consolidated Highway	Capital Improvements Reserve	Employee Benefit	ARPA	Bond and Interest		
Fund balances:								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 533,431	\$ -	\$ 533,431
Capital improvements	-	-	1,971,315	-	-	-	237,671	2,208,986
Street projects	-	3,656,339	-	-	-	-	-	3,656,339
Employee benefits	-	-	-	105,973	-	-	-	105,973
Pandemic response	-	-	-	-	192	-	-	192
Culture and recreation	-	-	-	-	-	-	310,239	310,239
Public safety	-	-	-	-	-	-	53,235	53,235
Assigned for:								
Equipment replacement	127,903	-	-	-	-	-	-	127,903
Unassigned	3,231,346	-	-	-	-	-	-	3,231,346
Total fund balances	<u>\$ 3,359,249</u>	<u>\$ 3,656,339</u>	<u>\$ 1,971,315</u>	<u>\$ 105,973</u>	<u>\$ 192</u>	<u>\$ 533,431</u>	<u>\$ 601,145</u>	<u>\$ 10,227,644</u>

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Concentrations of Credit Risk

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

Use of Estimates

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

Prior Period Adjustments

Beginning net position/fund balance was adjusted as follows. There was no effect on current or prior year revenues or expenditures as a result of these adjustments.

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

	Adjustment to beginning net position of governmental activities	Adjustment to beginning fund balance of governmental funds
	<u> </u>	<u> </u>
Governmental activities:		
Special assessments receivable	\$ 4,702,176	\$ -
Long-term debt	(1,586,014)	-
Bond premiums	(125,188)	-
Capital assets	203,714	-
General fund:		
Franchise tax receivable	38,498	38,498
Sales tax receivable	98,191	98,191
Lease receivable	(40,000)	(40,000)
Cash	(5,220)	(5,220)
Consolidated highway fund:		
Sales tax receivable	174,304	174,304
Capital improvement reserve fund:		
Sales tax receivable	33,438	33,438
Employee benefit fund:		
Cash	(46)	(46)
Bond and interest fund:		
Sales tax receivable	12,098	12,098
Nonmajor governmental funds:		
Lease receivable	40,000	40,000
	<u>\$ 3,545,951</u>	<u>\$ 351,263</u>
	<u> </u>	<u> </u>
	Adjustment to beginning net position of business-type activities	Adjustment to beginning net position of proprietary funds
	<u> </u>	<u> </u>
Business-type activities:		
Long-term debt	\$ 1,586,014	\$ 1,586,014
Bond premiums	33,452	33,452
Capital assets	127,704	127,704
	<u>\$ 1,747,170</u>	<u>\$ 1,747,170</u>
	<u> </u>	<u> </u>

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Adoption of New Accounting Standard

On January 1, 2021, the City adopted GASB Statement No. 91, *Conduit Debt Obligations* (the Statement). The objective of the Statement is to provide a single method of reporting and eliminate diversity in practice associated with government issuers' financial reporting of conduit debt obligations. The Statement achieves that objective by classifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures.

Pending Governmental Accounting Standards Board Statements

At December 31, 2021, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for periods beginning after June 15, 2021.

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

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

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No.

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Finally, the Statement requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements for this statement are effective immediately except for the requirements that are related to the accounting and financial reporting for Section 457 plans, which are effective for fiscal years beginning after June 15, 2021.

2 - Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures in an individual fund. The legal level of budgetary control is the fund level. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the City. All unencumbered appropriations lapse at the end of the year. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or cancelled. Kansas statutes permit original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish, in the local newspaper, a notice of public hearing to amend the budget. At least ten days after publication, a public hearing is held and the governing body may amend the budget at that time. During 2021, there were no budget amendments.

Budget Violation

For the year ended December 31, 2021, expenditures exceeded the budget in the Capital Improvements Reserve fund by \$ 43,340.

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

3 - Deposits and Investments

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. Kansas statutes require that deposits of the City be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. At year-end, the bank balances of the City were not exposed to custodial credit risk.

Investments

As of December 31, 2021, the City had the following investments:

Description	Fair Value	Maturity	Rating
Kansas Municipal Investment Pool	\$ 4,760,081	Overnight	Not rated

Credit Risk

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool (KMIP). The City has no investment policy that would further limit its investment choices. The City's investments in the KMIP were not rated by a rating agency as of December 31, 2021.

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

Concentrations of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. As noted in the schedule above, the City's investments as of December 31, 2021 consisted entirely of the KMIP.

Custodial Credit Risk

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

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Interest Rate Risk

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

Fair Value Measurement – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended December 31, 2021, the City's investment in the KMIP was considered a cash equivalent as all investments were held in the overnight pool. Investments that are considered cash equivalents are not classified in the fair value hierarchy.

4 - Taxes

Neighborhood Revitalization Areas - The City had three neighborhood revitalization areas established during the year ended December 31, 2021. NRAs are established under K.S.A. 12-17,114 and subject to City policy. NRAs are provided to assist with spurring investment and revitalization of properties which can benefit a neighborhood and the general public. The program works by rebating a portion (95% for residential property improvements, 50% for commercial and industrial improvements) of the incremental increase in property taxes resulting from property improvements back to the property owner. The base value, or what the property was valued at prior to improvements, is shielded from the rebate. To receive an NRA, individuals or businesses must submit an application to be reviewed by City staff and approved by the City Council. Applicants must also provide verification they are current on all real or personal property taxes. During the year ended December 31, 2021, the City paid \$ 4,442 to various homeowners under the neighborhood revitalization program.

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

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 650,659	\$ 8,718	\$ -	\$ 659,377
Construction in progress	91,330	353,087	(300,549)	143,868
Total capital assets not being depreciated	741,989	361,805	(300,549)	803,245
Capital assets being depreciated:				
Land improvements	617,894	67,252	-	685,146
Buildings	2,375,217	111,073	-	2,486,290
Infrastructure	24,184,124	514,403	-	24,698,527
Vehicles and equipment	2,351,603	414,071	(83,653)	2,682,021
Total capital assets being depreciated	29,528,838	1,106,799	(83,653)	30,551,984
Less accumulated depreciation for:				
Land improvements	(177,569)	(23,871)	-	(201,440)
Buildings	(197,978)	(52,327)	-	(250,305)
Infrastructure	(15,530,173)	(641,706)	-	(16,171,879)
Vehicles and equipment	(1,160,341)	(283,871)	83,653	(1,360,559)
Total accumulated depreciation	(17,066,061)	(1,001,775)	83,653	(17,984,183)
Total capital assets being depreciated, net	12,462,777	105,024	-	12,567,801
Governmental activities capital assets, net	<u>\$ 13,204,766</u>	<u>\$ 466,829</u>	<u>\$ (300,549)</u>	<u>\$ 13,371,046</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets being depreciated:				
Buildings	\$ 9,972,508	\$ -	\$ -	\$ 9,972,508
Infrastructure	18,589,982	254,623	-	18,844,605
Vehicles and equipment	316,565	5,640	-	322,205
Total capital assets being depreciated	28,879,055	260,263	-	29,139,318
Less accumulated depreciation for:				
Buildings	(3,368,867)	(221,411)	-	(3,590,278)
Infrastructure	(12,431,309)	(246,748)	-	(12,678,057)
Vehicles and equipment	(278,117)	(16,450)	-	(294,567)
Total accumulated depreciation	(16,078,293)	(484,609)	-	(16,562,902)
Business-type activities capital assets, net	<u>\$ 12,800,762</u>	<u>\$ (224,346)</u>	<u>\$ -</u>	<u>\$ 12,576,416</u>

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

Governmental activities:	
General government	\$ 32,251
Public safety	173,185
Public works	766,770
Culture and recreation	29,569
	<hr/>
Total depreciation expense - governmental activities	\$ 1,001,775
	<hr/>
Business-type activities:	
Sewer utility	\$ 484,609
	<hr/>

6 - Defined Benefit Pension Plan

General Information About the Pension Plan

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

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

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

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

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

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

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement groups are funded on an actuarial reserve basis.

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

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate were 22.80% for KP&F for the year ended

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

December 31, 2021. Contributions to the Pension Plan from the City were \$ 198,528 for KP&F for the year ended December 31, 2021.

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

At December 31, 2021, the City reported a liability of \$ 1,512,137 for KP&F for its proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2021, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021.

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

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

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KP&F, relative to the total employer and nonemployer contributions of the Police and Firemen group within KPERS for the KPERS fiscal year ended June 30, 2021.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2021, the City's proportion for KP&F was .158464%, which was an increase of .015155% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City recognized pension expense of \$ 255,163 for KP&F. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 119,319	\$ -
Net difference between projected and actual earnings on pension plan investments	-	396,710
Changes of assumptions	192,346	-
Changes in proportionate share	159,120	21,150
City contributions subsequent to measurement date	<u>103,431</u>	<u>-</u>
Total	<u><u>\$ 574,216</u></u>	<u><u>\$ 417,860</u></u>

The \$ 103,431 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	
2022	\$ 56,715
2023	30,855
2024	12,058
2025	(60,359)
2026	<u>13,656</u>
	<u><u>\$ 52,925</u></u>

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Salary increases, including price inflation	3.50 to 12.00 percent
Long-term rate of return, net of investment expense, and including price inflation	7.25 percent
Payroll growth assumption	3.00 percent

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Changes in actuarial assumptions and methods in the December 31, 2020 actuarial valuation were as follows:

Both Groups

- Investment return assumption was lowered from 7.75% to 7.25%.

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2021 are summarized in the following table:

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

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. Future employer contribution rates were modeled for KP&F assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KP&F. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Sensitivity of the City's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the City's proportionate share of the collective net pension liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's KP&F proportionate share of the collective net pension liability	\$ 2,269,568	\$ 1,512,137	\$ 878,540
	<u>\$ 2,269,568</u>	<u>\$ 1,512,137</u>	<u>\$ 878,540</u>

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

7 - Defined Contribution Plan

All full-time employees employed by the City are entitled to enroll, at the City Council's discretion, in a defined contribution plan created in accordance with Internal Revenue Code Section 401(a). For all employees who enroll in the plan, excluding those participating in the KP&F retirement plan, the City shall contribute to the Plan an amount as specified according to the current maximum contribution to old age Social Security benefits. The contribution for the year ending December 31, 2021, was \$ 76,916 from employees and \$ 138,517 from the City.

8 - Long-Term Debt

General Obligation Bonds

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

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

General obligation bonds payable at December 31, 2021 are comprised of the following issues:

	Date of Issuance	Maturity	Call Dates	Interest Rates	Original Issue	Principal Payments During 2021	Outstanding December 31, 2021
General Obligation Bonds:							
Governmental Activities:							
2013A Refunding	1/30/2013	9/1/2025	9/1/2021	2.00%	\$ 3,480,000	\$ 170,000	\$ 710,000
2015A Improvement	8/26/2015	9/1/2035	9/1/2024	2.00 - 4.00%	1,295,000	60,000	985,000
2019A Improvement	3/21/2019	9/1/2039	9/1/2027	1.70 - 3.125%	2,105,000	85,000	1,965,000
2020A Improvement	3/26/2020	9/1/2030	None	2.00%	1,035,000	100,000	935,000
2020B Refunding	10/22/2020	9/1/2032	9/1/2029	1.00 - 3.00%	2,840,000	230,000	2,610,000
					<u>\$ 10,755,000</u>	<u>\$ 645,000</u>	<u>\$ 7,205,000</u>
Business-type Activities:							
2016A Refunding	6/16/2016	9/1/2030	9/1/2025	2.00 - 2.25%	\$ 4,095,000	\$ 290,000	\$ 2,730,000

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 650,000	\$ 178,670	\$ 295,000	\$ 55,887
2023	665,000	163,493	300,000	49,988
2024	680,000	147,760	310,000	43,987
2025	710,000	129,963	315,000	37,788
2026	525,000	113,948	325,000	31,487
2027-2031	2,460,000	384,607	1,185,000	58,788
2032-2036	1,120,000	151,150	-	-
2037-2041	395,000	24,681	-	-
	<u>\$ 7,205,000</u>	<u>\$ 1,294,272</u>	<u>\$ 2,730,000</u>	<u>\$ 277,925</u>

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

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

Capital Leases

The City entered into a 0.75% interest lease for police vehicles, payable in semi-annual principal and interest payments of \$41,371 through March 1, 2024. The outstanding balance at December 31, 2021 is \$ 204,522.

The City entered into a 0.9% interest lease for a solid waste truck, payable in annual principal and interest payments of \$10,961 through March 1, 2026. The outstanding balance at December 31, 2021 is \$ 96,463.

The assets acquired through capital leases had a cost of \$335,158 and accumulated depreciation at December 31, 2021 was \$ 30,480.

Annual debt service requirements to maturity are as follows:

	Governmental Activities	
	Principal	Interest
2022	\$ 102,445	\$ 2,221
2023	103,254	1,410
2024	62,697	596
2025	21,677	244
2026	10,912	49
	<u>\$ 300,985</u>	<u>\$ 4,520</u>

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 7,850,000	\$ -	\$ 645,000	\$ 7,205,000	\$ 650,000
Plus deferred amounts:					
Issuance premiums	325,310	-	25,787	299,523	-
Capital leases - direct borrowings	-	351,988	51,003	300,985	102,445
Compensated absences	18,705	119,972	18,705	119,972	119,972
Net pension liability	1,767,209	255,163	510,235	1,512,137	-
	<u>\$ 9,961,224</u>	<u>\$ 727,123</u>	<u>\$ 1,250,730</u>	<u>\$ 9,437,617</u>	<u>\$ 872,417</u>
Business-type Activities:					
General obligation bonds	\$ 3,020,000	\$ -	\$ 290,000	\$ 2,730,000	\$ 295,000
Plus deferred amounts:					
Issuance premiums	65,020	-	6,502	58,518	-
Compensated absences	1,748	36,951	1,748	36,951	36,951
	<u>\$ 3,086,768</u>	<u>\$ 36,951</u>	<u>\$ 298,250</u>	<u>\$ 2,825,469</u>	<u>\$ 331,951</u>

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

Conduit Debt Obligations

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

	Date of Issuance	Maturity	Interest Rates	Beginning Balance	Additions	Reductions	Ending Balance
Conduit debt - special obligation bonds							
Series 2020	7/15/2020	10/1/2040	0.00%	\$ 345,750	\$ -	\$ 17,850	\$ 327,900
Series 2021	4/6/2021	10/1/2041	0.00%	-	369,000	-	369,000
				<u>\$ 345,750</u>	<u>\$ 369,000</u>	<u>\$ 17,850</u>	<u>\$ 696,900</u>

CITY OF BASEHOR, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Risk Management

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

10 - Commitments and Contingencies

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

11 - Transfers

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
Sewer Utility Fund	General Fund	K.S.A. 12-1,117	<u>\$ 130,000</u>

The transfer was used to finance the purchase of equipment in the municipal equipment reserve fund, which is reported as part of the general fund for financial reporting purposes.

12 - Subsequent Events

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

In June 2022, the City issued \$ 9,780,000 of general obligation bonds, Series 2022-A, to finance certain capital improvements in the City. The interest rate is 3.5%.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2021	2020	2019	2018	2017	2016	2015
City's proportion of the collective net pension liability	0.158%	0.143%	0.141%	0.146%	0.131%	0.142%	0.143%
City's proportionate share of the collective net pension liability	\$ 1,512,137	\$ 1,767,209	\$ 1,431,300	\$ 1,402,014	\$ 1,230,371	\$ 1,317,562	\$ 1,041,028
City's covered payroll	\$ 893,402	\$ 870,558	\$ 787,630	\$ 694,849	\$ 662,996	\$ 662,996	\$ 634,065
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	169.26%	203.00%	181.72%	201.77%	185.58%	198.73%	164.18%
Plan fiduciary net position as a percentage of the total pension liability	76.40%	66.30%	71.20%	74.22%	72.15%	69.30%	74.60%

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 198,528	\$ 190,914	\$ 174,524	\$ 149,920	\$ 132,230	\$ 135,384	\$ 141,616
Contributions in relation to the contractually required contribution	<u>198,528</u>	<u>190,914</u>	<u>174,524</u>	<u>149,920</u>	<u>132,230</u>	<u>135,384</u>	<u>141,616</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 865,396	\$ 870,558	\$ 787,630	\$ 694,849	\$ 662,996	\$ 662,996	\$ 634,065
Contributions as a percentage of covered payroll	22.94%	21.93%	22.13%	20.09%	19.03%	20.42%	21.36%

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

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

CITY OF BASEHOR, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2021

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Special Parks and Recreation	Special Alcohol and Drug	Parks and Recreation	Cedar Lakes Maintenance	Glenwood Maintenance	
Assets:						
Cash and cash equivalents	\$ 136,247	\$ 53,235	\$ 155,242	\$ 117,885	\$ 119,786	\$ 582,395
Receivables:						
Accounts	-	-	18,750	-	-	18,750
Total assets	<u>\$ 136,247</u>	<u>\$ 53,235</u>	<u>\$ 173,992</u>	<u>\$ 117,885</u>	<u>\$ 119,786</u>	<u>\$ 601,145</u>
Liabilities and fund balances:						
Fund balances:						
Restricted	<u>\$ 136,247</u>	<u>\$ 53,235</u>	<u>\$ 173,992</u>	<u>\$ 117,885</u>	<u>\$ 119,786</u>	<u>\$ 601,145</u>
Total fund balances	<u>136,247</u>	<u>53,235</u>	<u>173,992</u>	<u>117,885</u>	<u>119,786</u>	<u>601,145</u>
Total liabilities and fund balances	<u>\$ 136,247</u>	<u>\$ 53,235</u>	<u>\$ 173,992</u>	<u>\$ 117,885</u>	<u>\$ 119,786</u>	<u>\$ 601,145</u>

CITY OF BASEHOR, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended December 31, 2021

	Special Revenue Funds					Total Nonmajor Governmental Totals
	Special Parks and Recreation	Special Alcohol and Drug	Parks and Recreation	Cedar Lakes Maintenance	Glenwood Maintenance	
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ 92,528	\$ -	\$ -	\$ 92,528
Licenses, permits and fees	24,800	-	-	40,000	33,000	97,800
Intergovernmental	19,688	19,688	-	-	-	39,376
Use of property	-	-	40,000	-	-	40,000
Interest income	116	46	117	94	109	482
Miscellaneous	24,644	-	-	-	-	24,644
Total revenues	69,248	19,734	132,645	40,094	33,109	294,830
Expenditures:						
Current:						
Public works	-	-	-	12,388	17,675	30,063
Culture and recreation	2,202	-	51,510	-	-	53,712
Neighborhood revitalization	-	-	127	-	-	127
Capital outlay	242	-	-	-	-	242
Total expenditures	2,444	-	51,637	12,388	17,675	84,144
Excess of revenues over expenditures	66,804	19,734	81,008	27,706	15,434	210,686
Net change in fund balances	66,804	19,734	81,008	27,706	15,434	210,686
Fund balances, beginning of year, as previously stated	69,443	33,501	52,984	90,179	104,352	350,459
Prior period adjustments	-	-	40,000	-	-	40,000
Fund balances, beginning of year, as restated	69,443	33,501	92,984	90,179	104,352	390,459
Fund balances, end of year	\$ 136,247	\$ 53,235	\$ 173,992	\$ 117,885	\$ 119,786	\$ 601,145

CITY OF BASEHOR, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL PARKS AND RECREATION FUND
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Licenses, permits and fees	\$ 17,425	\$ 17,425	\$ 24,800	\$ 7,375
Intergovernmental	15,375	15,375	19,688	4,313
Interest income	410	410	116	(294)
Miscellaneous	10	10	24,644	24,634
Total revenues	33,220	33,220	69,248	36,028
Expenditures:				
Contractual expenses	30,000	30,000	2,202	(27,798)
Capital outlay	-	-	242	242
Total expenditures	30,000	30,000	2,444	(27,556)
Net change in fund balances	\$ 3,220	\$ 3,220	66,804	\$ 63,584
Fund balances, beginning of year			69,443	
Fund balances, end of year			\$ 136,247	

CITY OF BASEHOR, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PARKS AND RECREATION FUND
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Property taxes	\$ 87,915	\$ 87,915	\$ 92,528	\$ 4,613
Use of property	500	500	21,250	20,750
Interest income	-	-	117	117
Total revenues	88,415	88,415	113,895	25,480
Expenditures:				
Contractual expenses	99,060	99,060	51,510	(47,550)
Neighborhood revitalization	-	-	127	127
Total expenditures	99,060	99,060	51,637	(47,423)
Net change in fund balances	<u>\$ (10,645)</u>	<u>\$ (10,645)</u>	62,258	<u>\$ 72,903</u>
Fund balances, beginning of year			<u>92,984</u>	
Fund balances, end of year			155,242	
Explanation of difference between budgetary and GAAP fund balances:				
Accounts receivable			<u>18,750</u>	
Fund balances on the basis of GAAP			<u>\$ 173,992</u>	

CITY OF BASEHOR, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CEDAR LAKES MAINTENANCE FUND
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Licenses, permits and fees	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Interest income	55	55	94	39
Total revenues	40,055	40,055	40,094	39
Expenditures:				
Contractual expenses	40,000	40,000	12,388	(27,612)
Net change in fund balances	<u>\$ 55</u>	<u>\$ 55</u>	27,706	<u>\$ 27,651</u>
Fund balances, beginning of year			<u>90,179</u>	
Fund balances, end of year			<u>\$ 117,885</u>	

CITY OF BASEHOR, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GLENWOOD MAINTENANCE FUND
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Licenses, permits and fees	\$ 33,000	\$ 33,000	\$ 33,000	\$ -
Interest income	150	150	109	(41)
Total revenues	33,150	33,150	33,109	(41)
Expenditures:				
Contractual expenses	33,000	33,000	17,675	(15,325)
Net change in fund balances	<u>\$ 150</u>	<u>\$ 150</u>	15,434	<u>\$ 15,284</u>
Fund balances, beginning of year			<u>104,352</u>	
Fund balances, end of year			<u>\$ 119,786</u>	

CITY OF BASEHOR, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BOND AND INTEREST FUND
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
County and state taxes	\$ 480,067	\$ 480,067	\$ 564,403	\$ 84,336
Special assessments	288,140	288,140	278,869	(9,271)
Interest income	2,500	2,500	867	(1,633)
Total revenues	770,707	770,707	844,139	73,432
Expenditures:				
Debt service expenditures	1,234,750	1,234,750	838,909	(395,841)
Net change in fund balances	<u>\$ (464,043)</u>	<u>\$ (464,043)</u>	5,230	<u>\$ 469,273</u>
Fund balances, beginning of year			<u>513,952</u>	
Fund balances, end of year			519,182	
Explanation of difference between budgetary and GAAP fund balances:				
Sales tax receivable			<u>14,249</u>	
Fund balances on the basis of GAAP			<u>\$ 533,431</u>	

CITY OF BASEHOR, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SEWER UTILITY FUND
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Charges for services	\$ 1,921,410	\$ 1,921,410	\$ 2,227,865	\$ 306,455
Interest income	5,000	5,000	3,280	(1,720)
Miscellaneous	-	-	34,694	34,694
Total revenues	1,926,410	1,926,410	2,265,839	339,429
Expenditures:				
Sewer expenditures	1,625,333	1,625,333	1,265,393	(359,940)
Excess of revenues over expenditures	301,077	301,077	1,000,446	699,369
Other financing sources (uses):				
Transfers out	(130,000)	(130,000)	(130,000)	-
Net change in fund balances	\$ 171,077	\$ 171,077	870,446	\$ 699,369
Fund balances, beginning of year			2,519,480	
Fund balances, end of year			3,389,926	
Explanation of difference between budgetary and GAAP fund balances:				
Accounts receivable			194,690	
Capital assets			12,576,416	
Accrued payroll			(6,396)	
Accrued interest payable			(18,629)	
Compensated absences			(31,517)	
Bonds payable			(2,788,518)	
Fund balances on the basis of GAAP			\$ 13,315,972	

CITY OF BASEHOR, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SOLID WASTE UTILITY FUND
Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues:				
Charges for services	\$ 531,857	\$ 531,857	\$ 542,044	\$ 10,187
Interest income	500	500	93	(407)
Miscellaneous	-	-	9,269	9,269
Total revenues	532,357	532,357	551,406	19,049
Expenditures:				
Solid waste expenditures	541,232	541,232	531,397	(9,835)
Net change in fund balances	\$ (8,875)	\$ (8,875)	20,009	\$ 28,884
Fund balances, beginning of year			45,919	
Fund balances, end of year			65,928	
Explanation of difference between budgetary and GAAP fund balances:				
Accounts receivable			54,110	
Accrued payroll			(2,167)	
Compensated absences			(5,434)	
Fund balances on the basis of GAAP			\$ 112,437	