CITY OF BEL AIRE, KANSAS

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

AND

INDEPENDENT AUDITOR'S REPORT

AGH
CPAs & ADVISORS

CITY OF BEL AIRE, KANSAS

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

City of Bel Aire, Kansas

Financial Statements
With Supplementary Information

Year Ended December 31, 2021

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FINANCIAL SECTION

AGH
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
City of Bel Aire, Kansas

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 Bel Aire, Kansas (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 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 Auditor's 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 Matter

As discussed in Note III. E. to the financial statements, adjustments were made to the beginning net position and fund balance to correct a misstatement in the prior year financial statements. Our opinions are not modified with respect to this matter.

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.

Auditor's 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial 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 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 combining and individual nonmajor fund financial statements and schedules as listed in the 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 combining and individual nonmajor fund financial statements and schedules as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Allen, Gibbs & Houlik, L.C.

CERTIFIED PUBLIC ACCOUNTANTS

Wichita, Kansas
July 29, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Bel Aire's (City) financial statements provides a narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2021. This discussion follows guidelines prescribed by the Governmental Accounting Standards Board (GASB) Statement 34, which enhances comparability between governments. The information presented here should be read in conjunction with the accompanying basic financial statements and the notes to those basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $42,673,401 (net position).
- The City's total net position increased during this fiscal year by $6,042,072.
- At the close of 2021, the City's governmental funds reported combined ending fund balances of $14,617,875, a decrease of $2,232,689 over the prior year.
- At the close of 2021, unassigned fund balance for the General Fund was $3,989,177 or 57% of revenues for the fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements, which include 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. These statements use the accrual basis of accounting, which means that the current year's revenues and expenses are recorded as they are earned or incurred, regardless of when cash is received or paid.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. These statements include infrastructure assets as well as all known liabilities, including long-term debt. 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* provides information detailing *how* the City's net position changed.

The government-wide financial statements report functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) separately from other functions that are intended to recover all or a significant portion of costs through user fees and charges (business-type activities). Governmental activities of the City include general government, law enforcement, public works, capital improvement, community development, and parks and recreation. The City has four business-type activities which are used to account for the assets, deferred outflows of resources liabilities, deferred inflows of resources, revenues and expenses associated with water, sewer, and solid waste and storm water functions.

Fund Financial Statements

A fund is a fiscal entity with a set of self-balancing accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to demonstrate compliance with legal requirements, such as state statutes or bond covenants. There are three types of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental fund accounting focuses on 1) cash flow and how financial assets can readily be converted to available resources, and 2) the balances left at the end of the fiscal year for future spending. The focus is on the budgetary, short-term financial picture of the reported operations rather than on the longer-term economic picture of the City as a whole.

Governmental funds are reported using the *modified accrual* basis of accounting, which measures cash and other financial assets that can readily be converted to cash. Under this basis of accounting, revenues are recognized when they become measurable and available, and expenditures are generally recognized when the related fund liability is incurred. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Therefore, both the governmental activities in the government-wide financial statements and the government fund financial statements present different useful aspects of the City's financial picture. They are designed to be compared and interpreted together. The reconciliations at the end of the fund financial statements detail the relationship and differences between the two types of financial statements.

Proprietary Funds

The City maintains proprietary funds that are used to report the same functions presented as business-type activities in the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the sewer and water funds, which are considered major funds of the City.

Notes to the Basic Financial Statements

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

Other Supplementary Information

Required budgetary data related to the General Fund, Land Bank Fund, combining statements for nonmajor governmental and nonmajor enterprise funds and fund budgetary schedules are presented immediately following the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Government-Wide Financial Statements	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 40,112,469	$ 37,648,442	$ 6,410,211	$ 5,201,247	$ 46,522,680	$ 42,849,689
Capital assets	47,337,805	40,682,862	21,559,166	18,390,940	68,896,971	59,073,802
Total assets	87,450,274	78,331,304	27,969,377	23,592,187	115,419,651	101,923,491
Deferred outflows	2,847,454	2,330,425	100,219	130,655	2,947,673	2,461,080
Long-term liabilities	68,614,626	62,085,950	1,173,024	1,392,623	69,787,650	63,478,573
Other liabilities	1,884,676	1,008,451	147,788	120,753	2,032,464	1,129,204
Total liabilities	70,499,302	63,094,401	1,320,812	1,513,376	71,820,114	64,607,777
Deferred inflows	3,784,137	3,140,223	89,672	5,242	3,873,809	3,145,465
Net position						
Net investment in capital assets	(12,926,229)	(13,671,338)	20,648,922	17,417,827	7,722,693	3,746,489
Restricted	2,328,271	3,371,657	-	-	2,328,271	3,371,657
Unrestricted	26,612,247	24,726,786	6,010,190	4,786,397	32,622,437	29,513,183
Total net position	$ 16,014,289	$ 14,427,105	$ 26,659,112	$ 22,204,224	$ 42,673,401	$ 36,631,329

Analysis of Net Position

As previously mentioned, net position may serve as a useful indicator of a government's financial position. The City's assets plus deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by $42,673,401 at the close of 2021.

The City's net investment in capital assets of $7,722,693 represents capital assets (e.g., land, buildings, equipment and infrastructure) less any related outstanding debt used to acquire those assets. These assets are used on an ongoing basis to provide services to citizens and are thus not available for future spending. The City's investment in its capital assets is reported net of related debt; however, the resources needed to repay this debt must come from other sources. The capital assets themselves cannot be liquidated to satisfy these liabilities.

The City's net position that represents resources that are subject to external restrictions on how they may be used of $2,328,271. Restricted net position includes:

- Debt service: $237,333
- Capital projects: $238,852
- Public Building Commission: $168,845
- Land Bank: $1,679,588 and
- Drug forfeiture: $3,653

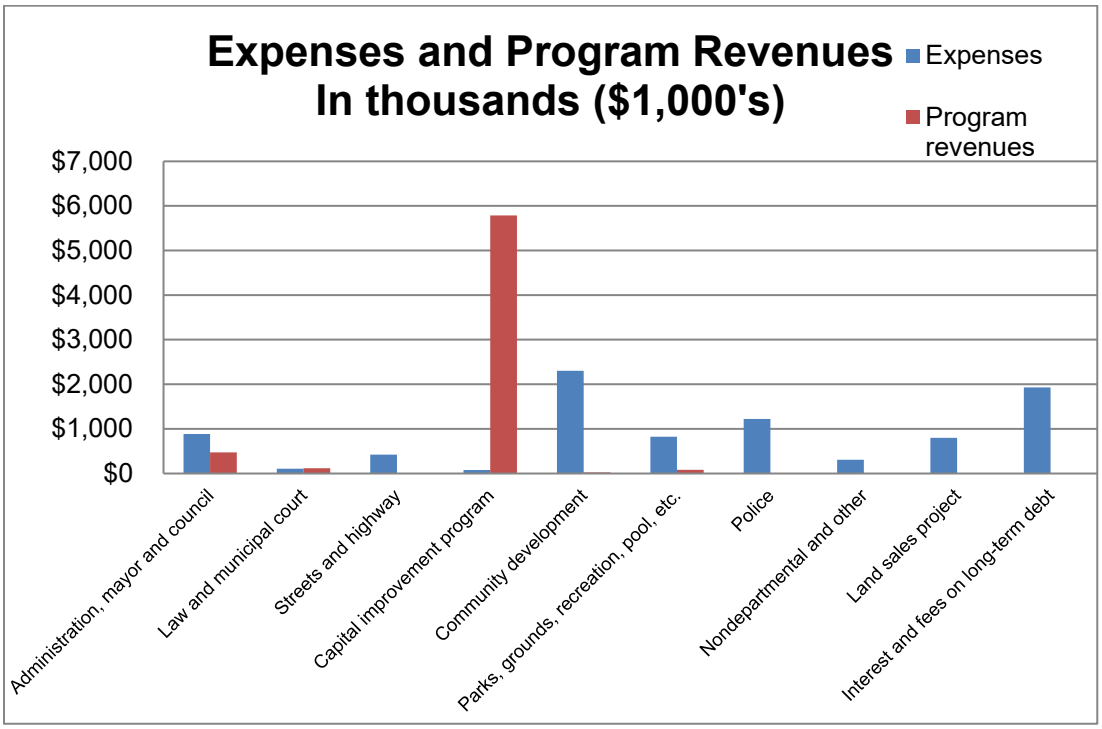
The City's total unrestricted net position is $32,622,437.

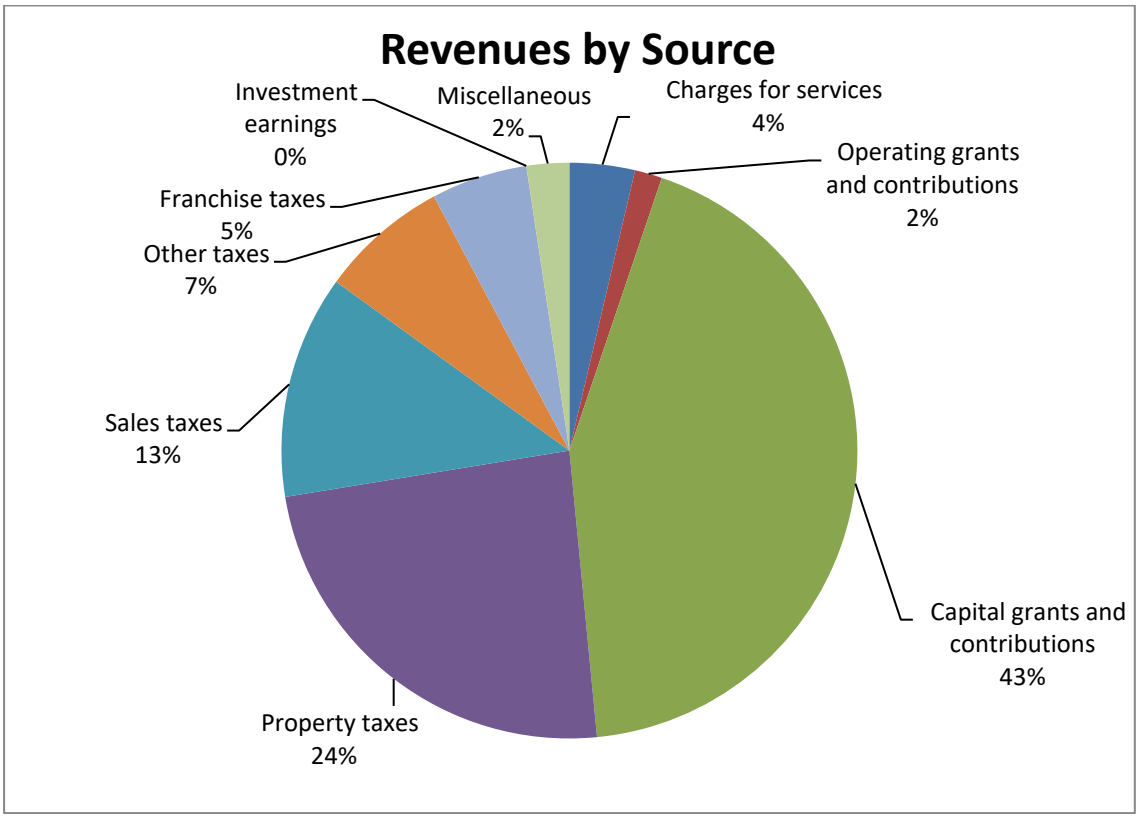
Condensed Statement of Changes in Net Position	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 489,970	$ 425,523	$ 6,571,128	$ 6,015,679	$ 7,061,098	$ 6,441,202
Operating grants and contributions	204,773	149,764	-	-	204,773	149,764
Capital grants and contributions	5,783,824	495,090	-	-	5,783,824	495,090
General revenues:						
Property taxes	3,202,287	2,906,666	-	-	3,202,287	2,906,666
Sales taxes	1,676,913	1,396,354	-	-	1,676,913	1,396,354
Other taxes	967,178	912,262	-	-	967,178	912,262
Franchise taxes	720,680	675,626	-	-	720,680	675,626
Investment earnings	1,402	19,151	148	8,605	1,550	27,756
Miscellaneous	319,438	76,198	20,019	7,410	339,457	83,608
Total revenues	13,366,465	7,056,634	6,591,295	6,031,694	19,957,760	13,088,328
Expenses:						
Administration, mayor and council	885,010	925,468	-	-	885,010	925,468
Law and municipal court	105,583	130,052	-	-	105,583	130,052
Streets and highway	423,331	614,557	-	-	423,331	614,557
Capital improvement program	77,004	77,004	-	-	77,004	77,004
Community development	2,300,739	1,314,163	-	-	2,300,739	1,314,163
Parks, grounds, recreation, pool, etc.	825,205	702,153	-	-	825,205	702,153
Police	1,222,902	1,005,775	-	-	1,222,902	1,005,775
Nondepartmental and other	306,046	437,849	-	-	306,046	437,849
Land sales project	799,939	2,896,086	-	-	799,939	2,896,086
Interest and fees on long-term debt	1,929,907	1,920,861	-	-	1,929,907	1,920,861
Water	-	-	2,581,926	2,649,661	2,581,926	2,649,661
Sewer	-	-	2,309,322	2,181,379	2,309,322	2,181,379
Solid Waste and Stormwater	-	-	516,074	453,187	516,074	453,187
Total expenses	8,875,666	10,023,968	5,407,322	5,284,227	14,282,988	15,308,195
Increase in net position before transfers	4,490,799	(2,967,334)	1,183,973	747,467	5,674,772	(2,219,867)
Transfers	(3,270,915)	(949,602)	3,270,915	949,602	-	-
Increase (decrease) in net position	1,219,884	(3,916,936)	4,454,888	1,697,069	5,674,772	(2,219,867)
Net position - beginning of year	14,427,105	18,344,041	22,204,224	20,507,155	36,631,329	38,851,196
Prior period adjustment	367,300	-	-	-	367,300	-
Net position - end of year	$ 16,014,289	$ 14,427,105	$ 26,659,112	$ 22,204,224	$ 42,673,401	$ 36,631,329

Analysis of Changes in Net Position

The City's net position increased during the fiscal year by a total of $6,042,072 including these changes:

- Charges for services increased $619,896 mostly due to an increase in water and sewer services provided of $526,401.
- Capital grants and contributions increased by $5,288,734 due to an increase in special assessments.
- General revenues increased $905,793 due to increases in property taxes and sales taxes of $295,621 and $280,559, respectively, due to post COVID activity. Miscellaneous revenue increased $255,849 due to proceeds received from sale of land in 2021.
- Expenses of governmental activities decreased by $1,148,302 due to land sales resulting in a net gain in 2021 versus a lost in 2020 offset by an increase in community development costs of $986,576 due to increase in non-capital repair and maintenance costs.
- Expenses of business-type activities were comparable to the prior years with an increase of $123,095.





The charts above illustrate the City's governmental expenses and program revenues by function, and revenues by source. The land sales projects represent the largest portion of 2021 expenses followed by interest on long-term debt.

For governmental activities overall, intergovernmental revenues are the largest source of revenue followed by property tax revenue received for cost sharing arrangements on capital projects. Other revenues and expense functions fall within anticipated ranges.

ANALYSIS OF THE FUND FINANCIAL STATEMENTS

The City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and Land Bank.

At the end of 2021, the City's governmental funds reported combined ending fund balances of $14,617,875 including:

- Nonspendable: $2,762,033;
- Restricted by external requirements and laws: $6,527,137;
- Assigned to capital projects or other uses: $1,339,528; and
- Unassigned funds available for use at the City's discretion: $3,989,177.

The General Fund is the primary operating fund for the City. At the end of 2021, total fund balance of the General Fund was $4,193,337. The fund balance increased by $282,119 during the fiscal year due to increases in taxes.

The Bond and Interest Fund had a decrease in fund balance of $74,541 due to a decrease in transfers from other funds.

The Capital Projects Fund had a decrease in fund balance of $39,092 due to the issuance of general obligation bonds for capital projects offset by capital outlay expenditures.

The Public Building Commission had a decrease in fund balance of $1,276,727 using cash balances to facilitate the 2021 PBC Bond refunding.

The Land Bank had a decrease in fund balance of $1,886,391 due to a transfer to the PBC fund to facilitate the 2021 PBC Bond refunding.

Nonmajor government had a combined increase in fund balance of $394,643 due to transfer activity involving the nonmajor funds.

The Water Fund had an increase in net position of $1,805,744 due increase in capital contributions.

The Sewer Fund had an increase in net position of $2,597,955 due to an increase in capital contributions.

Nonmajor proprietary funds remained comparable to the prior year with increases in net position of $51,189.

GENERAL FUND BUDGETARY HIGHLIGHTS

Variances between the final budget and actual amounts are not expected to impact either liquidity or future services. Majority of revenues were more than budgeted for 2021, while recreation fees and interest came in under budget. Overall budgeted expenditures were comparable to actual results.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, was $68,896,971 as of December 31, 2021. These capital assets include land, buildings, improvements, equipment, drainage improvements, streets, bridges, streetlights, and traffic signals.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	$ 4,395,801	$ 4,370,646	$ 534,040	$ 534,040	$ 4,929,841	$ 4,904,686
Land project	4,724,108	5,317,322	-	-	4,724,108	$ 5,317,322
Construction in progress	6,879,172	1,519,220	2,990,953	1,116,558	9,870,125	$ 2,635,778
City hall	1,780,843	1,847,224	-	-	1,780,843	$ 1,847,224
Swimming pool	444,469	470,112	-	-	444,469	$ 470,112
Other structures and equipment	1,126,626	1,244,645	18,034,173	16,740,342	19,160,799	$ 17,984,987
Infrastructure	27,986,786	25,913,693	-	-	27,986,786	$ 25,913,693
Total	$ 47,337,805	$ 40,682,862	$ 21,559,166	$ 18,390,940	$ 68,896,971	$ 59,073,802

Additional information about the City's capital assets may be found in Note III. B. to the financial statements.

Long-Term Debt

At December 31, 2021, the City had total long-term bonds outstanding of $65,310,000. This amount included $31,495,000 of general obligation bonds backed by the full faith and credit of the City, $17,890,000 in temporary notes which will be repaid with an issuance of general obligation bonds and $15,925,000 in revenue bonds with the Public Building Commission.

Total long-term bonds payable increased by $5,710,000 during the fiscal year due to bond issuances being more than the repayment of debt made during the year.

The City had $910,244 of outstanding revolving loan funds for water and sewer fund projects and $164,353 of outstanding rail loan funds for a capital project.

Standard and Poor's rated the City's most recent bond issue AA and affirmed this rating for all existing debt.

Kansas statutes limit the amount of general obligation debt a governmental entity may issue to 30% of its total assessed valuation. After subtracting deductions allowed by the statutes, the current debt limit for the City is $27,008,019 and debt outstanding subject to the limit is $19,018,173, leaving $7,989,846 in legal debt margin.

Additional information on the City's long-term debt can be found in Note III. C. of the financial statements.

Outstanding Bonds
General Obligation and Revenue Bonds

	Governmental Activities	
	2021	**2020**
General obligation bonds	$ 31,495,000	$ 32,010,000
Temporary notes	17,890,000	8,040,000
Revenue bonds -		
Public Building Commission	15,925,000	19,550,000
Total	$ 65,310,000	$ 59,600,000

Economic Factors

Property tax collections increased 10.2% over 2020 and the positive trend has continued into the first half of 2022. The assessed valuation increased 10.0% in 2021.

REQUESTS FOR INFORMATION

This financial report is designed to provide an overview of the City's finances for all interested parties. Questions concerning any of the information provided in the report or requests for additional information should be directed to the Finance Director, City of Bel Aire, 7651 E. Central Park Ave., Bel Aire, KS 67226.

BASIC FINANCIAL STATEMENTS

City of Bel Aire, Kansas
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash, including investments	$ 12,900,378	$ 5,958,078	$ 18,858,456
Receivables, net	24,654,218	452,133	25,106,351
Property held for resale	2,557,873	-	2,557,873
Capital assets:			
Land and construction in progress	15,999,081	3,524,993	19,524,074
Other capital assets, net of depreciation	31,338,724	18,034,173	49,372,897
Total assets	87,450,274	27,969,377	115,419,651
Deferred outflows of resources:			
Deferred refunding	2,248,652	-	2,248,652
Deferred outflows - OPEB	180,561	-	180,561
Deferred outflows - pensions	418,241	100,219	518,460
Total deferred outflows of resources	2,847,454	100,219	2,947,673
Liabilities:			
Accounts payable	910,704	98,747	1,009,451
Accrued wages	79,576	49,041	128,617
Unearned grant revenue	633,328	-	633,328
Interest payable	261,068	-	261,068
Long-term liabilities			
Due within one year	6,608,741	71,003	6,679,744
Due in more than one year	62,005,885	1,102,021	63,107,906
Total liabilities	70,499,302	1,320,812	71,820,114
Deferred inflows of resources:			
Deferred property tax receivable	3,397,673	-	3,397,673
Deferred inflows - OPEB	12,230	-	12,230
Deferred inflows - pensions	374,234	89,672	463,906
Total deferred inflows of resources	3,784,137	89,672	3,873,809
Net position:			
Net investment in capital assets	(12,926,229)	20,648,922	7,722,693
Restricted for:			
Debt service	237,333	-	237,333
Capital projects	238,852	-	238,852
Public Building Commission	168,845	-	168,845
Land Bank	1,679,588	-	1,679,588
Drug forfeiture	3,653	-	3,653
Unrestricted	26,612,247	6,010,190	32,622,437
Total net position	$ 16,014,289	$ 26,659,112	$ 42,673,401

The accompanying notes are an integral part of the basic financial statements.

City of Bel Aire, Kansas

Statement of Activities

For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Total Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
Administration, mayor and council	$ 885,010	$ 266,917	$ 204,773	$ -	$ (413,320)	$ -	$ (413,320)
Law and municipal court	105,583	116,068	-	-	10,485	-	10,485
Streets and highway	423,331	-	-	-	(423,331)	-	(423,331)
Community development	2,300,739	24,225	-	-	(2,276,514)	-	(2,276,514)
Parks, grounds, recreation, pool, etc.	825,205	82,760	-	-	(742,445)	-	(742,445)
Police	1,222,902	-	-	-	(1,222,902)	-	(1,222,902)
Nondepartmental and other	306,046	-	-	-	(306,046)	-	(306,046)
Land sales project	799,939	-	-	-	(799,939)	-	(799,939)
Capital improvement program	77,004	-	-	5,783,824	5,706,820	-	5,706,820
Interest and fees on long-term debt	1,929,907	-	-	-	(1,929,907)	-	(1,929,907)
Total governmental activities	8,875,666	489,970	204,773	5,783,824	(2,397,099)	-	(2,397,099)
Business-type activities:							
Water	2,581,926	3,139,906	-	-	-	557,980	557,980
Sewer	2,309,322	2,763,962	-	-	-	454,640	454,640
Nonmajor business-type funds	516,074	667,260	-	-	-	151,186	151,186
Total business-type activities	5,407,322	6,571,128	-	-	-	1,163,806	1,163,806
Total	$ 14,282,988	$ 7,061,098	$ 204,773	$ 5,783,824	(2,397,099)	1,163,806	(1,233,293)
General revenues:							
Property taxes					3,202,287	-	3,202,287
Sales taxes					1,676,913	-	1,676,913
Other taxes					967,178	-	967,178
Franchise fees					720,680	-	720,680
Investment earnings					1,402	148	1,550
Miscellaneous					319,438	20,019	339,457
Transfers					(3,270,915)	3,270,915	-
Total general revenues					3,616,983	3,291,082	6,908,065
Change in net position					1,219,884	4,454,888	5,674,772
Net position, beginning of year					14,427,105	22,204,224	36,631,329
Prior period adjustment					367,300	-	367,300
Net position, end of year					$ 16,014,289	$ 26,659,112	$ 42,673,401

The accompanying notes are an integral part of the basic financial statements.

City of Bel Aire, Kansas

Balance Sheet
Governmental Funds
December 31, 2021

	General	Bond and Interest	Capital Projects	Public Building Commission	Land Bank	Nonmajor Governmental Funds	Total Governmental Funds
Assets:							
Cash, including investments	$ 3,562,525	$ 498,401	$ 4,760,547	$ 168,845	$ 1,685,013	$ 2,225,047	$ 12,900,378
Receivables (net of allowance for uncollectibles)							
Property taxes	3,397,673	-	-	-	-	-	3,397,673
Special assessments	-	20,473,313	-	-	-	-	20,473,313
Motor vehicle and RV tax	99,033	-	-	-	-	-	99,033
Real estate mortgage note receivable	204,160	-	-	-	-	-	204,160
Sales tax	309,786	-	-	-	-	-	309,786
Franchise taxes and fees	52,545	-	-	-	-	-	52,545
Other	49,816	-	-	-	60,000	7,892	117,708
Property held for resale	-	-	-	-	2,557,873	-	2,557,873
Total assets	$ 7,675,538	$ 20,971,714	$ 4,760,547	$ 168,845	$ 4,302,886	$ 2,232,939	$ 40,112,469
Liabilities:							
Accounts payable	$ 8,077	$ -	$ 822,749	$ -	$ 65,425	$ 14,453	$ 910,704
Accrued liabilities	76,451	-	-	-	-	3,125	79,576
Unearned grant revenue	-	-	-	-	-	633,328	633,328
Total liabilities	84,528	-	822,749	-	65,425	650,906	1,623,608
Deferred inflows of resources:							
Deferred property tax receivable	3,397,673	-	-	-	-	-	3,397,673
Unavailable revenue - special assessments	-	20,473,313	-	-	-	-	20,473,313
Total deferred inflows of resources	3,397,673	20,473,313	-	-	-	-	23,870,986
Fund balance:							
Nonspendable	204,160	-	-	-	2,557,873	-	2,762,033
Restricted	-	498,401	3,937,798	168,845	1,679,588	242,505	6,527,137
Assigned	-	-	-	-	-	1,339,528	1,339,528
Unassigned	3,989,177	-	-	-	-	-	3,989,177
Total fund balance	4,193,337	498,401	3,937,798	168,845	4,237,461	1,582,033	14,617,875
Total liabilities, deferred inflows of resources and fund balance	$ 7,675,538	$ 20,971,714	$ 4,760,547	$ 168,845	$ 4,302,886	$ 2,232,939	$ 40,112,469

The accompanying notes are an integral part of the basic financial statements.

City of Bel Aire, Kansas

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2021

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

Total fund balance -- governmental funds		$ 14,617,875
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	$ 68,358,102	
Accumulated depreciation	(21,020,297)	47,337,805
Special assessments receivable are not available to pay for current period expenditures and, therefore, are reported as unavailable in the fund statements		20,473,313
Deferred outflows of resources are not available and payable in the current period and, therefore, are not reported in the funds.		
Deferred outflows - deferred refunding		2,248,652
Deferred outflows - OPEB		180,561
Deferred outflows - pensions		418,241
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Accrued interest payable	(261,068)	
General obligation bonds payable	(31,495,000)	
Temporary notes	(17,890,000)	
Revenue bonds - Public Building Commission	(15,925,000)	
Rail loan	(164,353)	
Premiums	(1,798,880)	
Net pension liability	(1,027,685)	
Total OPEB liability	(234,268)	
Compensated absences	(79,440)	(68,875,694)
Other deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Deferred inflows - OPEB		(12,230)
Deferred inflows - pensions		(374,234)
Total net position -- governmental activities		$ 16,014,289

The accompanying notes are an integral part of the basic financial statements.

City of Bel Aire, Kansas

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Bond and Interest	Capital Projects	Public Building Commission	Land Bank	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Taxes and shared revenues	$ 5,398,859	$ 98,589	$ -	$ -	$ -	$ 348,930	$ 5,846,378
Intergovernmental revenues	204,773	-	-	-	-	-	204,773
Franchise fees	720,680	-	-	-	-	-	720,680
Court fines	116,068	-	-	-	-	-	116,068
Licenses, permits and fees	349,677	-	-	-	-	-	349,677
Rents and sales	24,225	-	-	230,222	-	-	254,447
Special assessments	-	2,312,079	-	-	-	-	2,312,079
Contribution of property held for resale	-	-	-	-	-	-	-
Other	132,760	67	103	26	32,873	113,110	278,939
Total revenues	6,947,042	2,410,735	103	230,248	32,873	462,040	10,083,041
Expenditures:							
Current:							
Administration, mayor and council	868,331	-	-	-	-	-	868,331
Law and municipal court	104,949	-	-	-	-	-	104,949
Streets and highway	-	-	-	-	-	418,195	418,195
Community development	198,098	-	-	-	-	-	198,098
Parks, grounds, recreation, pool, etc.	739,048	-	-	-	-	-	739,048
Police	1,164,923	-	-	-	-	-	1,164,923
Nondepartmental and other	304,206	-	-	2,475	-	-	306,681
Land project	135,782	-	-	-	676,157	-	811,939
Capital outlay/projects	-	-	12,181,160	-	-	1,299,202	13,480,362
Debt Service:							
Principal retirement	-	8,090,000	42,773	2,415,000	-	-	10,547,773
Interest and other	-	851,831	81,375	502,913	-	-	1,436,119
Debt issuance costs	-	103,506	187,880	248,417	-		539,803
Total expenditures	3,515,337	9,045,337	12,493,188	3,168,805	676,157	1,717,397	30,616,221
Excess (deficiency) of revenues over (under) expenditures	3,431,705	(6,634,602)	(12,493,085)	(2,938,557)	(643,284)	(1,255,357)	(20,533,180)
Other financing sources (uses):							
Issuance of general obligation bonds	-	-	12,290,000	-	-	-	12,290,000
Issuance of refunding bonds	-	5,135,000	-	13,195,000	-	-	18,330,000
Premium on issuance of refunding bonds	-	683,076	163,651	279,649	-	-	1,126,376
Payment to refunded bond escrow agent	-	-	-	(14,886,232)	-	-	(14,886,232)
Land sales	-	-	-	-	416,893	-	416,893
Transfers in	-	741,985	342	3,073,413	-	1,650,000	5,465,740
Transfers out	(3,149,586)	-	-	-	(1,660,000)	-	(4,809,586)
Total other financing sources (uses)	(3,149,586)	6,560,061	12,453,993	1,661,830	(1,243,107)	1,650,000	17,933,191
Net change in fund balance	282,119	(74,541)	(39,092)	(1,276,727)	(1,886,391)	394,643	(2,599,989)
Fund balance, beginning of year	3,911,218	572,942	3,976,890	1,445,572	5,756,552	1,187,390	16,850,564
Prior period adjustment	-	-	-	-	367,300	-	367,300
Fund balance, beginning of the year restated	3,911,218	572,942	3,976,890	1,445,572	6,123,852	1,187,390	17,217,864
Fund balance, end of year	$ 4,193,337	$ 498,401	$ 3,937,798	$ 168,845	$ 4,237,461	$ 1,582,033	$ 14,617,875

The accompanying notes are an integral part of the basic financial statements.

City of Bel Aire, Kansas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2021

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

Net change in fund balance-- total governmental funds		$ (2,599,989)
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. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Depreciation expense	(1,366,851)	
Capital assets capitalized	8,615,008	7,248,157
In the statement of activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only any proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of capital assets sold.		(593,214)
Payments received on certain assets are recognized as revenue when received in the fund. However, in the statement of net position, revenue is recognized when earned.		3,471,745
Payment of pension contributions is an expenditure in the governmental funds, but reduces the net pension liability in the statement of net position. Additionally, the effect of changes in deferred inflows and deferred outflows for pensions are only recorded in the statement of activities.		(19,768)
Payment of OPEB contributions is an expenditure in the governmental funds, but reduces the total OPEB liability in the statement of net position. Additionally, the effect of changes in deferred inflows and deferred outflows for OPEB are only recorded in the statement of activities.		(16,514)
Bond and loan proceeds and premiums provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		
General obligation bonds	(7,575,000)	
Revenue bond - Public Building Commission	(13,195,000)	
Temporary Notes	(9,850,000)	
Premiums	(1,126,376)	(31,746,376)
Repayment of bond principal and other long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General obligation bonds	8,090,000	
Revenue bond - Public Building Commission	16,820,000	
Rail loan	42,773	24,952,773
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		59,193
The amortization of bond premiums and deferred refundings affect long-term assets and liabilities on the statement of net position, but does not provide or use current financial resources to governmental funds.		468,054
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item is measured by the amount of financial resources used (essentially, the amounts actually paid). This year, the following difference was noted:		
Compensated absences earned exceeded benefits paid		(4,177)
Change in net position of governmental activities		$ 1,219,884

The accompanying notes are an integral part of the basic financial statements.

City of Bel Aire, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2021

	Water	Sewer	Nonmajor Proprietary Funds	Total
Assets:				
Current assets:				
Cash, including investments	$ 2,421,829	$ 2,944,842	$ 591,407	$ 5,958,078
Receivables, net	209,294	206,429	36,410	452,133
Total current assets	2,631,123	3,151,271	627,817	6,410,211
Noncurrent assets:				
Capital assets:				
Land and construction in progress	1,477,027	2,047,966	-	3,524,993
Other capital assets, net of depreciation	7,569,610	10,464,563	-	18,034,173
Total noncurrent assets	9,046,637	12,512,529	-	21,559,166
Total assets	11,677,760	15,663,800	627,817	27,969,377
Deferred outflows of resources:				
Pension related items	50,136	50,083	-	100,219
Liabilities:				
Current liabilities:				
Accounts payable	38,860	23,255	36,632	98,747
Accrued payroll	13,511	35,530	-	49,041
Revolving loan - current	40,827	25,503	-	66,330
Compensated absences	2,257	2,416	-	4,673
Total current liabilities	95,455	86,704	36,632	218,791
Noncurrent liabilities:				
Revolving loan	523,040	320,874	-	843,914
Net pension liability	123,189	123,062	-	246,251
Compensated absences	5,231	6,625	-	11,856
Total noncurrent liabilities	651,460	450,561	-	1,102,021
Total liabilities	746,915	537,265	36,632	1,320,812
Deferred inflows of resources:				
Pension related items	44,859	44,813	-	89,672
Net position:				
Investment in capital assets	8,482,770	12,166,152	-	20,648,922
Unrestricted	2,453,352	2,965,653	591,185	6,010,190
Total net position	$ 10,936,122	$ 15,131,805	$ 591,185	$ 26,659,112

The accompanying notes are an integral part of the basic financial statements.

City of Bel Aire, Kansas

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Water	Sewer	Nonmajor Proprietary Funds	Total
Operating revenues:				
Charges for services	$ 3,139,906	$ 2,763,962	$ 667,260	$ 6,571,128
Operating expenses:				
Personnel	296,737	372,696	-	669,433
Contractual services	151,970	37,551	516,074	705,595
Water purchases	559,037	6,033	-	565,070
Operations and maintenance - CCUA	381,094	534,702	-	915,796
Debt service - CCUA	523,904	693,940	-	1,217,844
Payment in lieu of franchise fees	100,000	100,000	-	200,000
Other operating expenses	260,161	109,450		369,611
Depreciation	309,023	454,950	-	763,973
Total operating expenses	2,581,926	2,309,322	516,074	5,407,322
Operating income	557,980	454,640	151,186	1,163,806
Nonoperating revenues and expenses:				
Interest and other	14,418	5,746	3	20,167
Capital contributions	1,491,783	2,435,286	-	3,927,069
Total nonoperating revenue	1,506,201	2,441,032	3	3,947,236
Income before transfers	2,064,181	2,895,672	151,189	5,111,042
Transfers out	(258,437)	(297,717)	(100,000)	(656,154)
Change in net position	1,805,744	2,597,955	51,189	4,454,888
Net position, beginning of year	9,130,378	12,533,850	539,996	22,204,224
Net position, end of year	$ 10,936,122	$ 15,131,805	$ 591,185	$ 26,659,112

The accompanying notes are an integral part of the basic financial statements.

City of Bel Aire, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Water	Sewer	Nonmajor Proprietary Funds	Total
Cash flows from operating activities:				
Cash received from customers	$ 3,100,999	$ 2,764,648	$ 667,087	$ 6,532,734
Payments to suppliers for goods and services	(1,958,671)	(1,491,839)	(514,518)	(3,965,028)
Payments to employees for salaries and benefits	(324,049)	(369,101)	-	(693,150)
Net cash flow from operating activities	818,279	903,708	152,569	1,874,556
Cash flows from non-capital financing activities:				
Transfers to other funds	(258,437)	(297,717)	(100,000)	(656,154)
Net cash flow from non-capital financing activities	(258,437)	(297,717)	(100,000)	(656,154)
Cash flows from capital and related financing activities:				
Revolving loan payments	(38,904)	(23,965)	-	(62,869)
Acquisition of capital assets	(2,565)	(2,565)	-	(5,130)
Net cash flow from capital and related financing activities	(41,469)	(26,530)	-	(67,999)
Cash flows from investing activities:				
Interest on investments	14,418	5,746	3	20,167
Net cash flow from investing activities	14,418	5,746	3	20,167
Net increase in cash and cash equivalents	532,791	585,207	52,572	1,170,570
Cash and cash equivalents, beginning of the year	1,889,038	2,359,635	538,835	4,787,508
Cash and cash equivalents, end of the year	$ 2,421,829	$ 2,944,842	$ 591,407	$ 5,958,078
Reconciliation of operating income to net cash flow from operating activities:				
Operating income	$ 557,980	$ 454,640	$ 151,186	$ 1,163,806
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	309,023	454,950	-	763,973
Change in net pension liability	(94,043)	(67,534)	-	(161,577)
Change in deferred outflows - pensions	19,458	10,978	-	30,436
Change in deferred inflows - pensions	42,067	42,363	-	84,430
Change in accounts receivable	(38,907)	686	(173)	(38,394)
Change in accounts payable	17,495	(10,163)	1,556	8,888
Change in accrued liabilities	5,206	17,788	-	22,994
Net cash flow from operating activities	$ 818,279	$ 903,708	$ 152,569	$ 1,874,556
Schedule of non-cash capital and related financing activities:				
Contributions of capital assets	$ 1,491,783	$ 2,435,286	$ -	$ 3,927,069

The accompanying notes are an integral part of the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bel Aire, Kansas (City) is incorporated under the laws of the State of Kansas. The City adopted a Council-Manager form of City government in January 2010, consisting of an elected Mayor and Council and an appointed City Manager to oversee the daily operations.

The City provides services to the citizens in the areas of streets, water service, wastewater service, community development, public safety, planning and zoning, parks and recreation, public works and general administrative services.

The more significant accounting and reporting policies and practices employed by the City are as follows:

A. Reporting Entity

Generally accepted accounting principles require that the basic financial statements present the City (the primary government) and its component units. Component units are required to be included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended Component Unit: The statements include the financial data of the Public Building Commission (PBC). The PBC was formed several years ago in order to finance and build 1) City Hall, 2) the swimming pool, 3) an effluent line for the sale of "gray water" to Willowbend, and 4) to finance the industrial park of the land project. The PBC issued debt instruments (revenue bonds) to finance the projects, and leases the City Hall and swimming pool to the City. All revenues from City Hall rents, gray water sales and pool operations are pledged for debt service on the respective PBC revenue bonds.

Although the PBC is a legally separate organization, the City is financially accountable for the component unit in accordance with Governmental Accounting Standards Board (GASB) standards. The PBC's governing body is substantially the same as the governing body of the City; therefore, the PBC is "blended" with the City's financial statements. For financial reporting, the activities of the PBC are accounted for within the special revenue funds within the City's financial statements.

Separate audited financial statements are not prepared for the PBC.

On August 4, 2015, the City established the Bel Aire Land Bank (Land Bank) in conformance with K.S.A. 12-5901 et seq. Although the Land Bank is a legally separate organization, the City is financially accountable for the component unit in accordance with GASB standards. The Land Bank's governing body is substantially the same as the governing body of the City; therefore, the Land Bank is "blended" with the City's financial statements. For financial reporting, the activities of the Land Bank are accounted for within the special revenue funds within the City's financial statements.

Separate audited financial statements are not prepared for the Land Bank.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Organizations: The Chisholm Creek Utility Authority (Authority) is a quasi-municipal governmental entity formed in 2001 in accordance with Kansas Statutes 12-2901 through 2909, referred to as the Kansas Interlocal Cooperation Act. It was formed through the joint action of the Cities of Park City and Bel Aire, Kansas, for the purpose of providing "wholesale" water, wastewater and utility services to the cities.

The Authority's purpose is to serve the two cities and the function of the cities is to ensure that the expenses of the Authority related to the water and wastewater operations of the project constructed by the revenue bonds are paid. The cities forming the Authority have planned that the Authority shall not create surplus cash balances from the use of City funds.

The Authority does not meet GASB requirements to be reported as a component unit but does meet the criteria as joint venture in the City's financial statements; however, no asset will be recorded as the City does not have an equity interest. Payments made by the City for debt service and subsidizing operating costs will be recorded as operating expenses of the City. See also Note IV.D.

Audited financial statements are available for the Chisholm Creek Utility Authority at the office of the City of Park City, 6110 N. Hydraulic, Park City, Kansas 67219.

B. Basis of Presentation

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds).

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Eliminations of interfund charges and balances have been made in these statements to minimize the double-counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each program of the governmental activities. Direct expenses are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The major governmental funds of the City are described below:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Bond and Interest Fund* is used to pay the general obligation and revenue bond debt service requirements of the City.

The *Capital Projects Fund* is used to account for temporary debt issued funds that are used to finance specific projects in the short-term.

The *Public Building Commission* is used to finance and pay for certain projects using revenue bonds.

The *Land Bank Fund* is used to account for maintaining and selling real property located within the City.

The major proprietary funds of the City are the *Water Fund* and the *Sewer Fund* and are used to account for revenues and expenses of those activities.

C. Measurement Focus and Basis of Accounting and Fund Financial Statement Presentation

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the City are included on the statement of net position. 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 budget year for which they are levied. Special assessments are recognized when levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Property taxes, state fuel tax, and franchise taxes associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by merchants and/or the state at year-end on behalf of the City are recognized as revenue. Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year during which the entitlement is received.

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 water and sewer funds are charges to customers for sales and services. Operating expenses include the cost of sales and service, 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, and then unrestricted resources, as they are needed.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

1. Deposits and Investments

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. Investments are reported at fair value based on quoted market prices.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The investments of proceeds of long-term debt are governed by specific statutes and authorize the City to invest in the following:

Investments authorized by K.S.A. 12-1675
Direct obligations of the U.S. government or any other agency thereof
Money market funds comprised entirely of obligations of the U.S. Treasury and agencies thereof
Obligations of any municipality of Kansas
Investment agreements with a financial institution rated in the three highest rating categories by Moody's or Standard and Poor's

The City pools temporarily idle cash from all funds for investments purposes. Each fund's portion of the pool is shown on the Statement of Net Position as cash, including investments. Deposits during the year included cash in interest bearing and demand bank accounts. Interest is allocated to each fund based on the respective invested balance.

The City follows GASB 72, *Fair Value Measurement and Application,* which establishes a framework for measuring fair value that requires or permits fair value measurement and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance requires three levels of fair value measurement based on the respective inputs.

At December 31, 2021, investments consisted of funds invested in the Kansas Municipal Investment Pool (KMIP). The KMIP is an external investment pool not SEC (Securities and Exchange Commission) registered, which is regulated by the state and is valued at cost.

2. Receivables

Property tax receivable - In accordance with governing state statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or 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 ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are recorded as taxes receivable with a corresponding amount recorded as deferred inflows of resources on the balance sheets of the appropriate funds. It is not practical to apportion delinquent taxes held by the County Treasurer as of December 31, 2021. Estimated delinquencies are insignificant and have not been recorded.

Special assessment receivable - As required by state statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

and Interest Fund. Further, state statutes require levying additional general ad valorem property taxes in the Bond and Interest Fund to finance delinquent special assessments.

The City's special assessment taxes are levied over a 15 to 20-year term of the bonds and the annual installments are due and payable with annual ad valorem property taxes. Liens may be foreclosed against the property benefited by the special assessments when delinquent assessments are two years in arrears. At December 31, 2021, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the Bond and Interest Fund with a corresponding amount recorded as deferred inflows of resources in the fund financial statements.

Real estate mortgage note receivable - The note receivable is from the sale of the previous City Hall. The note was entered into on June 1, 2004, for $495,000, with an initial interest rate of 4.5%, for a period not to exceed 24.5 years. At December 31, 2021, the note balance was $204,160.

3. Property Held for Resale

The City has transferred property to the Land Bank Fund. The purpose of the fund is to maintain and sell real property located within the City. The properties have been included as property held for resale in the Land Bank Fund.

4. Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net position. Capital assets used by proprietary funds are reported in both the proprietary activities column of the government-wide statement of net position and in the individual proprietary funds. Donated assets are recorded at acquisition value as of the date of the donation.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. Infrastructure such as streets, traffic signals and signs are capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Capital assets in the proprietary funds are accounted for in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are the same as those used for the general capital assets.

The City follows the policy of capitalizing assets with unit costs of $2,500 or more. Depreciation of capital assets is computed and recorded by the straight-line method and is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Asset Class	Estimated Useful Lives
Buildings	40 years
Improvements/infrastructure	20-40 years
Equipment	5-10 years
Water System	35-40 years
Sewer System	40 years

5. Accrued Compensated Absences

The City's policy regarding vacation permits employees with one to five years continuous service to earn eleven days vacation pay, six to eleven years continuous service to earn sixteen days and for more than twelve years continuous service to earn eighteen days vacation pay. Earned vacation pay in excess of five days must be taken prior to the employee's next earning date (January 1 of the following year) or be forfeited. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements.

The sick leave policy of the City provides that all regular employees shall earn one day of sick leave for each calendar month of service. The maximum accumulation of sick leave is 120 days. After ten years of continuous service with the City an employee shall receive compensation for up to 60 days (maximum of $5,000) for unused accumulated sick leave when permanently separated from service by reason of death or retirement. Employees with continuous employment that started prior to 1990 shall be compensated for up to 50 days (no maximum amount) for unused accumulated sick leave when permanently separated from service by reason of death or retirement. All other accumulated sick leave is cancelled upon termination of employment.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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.

7. Pensions

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of employee service and the plan's fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liability.

For purposes of measuring the collective 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 the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS 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.

8. Fund Equity

In the government-wide statements, equity is shown as net position and classified into three components:

- Net investment in capital assets - consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted net position - consisting of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.

- Unrestricted net position - consists of all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* 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.

In the governmental funds, equity is shown as fund balance and classified into five components:

- Nonspendable - Nonspendable consists of amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained.

- Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions or enabling legislation.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Committed - This classification consists of amounts that can be used only for the specific purposes imposed by a resolution made by the City Council and cannot be used for any other purpose unless removed or changed by taking the same type of action that previously committed those amounts.

- Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council or a City official delegated that authority. Encumbrances are considered as assigned unless they specifically meet the requirements to be restricted or committed.

- Unassigned - This consists of the residual balance for the general fund not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from expenditures exceeding amounts that had been restricted, committed or assigned.

The City applies restricted resources first to finance qualifying expenditures, when either restricted or unrestricted amounts are available. For unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts.

9. Deferred Inflows of Resources/Deferred Outflows 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 three items that qualify for reporting in this category in the government-wide statement of net position, deferred outflows for pensions, deferred outflows for OPEB and deferred charges on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See Note IV. E. and IV. F. for more information on the deferred outflows for pensions and OPEB, respectively.

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 four types of items, unavailable revenue, deferred revenue, deferred inflows for pensions and deferred inflows for OPEB that qualify for reporting in this category that qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred revenues are reported in both the government-wide statement of net position and the governmental funds balance sheet for property tax receivable.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes are not recognized as revenue until the period for which they are levied. The third and fourth items, deferred inflows for pensions and OPEB, are reported on the government-wide statement of net position. See Note IV. E. and IV. F., respectively, for more information on these deferred inflows.

10. Land Project

The City invested in the land project for projected growth and future development.

The land project originally consisted of approximately 1,600 acres of land (600 acres residential, 200 acres commercial and 800 acres industrial park) and is being accounted for by using the cost recovery method as allowed under GASB 62.

Capitalized costs of the land project include but are not limited to:

- Land acquisition and title costs
- Capitalized interest and debt issuance costs
- Street, sewers, grading, excavating, improvements and infrastructure
- Other development costs

Under the hybrid cost recovery method, as parcels of land are sold, the proceeds are offset against the total accumulated costs of the project. Other methods of matching costs, such as the specific identification method, the gross profit method and the unit/area method were not practical in the circumstances.

Management deems that the current estimated fair value of the project is in excess of the remaining unrecovered costs. Unrecovered costs at December 31, 2021, amounted to $7,281,981.

The industrial park portion of the land project was financed with Public Building Commission bonds and the amount outstanding at December 31, 2021 was $13,195,000, also see Note III. C.

11. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriations.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect: (1) the reported amounts of assets and liabilities, (2) disclosures such as contingencies, and (3) the reported amounts of revenues and expenses included in such financial statements. Actual results could differ from those estimates.

Estimates significant to the financial statement include the valuation of land held for resale; see the Land Project discussion in No. 10 above.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Kansas statutes require budgets be adopted for all funds, unless exempted by a specific statute. The statutes provide for the following sequence and timetable in the adoption of the legal budget.

1. Preparation of the budget for the current fiscal year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at any time.

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

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

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Expenditures include disbursements accounts payable, and encumbrances. Encumbrances are commitments by the City for future payments such as purchase orders or contracts.

A legal operating budget is not required for the following funds: Capital Improvement, Equipment Reserve, Capital Projects, Local Drug Forfeiture Fund, State Drug Forfeiture Fund, Federal Drug Forfeiture Fund, and the Public Building Commission.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

Custodial Credit Risk. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City will not be able to recover the value of its deposits. For deposits, the City's policy follows state statutes which require pledged collateral with a fair value equal to 100% of the funds on deposit, less insured amounts, and that the collateral be held in safekeeping in the City's name at other than the depository financial institution. To comply with the statutes, the City requires the issuance of joint custody receipts as evidence of the pledged collateral. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

At December 31, 2021, the City's deposits were fully covered by federal depository insurance or collateralized by securities held by the City's agent in the City's name.

At December 31, 2021, the City had invested $15,289,237 in the state's municipal investment pool not SEC (Securities and Exchange Commission) registered. The municipal investment pool is under the oversight of the Pooled Money Investment 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 investment in the municipal investment pools is valued at cost.

Credit Risk and Concentration of Credit Risk. Kansas law limits the types of investments that can be made by the City, which inherently reduces its credit risk. Credit risk is the risk that the issuer or other counterparty to an investment will be unable to fulfill its obligations to the holder of the investment. This risk can be measured by the assignment of a rating by a nationally recognized statistical rating organization. On December 31, 2021, 100% of the City's investments, $15,289,237, were invested in the Kansas Municipal Investment Pool, which is not rated.

Interest Rate Risk. As a means of managing its exposure to fair value losses arising from increasing interest rates, the City follows state statutes which generally limit investment maturities to two years. To minimize the risk of loss, the City matches investments to anticipated cash flows and diversifies the investment types to the extent practicable. Investments in U.S. treasury coupon securities have a maturity of less than one year.

Deposits and investments at December 31, 2021 appear in the financial statements as summarized below:

Carrying amount of deposits	$	3,569,219
Carrying amount of investments		15,289,237
Total	$	18,858,456

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

B. Capital Assets

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

	Balance January 1, 2021	Increases	Decreases	Balance December 31, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements				
Land Project	$ 5,317,322	$ --	$ 593,214	$ 4,724,108
Parks, recreation, etc.	3,421,063	--	--	3,421,063
City Hall	400,752	--	--	400,752
Other	548,831	25,155	--	573,986
Construction in process	1,519,220	8,557,272	3,197,320	6,879,172
Total capital assets, not being depreciated	11,207,188	8,582,427	3,790,534	15,999,081
Capital assets, being depreciated				
Infrastructure	41,698,410	3,172,165	--	44,870,575
City Hall	2,950,273	--	--	2,950,273
Swimming pool	854,756	--	--	854,756
Other structures and equipment	3,671,681	57,736	46,000	3,683,417
Total capital assets, being depreciated	49,175,120	3,229,901	46,000	52,359,021
Less accumulated depreciation				
Infrastructure	15,784,717	1,099,072	--	16,883,789
City Hall	1,103,049	66,381	--	1,169,430
Swimming pool	384,644	25,643	--	410,287
Other structures and equipment	2,427,036	175,755	46,000	2,556,791
Total accumulated depreciation	19,699,446	1,366,851	46,000	21,020,297
Total capital assets, being depreciated, net	29,475,674	1,863,050	--	31,338,724
Governmental activities capital assets, net	$ 40,682,862	$ 10,445,477	$ 3,790,534	$ 47,337,805

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

Governmental activities:	
Administration, mayor and council	$ 13,943
Police	46,608
Capital improvement program	77,004
Community development	1,148,073
Parks, grounds, recreation, pool, etc.	81,223
Total depreciation expense	$ 1,366,851

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

	Balance January 1, 2021	Increases	Decreases	Balance December 31, 2021
Business-type activities:				
Capital assets, not being depreciated:				
Land and improvements	$ 534,040	$ --	$ --	$ 534,040
Construction in process	1,116,558	3,927,069	2,052,674	2,990,953
Total capital assets, not being depreciated	1,650,598	3,927,069	2,052,674	3,524,993
Capital assets, being depreciated				
Plant and equipment	26,770,762	2,057,804	--	28,828,566
Less accumulated depreciation	10,030,420	763,973	--	10,794,393
Total capital assets, being depreciated, net	16,740,342	1,293,831	--	18,034,173
Proprietary activities capital assets, net	$ 18,390,940	$ 5,220,900	$ 2,052,674	$ 21,559,166
Depreciation expense				$ 763,973

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III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

C. Long-term debt

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

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Due within one year
Governmental Activities:					
General obligation bonds	$ 32,010,000	$ 7,575,000	$ 8,090,000	$ 31,495,000	$ 2,505,000
Temporary notes	8,040,000	9,850,000	--	17,890,000	2,860,000
Revenue bonds - PBC	19,550,000	13,195,000	16,820,000	15,925,000	1,170,000
Rail loan	207,126	--	42,773	164,353	43,636
Premiums/discounts	606,045	1,126,376	(66,459)	1,798,880	--
Net pension liability	1,391,948	157,415	521,678	1,027,685	--
Total OPEB liability	205,568	66,443	37,743	234,268	--
Compensated absences	75,263	97,696	93,519	79,440	30,105
Total Governmental Activities	$ 62,085,950	$ 32,067,930	$ 25,539,254	$ 68,614,626	$ 6,608,741
Business-type Activities:					
Revolving loans	$ 973,113	$ --	$ 62,869	$ 910,244	$ 66,330
Net pension liability	407,828	37,720	199,297	246,251	--
Compensated absences	11,682	24,305	19,458	16,529	4,673
Total Business-type Activities	$ 1,392,623	$ 62,025	$ 281,624	$ 1,173,024	$ 71,003

Compensated absences for the governmental activities are liquidated in the General Fund.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

General Obligation Bonds and Notes

The general obligation bonds to be paid with tax levies were issued to construct or acquire capital assets. Debt service payments are primarily made by the Bond and Interest Fund and the Public Building Commission. Temporary notes are generally paid from the Capital Projects Fund after bonds are issued.

General obligation bonds outstanding at December 31, 2021 are as follows:

	Interest Rates	Original Issue	Maturity Date	Outstanding December 31, 2021
Series 2014A	2.000% - 3.750%	$ 1,100,000	10/1/2034	$ 760,000
Series 2015A	2.000% - 2.500%	5,390,000	11/1/2027	2,195,000
Series 2015B	1.500% - 3.250%	575,000	11/1/2027	260,000
Series 2015D	2.000% - 3.500%	3,960,000	11/1/2036	3,125,000
Series 2015E	1.500% - 5.000%	220,000	11/1/2036	175,000
Series 2016A	2.000% - 4.000%	2,820,000	11/1/2037	2,230,000
Series 2017A	3.000% - 3.125%	5,545,000	11/1/2038	4,810,000
Series 2019A	2.000% - 3.000%	6,060,000	11/1/2040	5,825,000
Series 2019B	2.000% - 2.550%	1,430,000	11/1/2029	1,165,000
Series 2020B	1.400% - 2.000%	3,650,000	11/1/2041	3,375,000
Series 2021A	2.000% - 4.000%	5,135,000	11/1/2034	5,135,000
Series 2021C	2.125% - 4.000%	2,440,000	11/1/2041	2,440,000
Total		$ 38,325,000		$ 31,495,000

Temporary notes outstanding at December 31, 2021 are as follows:

	Interest Rates	Original Issue	Maturity Date	Outstanding December 31, 2021
Series 2019C	1.350%	$ 2,860,000	12/1/2022	$ 2,860,000
Series 2020A	1.250%	1,985,000	12/1/2023	1,985,000
Series 2020C	0.420%	3,195,000	12/1/2023	3,195,000
Series 2021B	0.375%	9,850,000	12/1/2024	9,850,000
Total		$ 17,890,000		$ 17,890,000

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

The annual debt service requirements to amortize the general obligation bonds and temporary notes outstanding as of December 31, 2021 are as follows:

	Governmental Activities			
	General Obligation Bonds		Temporary Notes	
Year	Principal	Interest	Principal	Interest
2022	$ 2,505,000	$ 924,049	$ 2,860,000	$ 128,656
2023	2,245,000	808,441	5,180,000	75,169
2024	2,295,000	746,911	9,850,000	36,938
2025	2,360,000	683,179	--	--
2026	2,405,000	615,236	--	--
2027 – 2031	9,540,000	2,105,096	--	--
2032 – 2036	6,815,000	918,021	--	--
2037 – 2041	3,330,000	199,080	--	--
Total	$ 31,495,000	$ 7,000,013	$ 17,890,000	$ 240,763

Current Refunding

On July 6, 2021, the City issued $5,135,000 General Obligation Series 2021A refunding bonds at a premium of $683,076. The average interest rate of the new bonds is 3.18%. Total proceeds of the issuance were $5,818,076. These proceeds were used to refund $2,995,000 of outstanding General Obligation Series 2012A bonds and to refund $2,625,000 of outstanding General Obligation Series 2013D bonds. The refunded bonds have an average interest rate of 3.41%.

This refunding bond was issued to reduce the City's total debt payments by $684,250. The economic gain (difference between the present value of the old and new debt service payments) is $650,941.

City of Bel Aire Public Building Commission

The City of Bel Aire Public Building Commission (PBC) is a component unit of the City. The City has authority to issue revenue bonds to finance the cost of acquiring and/or constructing land and facilities operated for a public purpose by a governmental entity. The PBC finances the debt service of the revenue bonds by leasing the land and facilities to the governmental entity which operates it. The operating governmental entity guarantees the rentals under the PBC lease. The PBC has no power to levy taxes, and revenue bonds issued by the PBC are not included in any legal debt limitation of the City. All revenues from City Hall rents, gray water sales, pool operations, and industrial land sales are pledged for debt service on the revenue bonds.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

For the payment of its lease obligations, if necessary, the City may levy taxes on all taxable tangible property within its territorial jurisdiction. For the land project bonds, in addition to the lease payments, other revenue pledged for debt service include sales of land for industrial purposes.

The outstanding revenue bonds are as follows:

Purpose	Interest Rate	Original Issue	Maturity Date	Amount
Revenue Refunding Bonds - Series 2014A	2.000% - 4.000%	$ 3,050,000	2/1/2030	$ 2,010,000
Taxable Revenue Refunding Bonds - Series 2014B	2.000% - 4.600%	1,120,000	2/1/2030	720,000
Taxable Revenue Refunding Bonds - Series 2021	2.000% - 2.220%	13,195,000	5/1/2034	13,195,000
Total		$ 17,365,000		$ 15,925,000

The City has entered into capital lease agreements with the PBC for leases of the City Hall, swimming pool and the land project. Lease payments are to be in amounts adequate to pay the PBC's principal and interest maturities on its bonds payable. Future payments due from the City are reflected below:

	PBC Bonds		
Year	Principal	Interest	Total
2022	$ 1,170,000	$ 361,938	$ 1,531,938
2023	1,195,000	334,038	1,529,038
2024	1,225,000	304,344	1,529,344
2025	1,245,000	273,950	1,518,950
2026	1,265,000	243,000	1,508,000
2027 – 2031	6,465,000	725,665	7,190,665
2032 - 2036	3,360,000	109,205	3,469,205
Total	$ 15,925,000	$ 2,352,140	$ 18,277,140

Advance Refunding

On June 2, 2021, the City issued $13,195,000 Public Building Commission Taxable Refunding Revenue Bonds Series 2021 at a premium of $279,649. The average interest rate of the new bonds is 2.06%. Total proceeds of the issuance were $13,474,649 were deposited in an irrevocable trust with an escrow agent for provide for future debt service payments on the Series 2017 bonds with an average interest rate of 3.60%. As a result, the Series 2017 bonds are considered to be defeased and the $14,405,000 liability for those bonds have been removed from the government-wide statement of net position and will be called on May 1, 2022.

This refunding bond was issued to reduce the City's total debt payments by $2,850,558. The economic gain (difference between the present value of the old and new debt service payments) is $2,676,836.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Pledged Revenues

The City has pledged specific revenue streams to secure the repayment of certain outstanding debt issues. The following table lists those revenues, the amount and term of pledge remaining, the current year principal and interest on the debt, the amount of pledged revenue recognized during the current fiscal year, and approximate percentage of the revenue stream that has been committed. Annual principal and interest payments not funded by the pledged revenues noted below are budgeted and paid from the City's general tax revenues:

Issue	Revenue Pledged	Amount of Pledge	Term of Commitment	Percent of Revenue Pledged	Principal and Interest for 2021	Pledged Revenues Recognized in 2021
Governmental Activities						
2021A/2017A	Land sales for industrial use	$ 15,025,955	Through 2034	100%	$ 2,566,725	$ 149,542
2014A	City Hall rent	$ 2,391,450	Through 2030	100%	$ 266,275	$ 47,057
2014B	Annual property tax levy and sale of water through effluent line improvements	$ 859,734	Through 2030	100%	$ 105,690	$ 59,750

Conduit Debt

From time to time, the City has sponsored the issuance of Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership for the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, state nor any political subdivision thereof is obligated in any manner for repayment of the bonds. The total amount outstanding at December 31, 2021 was $58,109,727.

Revolving Loans

The City entered into a loan agreement with the Kansas Department of Health and Environment for a project to reroute certain waterlines and replace existing user meters. The maximum amount of the loan is not to exceed $858,942. Principal and interest payments commenced August 1, 2014 at 2.16% interest. At December 31, 2021, the balance of this loan was $563,867.

The City entered into a loan agreement with the Kansas Department of Health and Environment for a project to provide for various improvements to the sanitary sewer system including manhole rehabilitation, replacement of several sewer lines, upgrade to wastewater pumping station and SCADA system. The maximum amount of the loan is not to exceed $535,980. Principal and interest payments commenced September 1, 2014 at 2.12% interest. At December 31, 2021, the balance of this loan was $346,377.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

Annual debt service requirements as of December 31, 2021 are as follows:

	Business-type Activities			
	Water Fund		Sewer Fund	
Year	Principal	Interest	Principal	Interest
2022	$ 40,827	$ 10,299	$ 25,503	$ 6,630
2023	41,713	9,556	26,047	6,151
2024	42,619	8,797	26,602	5,662
2025	43,545	8,022	27,169	5,162
2026	44,491	7,229	27,748	4,651
2027 – 2031	237,372	23,644	147,866	15,203
2032 - 2036	113,300	6,518	65,442	2,259
Total	$ 563,867	$ 74,065	$ 346,377	$ 45,718

Rail Loan

The City entered into a loan agreement with the Kansas Department of Transportation for a project to build a railroad spur in the Sunflower Commerce Park. The maximum amount of the loan is not to exceed $421,358. Payments commence upon the completion of the railroad spur at 2% interest. At December 31, 2021, the balance of this loan was $164,353. Annual debt service requirements as of December 31, 2021 are as follows:

Year	Principal	Interest	Total
2022	$ 43,636	$ 2,889	$ 46,525
2023	44,517	2,008	46,525
2024	45,416	1,109	46,525
2025	30,784	231	31,015
Total	$ 164,353	$ 6,237	$ 170,590

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

D. Interfund Transfers

A summary of interfund transfers by fund type for the year ended December 31, 2021 is as follows:

	Transfer to:						
	Capital Improvements	Equipment Reserve	Bond and Interest	PBC	Special Street and Highway	Capital Projects	Total
Transfer from:							
General	$ 1,300,000	$ 50,000	$ 385,831	$ 1,413,413	$ --	$ 342	$ 3,149,586
Land Bank	--	--	--	$ 1,660,000	--	--	1,660,000
Solid Waste	--	--	--	--	100,000	--	100,000
Water	--	100,000	158,437	--	--	--	258,437
Sewer	--	100,000	197,717	--	--	--	297,717
Total	$ 1,300,000	$ 250,000	$ 741,985	$ 3,073,413	$ 100,000	$ 342	$ 5,465,740

Transfers are used to (1) move revenues from the fund that a statute or the budget requires to collect them to the fund that a statute or the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Bond and Interest Fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Any transfers within the governmental funds have been eliminated in the government-wide Statement of Activities.

Additionally, the Capital Projects Fund constructed assets in the amount of $1,491,783 and $2,435,286 to the Water and Sewer Funds, respectively. This activity is shown as an expenditure from the Capital Projects Fund and capital contribution revenue to the Water and Sewer Funds, in the fund financial statements. However, this activity is shown within transfers in the government-wide financial statements.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (CONTINUED)

E. Fund Balances

A summary of the components of governmental fund balance, by purpose, is as follows:

	General	Bond and Interest	Capital Projects	Public Building Commission	Land Bank	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	$ 204,160	$ --	$ --	$ --	$ 2,557,873	$ --	$ 2,762,033
Restricted for:							
Bond and interest	--	498,401	--	--	--	--	498,401
Land Bank	--	--	--	--	1,679,588	--	1,679,588
Capital projects	--	--	3,937,798	--	--	238,852	4,176,650
Public Building Commission	--	--	--	168,845	--	--	168,845
Drug forfeiture	--	--	--	--	--	3,653	3,653
Assigned to:							
Capital projects	--	--	--	--	--	751,440	751,440
Equipment reserve	--	--	--	--	--	588,088	588,088
Unassigned	3,989,177	--	--	--	--	--	3,989,177
Total fund balance	$ 4,193,337	$ 498,401	$ 3,937,798	$ 168,845	$ 4,237,461	$ 1,582,033	$ 14,617,875

Prior Period Adjustment

In 2021, a prior period adjustment was recorded which resulted in an increase to Land Bank beginning fund balance by $367,300 to properly account for timing of land sale activity.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss from torts: theft, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

B. Contingent Liabilities

Various legal actions and claims against the City are currently pending. The ultimate liability that might result from their resolution is not presently determinable; however, in the opinion of management and counsel, the probability of material aggregate liabilities resulting from these claims is remote.

IV. OTHER INFORMATION (CONTINUED)

C. Construction Commitments

The City had outstanding construction commitments for various capital projects and improvements at December 31, 2021 as follows:

Project	Project costs to date	Approved project amount
Rock Spring 3rd Additon Phase 1	$ 20,280	$ 984,000
Woodlawn Construction	3,940,747	4,563,705
Woodlawn Water Utility Relocation	514,052	600,000
Woodlawn Sewer Utility Construction	262,953	600,000
Rock Spring 3rd Addition Phase 2	647,830	913,000
Chapel Landing 3rd Phase 1	1,700,615	1,801,000
Chapel Landing 3rd Phase 2	346,697	357,000
Chapel Landing 4th Phase 1	336,679	442,000
Skyview at Block 49 Phase 1	1,223,050	2,083,709
Rock Spring 4th Adition Phase 1	225,358	1,748,000
	$ 9,218,261	$ 14,092,414

D. Commitments to Chisholm Creek Utility Authority

The City's Service Agreement with Chisholm Creek Utility Authority (Authority) requires the City to pay for minimum amounts of water and treated wastewater, whether such water is actually received by the City or whether such wastewater is actually accepted by the Authority and treated.

The Service Agreement also requires the City to maintain and collect rates and charges for service sufficient to a) pay its share of the expenses of the Authority, b) pay its share of the Authority's debt service payments, c) enable the City to have in each fiscal year a coverage ratio, as defined by the agreement, of not less than 1.25 on all debt service requirements and of not less than 1.10 on any Additional Indebtedness, as defined by the agreement, and d) provide reasonable and adequate reserves for the payment of Additional Indebtedness.

The City's obligations under the Service Agreement are several; no member of the Authority is responsible for payment obligations of any other member of the Authority.

Similarly, as required by the bond covenants relating to bonds issued by the Authority, the rates charged by each city participating in the Authority to its residents and businesses should result in the funds necessary for the cities to pay for all the water and wastewater costs of the Authority in addition

IV. OTHER INFORMATION (CONTINUED)

to all debt service payments. Provisions of the revenue bond rate covenant were complied with for 2021.

At year-end, the Authority had revenue bonds and a land contract outstanding in the principal and interest amount of $24,832,868. The debt is more fully described in the audited financial statements of the Authority. Debt administration is handled by the Bank of New York and Security Bank of Kansas City, excluding the land contract.

During 2009, a temporary financing agreement was approved by the City for the Authority to make certain capital improvements to the wastewater treatment facilities. The improvements were approved up to $3,918,306, of which the City of Bel Aire is liable for $1,322,934. The temporary financing by the City will be repaid through the issuance of revenue bonds by the Authority. The payment of the revenue bonds will be through monthly payments by the cities to the Authority from revenues in utility funds.

Bel Aire's scheduled share of payments due to the Authority for currently issued revenue bonds and interest as of December 31, 2021 are as follows:

Year	Interest and Principal
2022	$ 2,045,326
2023	2,062,258
2024	2,057,394
2025	2,064,532
2026	2,022,876
2027 and thereafter	14,580,482
Total	$ 24,832,868

The above payments are recognized as expenses incurred for water and sewer operations. Funding is to be provided by user charges.

IV. OTHER INFORMATION (CONTINUED)

E. Pension and Other Post-Employment Benefit Plans

Defined Benefit Plans

General Information about the Pension Plan

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

Benefits provided. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. Member employees with ten or more years of credited service, may retire as early as age 55, 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".

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. 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 member employees and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. 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.

IV. OTHER INFORMATION (CONTINUED)

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.87% for KPERS for the fiscal year ended December 31, 2021.

Contributions to the pension plan from the City were $197,781 for KPERS for the year ended December 31, 2021.

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

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 group of the plan. The City participates in the local (KPERS) group.

At December 31, 2021, the City reported a liability of $1,273,936 for KPERS 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. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS, relative to the total employer and nonemployer contributions of the KPERS for the 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 and change from its proportion measured as of June 30, 2021 were as follows:

	Net pension liability as of December 31, 2021				
	Governmental Activities	Business - Type Activities	Total	Proportion as of June 30, 2021	Increase (decrease) proportion from June 30, 2020
KPERS (local)	$ 1,027,685	$ 246,251	$ 1,273,936	0.106%	0.002%

IV. OTHER INFORMATION (CONTINUED)

For the year ended December 31, 2021, the City recognized pension expense of $172,862 for KPERS. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business - Type Activities	Governmental Activities	Business - Type Activities
Difference between expected and actual experience	$ 40,565	$ 9,720	$ 9,306	$ 2,229
Net difference between projected and actual earnings on pension plan investments	--	--	364,928	87,443
Changes in proportionate share	88,835	21,286	--	--
Changes in assumptions	202,301	48,475	--	--
City contributions subsequent to measurement date	86,540	20,738	--	--
Total	$ 418,241	$ 100,219	$ 374,234	$ 89,672

The $107,278 reported as deferred outflows of resources related to pensions resulting from the City 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 as increases (decreases) to pension expense as follows:

	Deferred Outflows (Inflows) of Resources	
Year ended December 31:	Governmental Activities	Business-Type Activities
2022	$ 21,891	$ 5,246
2023	10,846	2,599
2024	(4,728)	(1,133)
2025	(78,669)	(18,850)
2026	8,127	1,947
	$ (42,533)	$ (10,191)

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:

IV. OTHER INFORMATION (CONTINUED)

Actuarial cost method	Entry age normal
Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.50% to 12.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	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.

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

The actuarial assumptions changes adopted by the pension plan for all groups based on the experience study:

- Investment return assumption was lowered from 7.50% to 7.25%
- Salary assumption was increased from 3.25% to 3.50%

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 as of the most recent experience study dated January 7, 2020, a provided by KPERS' investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equities	23.5%	5.20%
Non-US Equities	23.5%	6.40%
Fixed Income	11%	1.55%
Yield Driven	8%	4.70%
Real Return	11%	3.25%
Private Real Estate	11%	4.45%
Private Equity	8%	9.50%
Short-term Investments	4%	0.25%
	100.0%	

IV. OTHER INFORMATION (CONTINUED)

Discount rate. The discount rate used by KPERS to measure the total pension liability at June 30, 2021 was 7.25%. The discount rate used to measure the total pension liability at the prior measurement date of June 30, 2020 was 7.50%. 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. The local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS' Board of Trustees for this group may not increase by more than the statutory cap. The statutory cap for the state fiscal year 2021 was 1.2%. The local employers are currently contributing the full actuarial contribution rate. The expected employer actuarial contribution rate was modeled for future years, assuming all actuarial assumptions are met in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the City's proportionate share of the collective net pension liability calculated using the discount rate of 7.25%, 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 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's KPERS proportionate share of the net pension liability	$ 2,095,497	$ 1,273,936	$ 584,948
	$ 2,095,497	$ 1,273,936	$ 584,948

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

Defined Contribution Plan 457 plan

The City established a defined contribution plan for certain employees. The plan is administered by the ICMA Retirement Corporation, and any changes to the plan's provisions or the contribution requirements are determined by the governing body of the City. The contribution percentage is 7% and there is no match. The contributions by the City for 2021 were $22,077.

F. Other Post Employment Benefits

COBRA

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

IV. OTHER INFORMATION (CONTINUED)

KPERS Death and Disability OPEB Plan

*Plan Description***.** The City participates in an agent multiple-employer defined benefit other post-employment benefit (OPEB) plan which is administered by KPERS. The plan provides long-term disability benefits and life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. Because the trust's assets are used to pay employee benefits other than OPEB, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. There is no stand-alone financial report for the plan.

Benefits provided:

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The plan provides long-term disability benefits equal to 60% (prior to January 1, 2006, 66 2/3%) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver premium provision.

Long-term disability benefit: Monthly benefit is 60% of the member's monthly compensation, with a minimum of $100 and maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, worker's compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability occurs after age 60, benefits are payable while disability continues, for a period of 5 years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the term of the disability or 24 months per lifetime, whichever is less. There are no automatic cost-of-living increase provisions. KPERS has the authority to implement an ad hoc cost-of living increase.

Group life waiver of premium benefit: Upon the death of an employee who is receiving monthly disability benefits, the plan will pay a lump-sum benefit to eligible beneficiaries. The benefit amount will be 150% of the greater of the member's annual rate of compensation at the time of disability or the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for 5 or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price before the life insurance benefit is computed. The indexing is based on the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual life insurance policy.

IV. OTHER INFORMATION (CONTINUED)

Employees covered by benefit terms. At December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	37
	38

Total OPEB Liability

The City's total OPEB liability of $234,268 was measured as of June 30, 2021 and was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise noted:

Price inflation	2.75%
Payroll growth	3.00%
Salary increases, including inflation	3.50 to 10%, including price inflation
Discount rate	2.16%
Healthcare cost trend rates	Not applicable for the coverage in this plan
Retiree share of benefit cost	Not applicable for the coverage in this plan

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on the RP-2014 Mortality tables, as appropriate, with adjustment for mortality improvements based on Scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on an actuarial experience study for the period January 1, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2020 KPERS pension valuation.

	Total OPEB Liability
Balance at fiscal year-end 12/31/20	$ 205,568
Changes for the year:	
Service cost	8,277
Interest	4,444
Effect of economic/demographic gains or losses	40,698
Effect of assumptions changes or inputs	933
Benefit payments	(25,652)
Net changes	28,700
Balance at fiscal year-end 12/31/21	$ 234,268

IV. OTHER INFORMATION (CONTINUED)

Changes in the Total OPEB Liability

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period and demographic assumption updates based on the most recent KPERS experience study. The discount rate decreased from 2.21% on June 30, 2020 to 2.16% on June 30, 2021.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	$ 254,210	$ 234,268	$ 216,551

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS. Therefore, there is no sensitivity to a change in healthcare trend rates.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the City recognized OPEB expense of $29,340. At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 149,886	$ 10,792
Changes in assumptions	17,849	1,438
Benefit payments subsequent to the measurement date	12,826	--
Total	$ 180,561	$ 12,230

The $12,826 benefit payments made subsequent to the measurement date will be recognized as a reduction in the total OPEB liability for the year ended December 31, 2022. The remaining amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

IV. OTHER INFORMATION (CONTINUED)

	Deferred (Inflows) & Outflows of Resources
Year ended December 31:	
2022	$ 18,683
2023	18,683
2024	18,683
2025	18,683
2026	18,753
Thereafter	62,020
	$ 155,505

G. Concentrations

The City buys all of its wastewater services from the Chisholm Creek Utility Authority. All water purchases are made from the Chisholm Creek Utility Authority and the City of Wichita.

H. Tax Abatements

The City follows GASB Statement No. 77 *Tax Abatement Disclosures*, which enhances comparability of financial statements among governments by establishing disclosures about the nature and magnitude of tax abatements enabling users to understand 1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and 2) the impact those abatements have on a government's financial position and economic condition.

GASB 77 defines a tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the citizens of those governments.

The City enters into property tax abatement agreements with local businesses under the state Economic Development Opportunity Act of 2006. Under the Act, localities may grant property tax abatements of a maximum of ten years at up to 100% of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City. See further information regarding IRB's, including the amount outstanding at December 31, 2021, at Footnote III.C. - Conduit Debt.

The County Appraiser determines the full value of the property, noting the value that has been exempted through the program. The County Treasurer computes the taxes due on the appraised value only on the taxable portion of the property. For the fiscal year ended December 31, 2021, all of the buildings associated with tax abatements were still under construction; therefore, the City abated property taxes totaling $214,131 under this program. These agreements also include performance measurements that the business must achieve. If the performance measurements are not met, the tax abatement will be removed, and the business will have to pay their full property taxes.

IV. OTHER INFORMATION (CONTINUED)

I. Pending Governmental Accounting Standards

The effect on the City's financial statements of the following statements issued, but not yet adopted, has not yet been determined.

GASB Statement No. 87, *Leases,* improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were 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 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. Provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2022.

GASB Statement No. 92, *Omnibus 2020,* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: effective date of GASB 87 for interim financial reports; intra-entity transfers between primary governments and component unit pension or OPEB plans; applicability of Statements No. 73 and 74 for reporting assets accumulated for postemployment benefits; applicability of certain requirements of GASB 84 to postemployment benefit arrangements; measurement of asset retirement obligations in government acquisitions; reporting by public entity risk pools for amounts recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements in authoritative literature and terminology used related to derivative instruments. Certain provisions of this statement were effective upon issuance and did not impact the City's financial reporting, other provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2022.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR), most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The provisions of this statement were originally effective for the City's fiscal year ending December 31, 2021 and now postponed until December 31, 2022 per GASB Statement No. 95.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for the City's fiscal year ending December 31, 2023.

IV. OTHER INFORMATION (CONTINUED)

I. Pending Governmental Accounting Standards (CONTINUED)

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, *Leases*. The new defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The provisions of this statement will be effective for the City's fiscal year ending December 31, 2023.

GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* provides the following guidance: 1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and 3) addresses relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefit provided through those plans. The first two provisions of this statement are effective immediately. The last provision will be effective for the City's fiscal year ending December 31, 2022.

GASB Statement No. 99, *Omnibus 2022*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: 1) classification and reporting of derivative instruments within the scope of Statement No. 53 that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; 2) clarification of certain provisions in Statement No. 87, Statement No. 94 and Statement No. 96; 3) extension of the period during which the London Interbank offered Rate (LIBOR) is considered an appropriate benchmark interest rate of the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; 4) accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program; 5) disclosures related to nonmonetary transactions; 6) pledges of future revenues when resources are not received by the pledging government; 7) clarification of provisions in Statement No 34 related to the focus of the government-wide financial statements; terminology updates related to certain provisions of Statement No. 63; and 8) terminology used in Statement No. 53 to refer to resource flows statements. The provisions of this statement for items 1 and 2 are effective for financial statements for the City's fiscal year ending December 31, 2024, and December 31, 2023, respectively. All other provisions of this statement are effective upon issuance.

IV. OTHER INFORMATION (CONTINUED)

I. Pending Governmental Accounting Standards (CONTINUED)

GASB statement No. 100, *Accounting Changes and Error Corrections,* enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates and changes to or within the financial reporting entity. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for each type of accounting change and error corrections. This statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This statement also requires disclosure in the notes to the financial statements of descriptive information about accounting changes and error corrections. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. The provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2024.

GASB Statement No. 101, *Compensated Absences,* better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2024.

J. Subsequent Events

In June, the City received the first allocation of the federal funding from the American Rescue Plan Act of $633,328.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by GASB but are not considered a part of the basic financial statements.

For the City, this information includes:

- A budgetary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis - General Fund

- A budgetary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis - Land Bank

- Defined Benefit Pension Plans - Share of the Collective Net Pension Liability Kansas Public Employee Retirement System Last Nine Fiscal Years

- Defined Benefit Pension Plans - Schedule of City's Contributions Kansas Public Employees Retirement System Last Seven Nine Years

- Other Post Employment Plans - Schedule of Changes in the City's Death & Disability Total OPEB Liability and Related Ratios Last Five Fiscal Years

Budgetary Comparison Schedule

The City utilizes encumbrances for budgetary reporting purposes. Encumbrances relating to certain contractual agreements, supplies and equipment that have been ordered but not received are reported in the year the commitment arises for budgetary reporting purposes. However, for financial reporting purposes, the goods or services are reported when they are received. Also see Note II to the financial statements for additional budgetary information.

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
Year ended December 31, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
Revenues:				
Taxes and shared revenue:				
Ad valorem tax	$ 3,108,119	$ 3,108,119	$ 3,202,287	$ 94,168
Delinquent tax	25,000	25,000	40,280	15,280
Motor vehicle tax	412,406	412,406	476,634	64,228
Sales tax	1,210,525	1,210,525	1,613,418	402,893
Franchise tax	686,000	686,000	718,551	32,551
Court fines	104,485	104,485	116,068	11,583
Licenses, permits and fees	179,000	179,000	266,917	87,917
Recreation fees	85,339	85,339	82,760	(2,579)
Rents and note collections	44,393	44,393	48,628	4,235
Intergovernmental	59,500	59,500	204,773	145,273
Interest	10,000	10,000	1,143	(8,857)
Other	38,500	38,500	94,191	55,691
Total revenues	5,963,267	5,963,267	6,865,650	902,383
Expenditures:				
City Administration:				
Personnel services	575,558	575,558	742,702	167,144
Contractual services	69,500	69,500	26,886	(42,614)
Operating expenses	22,500	22,500	22,320	(180)
Capital outlay	10,000	10,000	-	(10,000)
Community Development:				
Personnel services	180,750	180,750	164,985	(15,765)
Contractual services	28,500	28,500	22,711	(5,789)
Operating expenses	18,600	18,600	10,402	(8,198)
Law and Municipal Court:				
Personnel services	97,018	97,018	68,130	(28,888)
Contractual services	66,500	66,500	34,028	(32,472)
Operating expenses	5,700	5,700	2,791	(2,909)
Parks and Grounds:				
Personnel services	107,968	107,968	55,925	(52,043)
Contractual services	32,000	32,000	35,631	3,631
Operating expenses	31,930	31,930	37,830	5,900
Capital outlay	12,500	12,500	19,740	7,240
Police:				
Personnel services	910,118	910,118	965,527	55,409
Contractual services	95,500	95,500	103,323	7,823
Operating expenses	101,700	101,700	92,159	(9,541)
Capital outlay	-	-	3,914	3,914
Recreation:				
Personnel services	263,972	263,972	225,437	(38,535)
Contractual services	52,949	52,949	46,330	(6,619)
Operating expenses	43,700	43,700	29,753	(13,947)
Senior Center:				
Personnel services	24,106	24,106	18,000	(6,106)
Contractual services	4,400	4,400	3,785	(615)
Operating expenses	9,550	9,550	4,942	(4,608)

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
Year ended December 31, 2021

	Budgeted Amounts		Actual Amounts Budgetary	Variance with Final Budget Over/
	Original	Final	Basis	(Under)
Mayor and Council:				
Personnel services	22,757	22,757	22,431	(326)
Contractual services	18,808	18,808	27,174	8,366
Operating expenses	16,500	16,500	26,818	10,318
Central Park Pool:				
Personnel services	28,300	28,300	26,732	(1,568)
Contractual services	10,900	10,900	7,076	(3,824)
Operating expenses	12,000	12,000	24,415	12,415
Economic Development:				
Personnel services	194,614	194,614	52,972	(141,642)
Contractual services	12,500	12,500	127,433	114,933
Operating expenses	30,200	30,200	23,047	(7,153)
Nondepartmental:				
Personnel services	21,700	21,700	9,167	(12,533)
Contractual services	157,700	157,700	107,831	(49,869)
Operating expenses	20,800	20,800	187,208	166,408
Capital outlay	40,000	40,000	-	(40,000)
Transfer out	2,998,075	2,998,075	3,149,586	151,511
Land project	299,130	299,130	135,782	(163,348)
Use of cash carryforward	15,920	15,920	-	(15,920)
Total expenditures	6,664,923	6,664,923	6,664,923	-
Net change in fund balance	$ (701,656)	$ (701,656)	200,727	$ 902,383
Fund balance, beginning of year			3,327,086	
Fund balance, end of year			$ 3,527,813	
Explanation of difference between budgetary and GAAP fund balance:				
Accrued revenues			665,524	
GAAP fund balance at end of year			$ 4,193,337	

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Land Bank
For the Year Ended December 31, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Final Budget Over/ (Under)	
Revenues:					
Residential lot sales	$ 50,000	$ 750,000	$ 2,188,411	$ 1,438,411	
Commercial lot sales	-	250,000	385,327	135,327	
Interest	-	100	34	(66)	
Miscellaneous	-	600	32,839	32,239	
Transfer in	225,000	-	-	-	
Total revenues	275,000	1,000,700	2,606,611	1,605,911	
Expenditures:					
Land bank subjected to budget:					
Special assessments	425,000	425,000	245,212	(179,788)	
Contractual services	5,000	86,000	85,639	(361)	
Debt service principal	-	1,600,000	-	(1,600,000)	
Transfer out	-	-	1,660,000	1,660,000	
Total land bank subjected to budget	430,000	2,111,000	1,990,851	(120,149)	
Land bank not subjected to budget:					
Special assessments	-	-	192,557	192,557	**
Contractual services	-	-	152,749	152,749	**
Total land bank not subjected to budget	-	-	345,306	345,306	
Total expenditures	430,000	2,111,000	2,336,157	225,157	
Net change in fund balance	$ 275,000	$ 1,000,700	270,454	$ (730,246)	
Fund balance, beginning of year			1,349,134		
Fund balance, end of year			$ 1,619,588		
Explanation of difference between budgetary and GAAP fund balance:					
Receivables at 12/31/21			60,000		
Property held for resale			2,557,873		
GAAP fund balance at end of year			$ 4,237,461		

** Not subject to the legal annual operating budget. Fees paid with proceeds of land sale revenue.

CITY OF BEL AIRE, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

Schedule of City's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Nine Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
City's proportion of the collective net pension liability	0.106%	0.104%	0.098%	0.096%	0.090%	0.087%	0.076%	0.076%	0.070%
City's proportionate share of the net pension liability	$ 1,273,936	$ 1,799,776	$ 1,369,673	$ 1,331,099	$ 1,298,316	$ 1,353,388	$ 1,002,884	$ 931,409	$ 1,065,989
City's covered payroll^	$ 2,065,726	$ 1,932,044	$ 1,786,806	$ 1,594,160	$ 1,477,171	$ 1,450,432	$ 1,257,280	$ 1,208,004	$ 1,128,446
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	62%	93%	77%	83%	88%	93%	80%	77%	94%
Plan fiduciary net position as a percentage of the total pension liability	76.40%	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%

*GASB 68 requires presentation of ten years. As of December 31, 2021, only nine years of information is available.

^ Covered payroll is measured as of the measurement date ending June 30.

CITY OF BEL AIRE, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

Schedule of City's Contributions
Kansas Public Employees Retirement System
Last Nine Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 197,781	$ 168,081	$ 166,245	$ 145,716	$ 133,898	$ 138,160	$ 130,342	$ 107,294	$ 97,298
Contributions in relation to the contractually required contribution	(197,781)	(168,081)	(166,245)	(145,716)	(133,898)	(138,160)	(130,342)	(107,294)	(97,298)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll ^	$2,240,888	$1,998,715	$ 1,870,020	$ 1,736,656	$ 1,569,560	$ 1,337,466	$ 1,374,918	$ 1,107,270	$ 1,106,921
Contributions as a percentage of covered payroll	8.83%	8.41%	8.89%	8.39%	8.53%	10.33%	9.48%	9.69%	8.79%

*GASB 68 requires presentation of ten years. As of December 31, 2021, only nine years of information is available.

^ Covered payroll is measured as of the the fiscal year end December 31

CITY OF BEL AIRE, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

Kansas Public Employees Retirement System
Last Nine Fiscal Years*

Changes in benefit terms for KPERS. Effective January 1, 2014, KPERS 1 member's employee contribution rate increased to 5.0 percent and then on January 1, 2015, increase to 6.0 percent, with an increase in benefit multiplier to 1.85 percent for future years of service. For KPERS 2 members retired after July 1, 2012, the cost of living adjustment (COLA) is eliminated, but members will receive a 1.85 percent multiplier for all years of service.

January 1, 2015, the KPERS 3 cash balance plan became effective. Members enrolled in this plan are ones first employed in a KPERS covered position on or after January 1, 2015, or KPERS 1 or KPERS 2 members who left employment before vesting and returned to employment on or after January 1, 2015. The retirement benefit is an annuity based on the account balance at retirement.

For the state fiscal year 2017, the Legislature changed the working after retirement rules for members who retire on or after January 1, 2018. The key changes to the working after retirement rules were to lengthen the waiting period for KPERS members to return to work from 60 days to 180 days for members who retire before attaining age 62, remove the earnings limitation for all retirees and establish a single-employer contribution schedule for all retirees.

Changes in assumptions for KPERS. As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2016 and include:
• The price inflation assumption was lowered from 3.00% to 2.75%.
• The investment return assumption was lowered from 8.00% to 7.75%.
• The general wage growth assumption was lowered from 4.00% to 3.50%.
• The payroll growth assumption was lowered from 4.00% to 3.00%.

Changes from the November 2016 experience study that impacted KPERS are listed below:
• The post-retirement healthy mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
• The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
• The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
• Disability rates were decreased for all three groups.
• The termination of employment assumption was increased for all three groups.
• The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

As a result of the experience study completed in January 2020, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2019 and include:
• The investment return assumption was lowered from 7.75% to 7.50%.
• The general wage growth assumption was lowered from 3.50% to 3.25%.
• The payroll growth assumption was lowered from 3.00% to 2.75%.

Changes from the January 2020 experience study that impacted individual groups are listed below:
• Retirement rates were adjusted to partially reflect observed experience.
• Termination rates were increased for most KPERS groups.
• Disability rates were reduced.
• Factors for the State group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
• The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

December 31, 2020 assumption changes included a decrease of the investment return assumption from 7.75% to 7.25% and increase in general wage growth assumption from 3.25% to 3.50%.

CITY OF BEL AIRE, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

Schedule of Changes in the City's
Death & Disability Total OPEB Liability and Related Ratios

Last Five Fiscal Years*

	2021	2020	2019	2018	2017
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability					
Service cost	$ 8,277	$ 6,988	$ 6,349	$ 6,313	$ 6,051
Interest	4,444	1,860	3,007	3,627	3,515
Effect of economic/demographic gains or losses	40,698	141,938	(11,096)	(5,304)	-
Effect of assumptions changes or inputs	933	20,544	895	(778)	(2,030)
Benefit payments	(25,652)	(23,588)	(25,108)	(29,875)	(29,875)
Net change in total OPEB liability	28,700	147,742	(25,953)	(26,017)	(22,339)
Total OPEB liability - beginning	205,568	57,826	83,779	109,796	132,135
Total OPEB liability - ending	$ 234,268	$ 205,568	$ 57,826	$ 83,779	$ 109,796
Covered payroll	$ 2,065,726	$ 1,932,044	$ 1,786,806	$ 1,594,160	$ 1,477,171
Total OPEB liability as a percentage of covered payroll	11.34%	10.64%	3.24%	5.26%	7.43%

* GASB 75 requires presentation of ten years. As of December 31, 2021, only five years of information is available
There are no assets accumulated in the trust to pay related benefits.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period:
- The discount rate increased from 2.85% on June 30, 2016 to 3.58% on June 30, 2017.
- The discount rate increased from 3.58% on June 30, 2017 to 3.87% on June 30, 2018.
- The discount rate decreased from 3.87% on June 30, 2018 to 3.50% on June 30, 2019.
- The discount rate decreased from 3.50% on June 30, 2019 to 2.21% on June 30, 2020.
- The discount rate decreased from 2.21% on June 30, 2020 to 2.16% on June 30, 2021.

SUPPLEMENTARY INFORMATION

City of Bel Aire, Kansas

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	Special Revenue Funds				Capital Project Funds		
	Special Street and Highway	Local Drug Forfeiture	State Drug Forfeiture	Federal Forfeiture	Capital Improvement	Equipment Reserve	**Total Nonmajor Governmental Funds**
Assets:							
Cash, including investments	$ 236,725	$ 880	$ 1,552	$ 1,221	$ 1,396,581	$ 588,088	$ 2,225,047
Receivables	7,892	-	-	-	-	-	7,892
Total assets	$ 244,617	$ 880	$ 1,552	$ 1,221	$ 1,396,581	$ 588,088	$ 2,232,939
Liabilities							
Accounts and retainage payable	$ 2,640	$ -	$ -	$ -	$ 11,813	$ -	$ 14,453
Accrued liabilities	3,125	-	-	-	-	-	3,125
Unearned grant revenue	-	-	-	-	633,328	-	633,328
Total liabilities	5,765	-	-	-	645,141	-	650,906
Fund balance:							
Restricted	238,852	880	1,552	1,221	-	-	242,505
Assigned	-	-	-	-	751,440	588,088	1,339,528
Total fund balance	238,852	880	1,552	1,221	751,440	588,088	1,582,033
Total liabilities, deferred inflows of resources and fund balance	$ 244,617	$ 880	$ 1,552	$ 1,221	$ 1,396,581	$ 588,088	$ 2,232,939

City of Bel Aire, Kansas

Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2021

	Special Revenue Funds				Capital Project Funds		
	Special Street and Highway	Local Drug Forfeiture	State Drug Forfeiture	Federal Forfeiture	Capital Improvement	Equipment Reserve	**Total Nonmajor Governmental Funds**
Revenues:							
Taxes and shared revenues	$ 348,930	$ -	$ -	$ -	$ -	$ -	$ 348,930
Miscellaneous	-	-	-	-	83,467	29,643	113,110
Total revenues	348,930	-	-	-	83,467	29,643	462,040
Expenditures:							
Streets and highways	418,195	-	-	-	-	-	418,195
Capital outlay	-	-	-	-	1,244,073	55,129	1,299,202
Total expenditures	418,195	-	-	-	1,244,073	55,129	1,717,397
Excess of revenues over (under) expenditures	(69,265)	-	-	-	(1,160,606)	(25,486)	(1,255,357)
Other financing sources (uses):							
Transfers in	100,000	-	-	-	1,300,000	250,000	1,650,000
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	100,000	-	-	-	1,300,000	250,000	1,650,000
Net change in fund balance	30,735	-	-	-	139,394	224,514	394,643
Fund balance, beginning of year	208,117	880	1,552	1,221	612,046	363,574	1,187,390
Fund balance, end of year	$ 238,852	$ 880	$ 1,552	$ 1,221	$ 751,440	$ 588,088	$ 1,582,033

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Governmental Fund - Budget and Actual (Budget Basis)
Bond and Interest Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)	
	Original	Final			
Revenues:					
Special assessments	$ 2,199,332	2,199,332	$ 2,312,079	$ 112,747	
Delinquent tax	35,000	35,000	98,589	63,589	
Interest	1,000	1,000	67	(933)	
Bond proceeds	-	-	5,135,000	5,135,000	
Bond sale premium, net	-	-	683,076	683,076	
Transfer in	1,025,870	1,025,870	741,985	(283,885)	
Total revenues	3,261,202	3,261,202	8,970,796	5,709,594	
Expenditures:					
Principal payments	2,370,000	2,370,000	2,470,000	100,000	
Interest expense	917,480	917,480	764,500	(152,980)	
Total expenditures subjected to budget	3,287,480	3,287,480	3,234,500	(52,980)	
Expenditures not subjected to budget:					
Principal payments	-	-	5,620,000	5,620,000	**
Interest expense	-	-	190,837	190,837	**
Total expenditures not subjected to budget	-	-	5,810,837	5,810,837	
Total expenditures	3,287,480	3,287,480	9,045,337	5,757,857	
Net change in fund balance	$ (26,278)	$ (26,278)	(74,541)	$ (48,263)	
Fund balance, beginning of year			572,942		
Fund balance, end of year			$ 498,401		

** Not subject to the legal annual operating budget. Debt payments resulting from bond refunding.

City of Bel Aire, Kansas
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Governmental Fund - Budget and Actual (Budget Basis)
Capital Projects Fund
For the Year Ended December 31, 2021

	Actual Amounts Budgetary Basis
Revenues:	
Bond proceeds	$ 12,290,000
Bond premiums	163,651
Interest	103
Transfer in	342
Total revenues	12,454,096
Expenditures:	
Cost of issuance	187,880
Rock Spring	1,650,553
Chapel Landing	7,128,914
Bristol Hollows	757,675
Prestwick	538,077
Deer Run	5,500
Central Park	877,391
Skyview	1,223,050
Temporary note and bond principal	42,773
Temporary note and bond interest	81,375
Total expenditures	12,493,188
Net change in fund balance	(39,092)
Fund balance, beginning of year	3,976,890
Fund balance, end of year	$ 3,937,798

City of Bel Aire, Kansas
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Governmental Fund - Budget and Actual (Budget Basis)
Public Building Commission
For the Year Ended December 31, 2021

	Actual Amounts Budgetary Basis
Revenues:	
Industrial land sales	$ 230,222
Bond proceeds	13,195,000
Other	26
Bond premium	279,649
Transfer in	3,073,413
Total revenues	16,778,310
Expenditures:	
Fees	2,475
Issuance costs	248,417
Deposit to refunded bond escrow	14,886,232
Bond principal	2,415,000
Bond interest	502,913
Total expenditures	18,055,037
Net change in fund balance	(1,276,727)
Fund balance, beginning of year	1,445,572
Fund balance, end of year	$ 168,845

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Governmental Fund - Budget and Actual (Budget Basis)
Special Street and Highway Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Taxes and Shared Revenue:				
State gas tax	$ 178,880	$ 178,880	$ 243,294	$ 64,414
County gas tax	78,310	78,310	105,636	27,326
Transfer in	100,000	100,000	100,000	-
Total revenues	357,190	357,190	448,930	91,740
Expenditures:				
Personnel services	80,335	80,335	83,673	3,338
Contractual services	115,950	115,950	120,643	4,693
Operating expense	139,250	139,250	201,656	62,406
Capital outlay	55,000	55,000	12,223	(42,777)
Transfer out	46,053	46,053	-	(46,053)
Total expenditures	436,588	436,588	418,195	(18,393)
Net change in fund balance	$ (79,398)	$ (79,398)	30,735	$ 110,133
Fund balance, beginning of year			208,117	
Fund balance, end of year			$ 238,852	

City of Bel Aire, Kansas
Combining Balance Sheet
Nonmajor Enterprise Funds
December 31, 2021

	Solid Waste	Stormwater	**Total Nonmajor Enterprise**
Assets:			
Cash, including investments	$ 282,450	$ 308,957	$ 591,407
Accounts receivable	36,410	-	36,410
Total assets	318,860	308,957	627,817
Liabilities:			
Accounts payable	36,632	-	36,632
Total liabilities	36,632	-	36,632
Net position:			
Unrestricted	282,228	308,957	591,185
Total net position	$ 282,228	$ 308,957	$ 591,185

City of Bel Aire, Kansas
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
December 31, 2021

	Solid Waste	Stormwater	Total Nonmajor Enterprise
Operating revenues:			
Utility income	$ 579,408	$ 87,852	$ 667,260
Total operating revenues	579,408	87,852	667,260
Operating expenses:			
Contractual services	465,438	50,636	516,074
Total operating expenses	465,438	50,636	516,074
Operating income (loss)	113,970	37,216	151,186
Non-operating revenues (expenses):			
Interest and other	-	3	3
Transfers out	(100,000)	-	(100,000)
Change in net position	13,970	37,219	51,189
Net position, beginning of year	268,258	271,738	539,996
Net position, end of year	$ 282,228	$ 308,957	$ 591,185

City of Bel Aire, Kansas
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended December 31, 2021

	Solid Waste	Stormwater	Total
Cash flows from operating activities:			
Cash received from customers	$ 579,235	$ 87,852	$ 667,087
Payments to suppliers for goods and services	(463,882)	(50,636)	(514,518)
Net cash flow from operating activities	115,353	37,216	152,569
Cash flows from non-capital financing activities:			
Transfers to other funds	(100,000)	-	(100,000)
Net cash flow from non-capital financing activities	(100,000)	-	(100,000)
Cash flows from investing activities:			
Interest on investments	-	3	3
Net cash flow from investing activities	-	3	3
Net increase in cash and cash equivalents	15,353	37,219	52,572
Cash and cash equivalents, beginning of the year	267,097	271,738	538,835
Cash and cash equivalents, end of the year	$ 282,450	$ 308,957	$ 591,407
Reconciliation of operating income to net cash flow from operating activities:			
Operating income	$ 113,970	$ 37,216	$ 151,186
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in accounts receivable	(173)	-	(173)
Change in accounts payable	1,556	-	1,556
Net cash flow from operating activities	$ 115,353	$ 37,216	$ 152,569

City of Bel Aire, Kansas
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Enterprise Funds - Budget and Actual (Budget Basis)
Water Fund
For the Year Ended December 31, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
Revenues:				
Utility income	$ 2,494,200	$ 2,494,200	$ 3,143,000	$ 648,800
Interest income	3,600	3,600	63	(3,537)
Miscellaneous	10,000	10,000	14,355	4,355
Total revenues	2,507,800	2,507,800	3,157,418	649,618
Expenditures:				
Personnel services	309,181	309,181	327,410	18,229
Contractual services	1,762,942	1,762,942	1,616,005	(146,937)
Commodities	309,600	309,600	362,726	53,126
Capital outlay	246,000	246,000	-	(246,000)
Debt service	51,715	51,715	38,904	(12,811)
Transfer out	258,437	258,437	258,437	-
Total expenditures	2,937,875	2,937,875	2,603,482	(334,393)
Net change in fund balance	$ (430,075)	$ (430,075)	553,936	$ 984,011
Fund balance, beginning of year			1,857,523	
Fund balance, end of year			$ 2,411,459	

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Enterprise Funds - Budget and Actual (Budget Basis)
Sewer Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Utility income	$ 2,401,744	$ 2,401,744	$ 2,764,648	$ 362,904
Interest income	3,600	3,600	82	(3,518)
Miscellaneous	-	-	5,664	5,664
Total revenues	2,405,344	2,405,344	2,770,394	365,050
Expenditures:				
Personnel services	335,410	335,410	383,887	48,477
Contractual services	1,421,877	1,421,877	1,272,226	(149,651)
Commodities	298,800	298,800	212,015	(86,785)
Capital outlay	300,000	300,000	-	(300,000)
Debt service	31,478	31,478	23,965	(7,513)
Transfer out	297,717	297,717	297,717	-
Total expenditures	2,685,282	2,685,282	2,189,810	(495,472)
Net change in fund balance	$ (279,938)	$ (279,938)	580,584	$ 860,522
Fund balance, beginning of year			2,305,473	
Fund balance, end of year			$ 2,886,057	

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Enterprise Funds - Budget and Actual (Budget Basis)
Solid Waste Fund
For the Year Ended December 31, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
Revenues:				
Utility income	$ 540,000	$ 540,000	$ 579,235	$ 39,235
Total revenues	540,000	540,000	579,235	39,235
Expenditures:				
Contractual services	535,000	535,000	465,438	(69,562)
Transfers out	100,000	100,000	100,000	-
Total expenditures	635,000	635,000	565,438	(69,562)
Net change in fund balance	$ (95,000)	$ (95,000)	13,797	$ 108,797
Fund balance, beginning of year			232,021	
Fund balance, end of year			$ 245,818	

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Enterprise Funds - Budget and Actual (Budget Basis)
Stormwater Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Utility income	$ 86,100	$ 86,100	$ 87,852	$ 1,752
Interest income	-	-	3	3
Total revenues	86,100	86,100	87,855	1,755
Expenditures:				
Contractual services	5,000	5,000	50,636	45,636
Capital outlay	247,223	247,223	-	(247,223)
Total expenditures	252,223	252,223	50,636	(201,587)
Net change in fund balance	$ (166,123)	$ (166,123)	37,219	$ 203,342
Fund balance, beginning of year			271,738	
Fund balance, end of year			$ 308,957	