CITY OF BEL AIRE, KANSAS

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2023

AND

INDEPENDENT AUDITOR'S REPORT

AGH
CPAs & ADVISORS

CITY OF BEL AIRE, KANSAS

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WITH SUPPLEMENTARY INFORMATION

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Financial Statements
With Supplementary Information

Year Ended December 31, 2023

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position - Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	18
Statement of Cash Flows - Proprietary Funds	19
Notes to the Financial Statements	20 - 53
Required Supplementary Information:	
Notes to Required Supplementary Information	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis):	
General Fund	55 - 56
Land Bank Fund	57
Schedule of City's Proportionate Share of the Collective Net Pension Liability	58
Schedule of City's Contributions	59 - 60
Schedule of Changes in the City's Death & Disability Total OPEB Liability and Related Ratios	61
Supplementary Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	62
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	63
Schedule of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund - Budget and Actual (Budget Basis):	
Bond and Interest Fund	64
Capital Projects Fund	65
Public Building Commission	66
Special Street and Highway Fund	67
Combining Balance Sheet - Nonmajor Enterprise Funds	68
Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds	69
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	70
Schedule of Revenues, Expenditures and Changes in Fund Balance - Enterprise Funds - Budget and Actual (Budget Basis):	
Water Fund	71
Sewer Fund	72
Solid Waste Fund	73
Stormwater Fund	74

FINANCIAL SECTION

AGH CPAs & ADVISORS

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, 2023, 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, 2023, 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.

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, KS
June 27, 2024

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, 2023. 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 $44,168,222 (net position).
- The City's total net position decreased during this fiscal year by $904,269.
- At the close of 2023, the City's governmental funds reported combined ending fund balances of $21,623,680, a decrease of $733,538 over the prior year.
- At the close of 2023, unassigned fund balance for the General Fund was $3,598,965 or 46% 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 45,879,648	$ 48,914,923	$ 7,057,974	$ 6,903,105	$ 52,937,622	$ 55,818,028
Capital assets	50,549,956	46,937,334	24,602,141	22,833,527	75,152,097	69,770,861
Total assets	96,429,604	95,852,257	31,660,115	29,736,632	128,089,719	125,588,889
Deferred outflows	2,733,314	3,043,079	160,582	200,261	2,893,896	3,243,340
Long-term liabilities	79,175,209	75,519,064	1,249,397	1,335,752	80,424,606	76,854,816
Other liabilities	1,599,719	2,836,565	210,536	177,230	1,810,255	3,013,795
Total liabilities	80,774,928	78,355,629	1,459,933	1,512,982	82,234,861	79,868,611
Deferred inflows	4,573,215	3,890,280	7,317	847	4,580,532	3,891,127
Net position						
Net investment in capital assets	(5,594,823)	(4,359,089)	23,821,729	21,987,506	18,226,906	17,628,417
Restricted	6,693,542	5,701,049	-	-	6,693,542	5,701,049
Unrestricted	12,716,056	15,307,467	6,531,718	6,435,558	19,247,774	21,743,025
Total net position	$ 13,814,775	$ 16,649,427	$ 30,353,447	$ 28,423,064	$ 44,168,222	$ 45,072,491

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 $44,168,222 at the close of 2023.

The City's net investment in capital assets of $18,226,906 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 $6,693,542. Restricted net position includes:

- Debt service: $411,555
- Capital projects: $357,525
- Public Building Commission: $7,863
- Land Bank: $5,912,946 and
- Drug forfeiture: $3,653

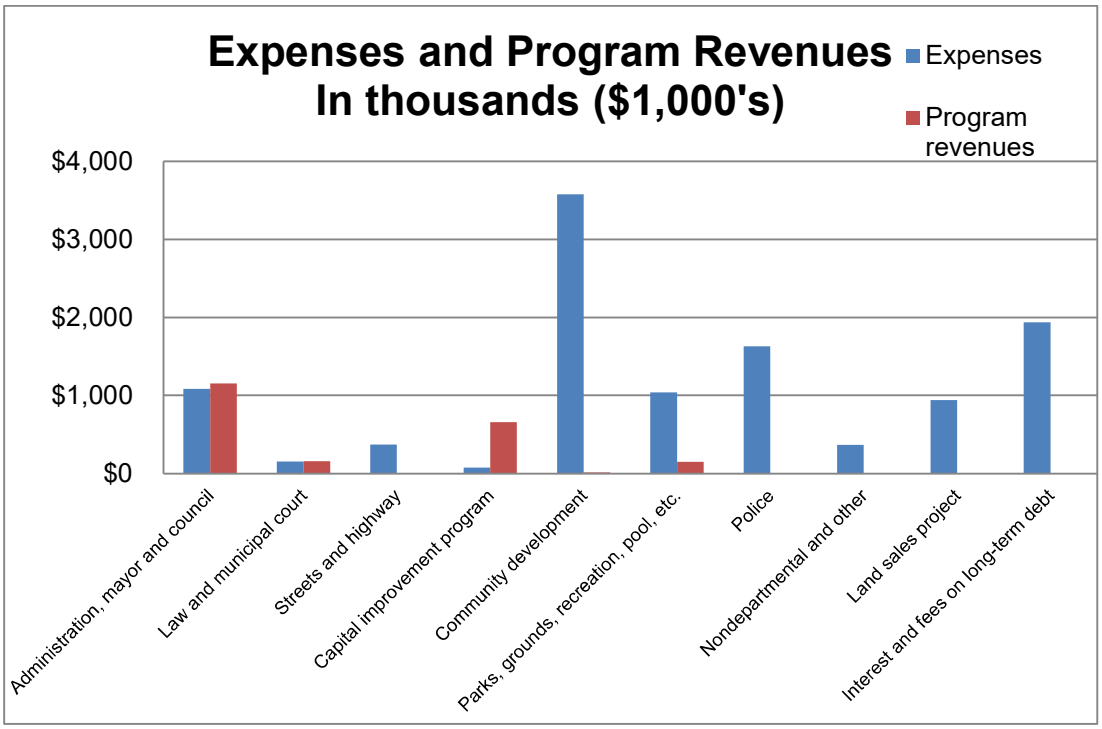
The City's total unrestricted net position is $19,247,774

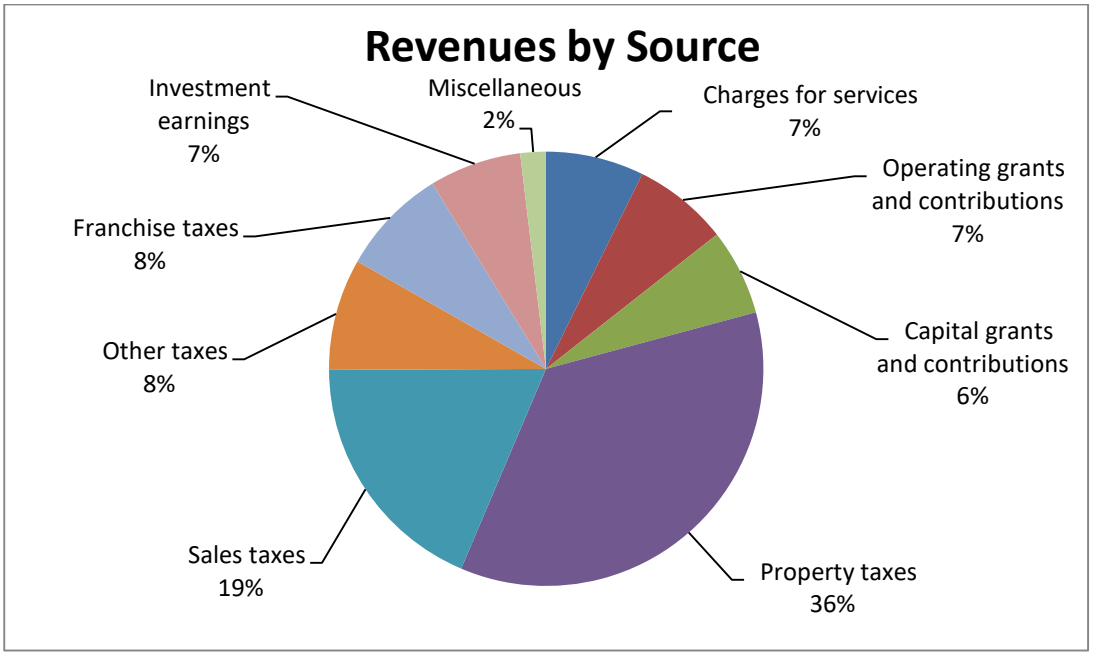
Condensed Statement of Changes in Net Position	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 747,895	$ 1,128,630	$ 7,882,876	$ 7,430,099	$ 8,630,771	$ 8,558,729
Operating grants and contributions	728,070	64,205	-	-	728,070	64,205
Capital grants and contributions	657,160	2,547,407	-	-	657,160	2,547,407
General revenues:						
Property taxes	3,650,201	3,336,694	-	-	3,650,201	3,336,694
Sales taxes	1,899,149	1,826,006	-	-	1,899,149	1,826,006
Other taxes	854,389	852,177	-	-	854,389	852,177
Franchise taxes	819,101	821,467	-	-	819,101	821,467
Investment earnings	703,027	167,293	200,680	54,422	903,707	221,715
Miscellaneous	196,262	1,110,586	26,104	23,488	222,366	1,134,074
Total revenues	10,255,254	11,854,465	8,109,660	7,508,009	18,364,914	19,362,474
Expenses:						
Administration, mayor and council	1,082,109	929,351	-	-	1,082,109	929,351
Law and municipal court	152,309	130,756	-	-	152,309	130,756
Streets and highway	368,649	405,715	-	-	368,649	405,715
Capital improvement program	77,004	77,004	-	-	77,004	77,004
Community development	3,574,749	1,864,295	-	-	3,574,749	1,864,295
Parks, grounds, recreation, pool, etc.	1,036,781	981,163	-	-	1,036,781	981,163
Police	1,627,028	1,486,280	-	-	1,627,028	1,486,280
Nondepartmental and other	367,294	351,364	-	-	367,294	351,364
Land sales project	939,472	1,895,323	-	-	939,472	1,895,323
Interest and fees on long-term debt	1,937,287	1,652,054	-	-	1,937,287	1,652,054
Water	-	-	4,065,074	3,771,404	4,065,074	3,771,404
Sewer	-	-	3,493,426	2,926,338	3,493,426	2,926,338
Solid Waste and Stormwater	-	-	548,001	492,337	548,001	492,337
Total expenses	11,162,682	9,773,305	8,106,501	7,190,079	19,269,183	16,963,384
Increase in net position before transfers	(907,428)	2,081,160	3,159	317,930	(904,269)	2,399,090
Transfers	(1,927,224)	(1,446,022)	1,927,224	1,446,022	-	-
Increase (decrease) in net position	(2,834,652)	635,138	1,930,383	1,763,952	(904,269)	2,399,090
Net position - beginning of year	16,649,427	16,014,289	28,423,064	26,659,112	45,072,491	42,673,401
Net position - end of year	$ 13,814,775	$ 16,649,427	$ 30,353,447	$ 28,423,064	$ 44,168,222	$ 45,072,491

Analysis of Changes in Net Position

The City's net position decreased during the fiscal year by a total of $904,269 including these changes:

- Charges for services increased $72,042 mostly due to an increase in water and sewer services provided of $452,777 offset by a decrease in governmental activities due to decrease of building permit activity.
- Capital grants and contributions decreased by $1,890,247 due to a decrease in special assessments.
- General revenues increased $156,780 due to increases in property taxes and sales taxes of $313,507 and $73,143 due to increases in property valuation and increase in area sales. Investment earnings increased $681,992 with an increase in market conditions. Miscellaneous revenue decreased $911,708 due to proceeds received in the prior year from sale of land in 2022.
- Expenses of governmental activities increased by $1,389,377 due to an increase in community development costs of $1,710,454 and an increase in interest expense of $285,233 offset by a decrease in land sales project expense of $955,851 due to recording prior year impairment on remaining land held for sale costs.
- Expenses of business-type activities increased $916,422 due mainly to increases in repair and maintenance costs in both the Water and Sewer funds.





The charts above illustrate the City's governmental expenses and program revenues by function, and revenues by source. The community development represent the largest portion of 2023 expenses followed by interest on long-term debt and police expenses.

For governmental activities overall, property tax revenues are the largest source of revenue followed by sales tax revenues. 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.

At the end of 2023, the City's governmental funds reported combined ending fund balances of $21,623,680 including:

- Nonspendable: $631,718;
- Restricted by external requirements and laws: $14,613,953;
- Assigned to capital projects or other uses: $2,779,044; and
- Unassigned funds available for use at the City's discretion: $3,598,965.

The General Fund is the primary operating fund for the City. At the end of 2023, the total fund balance of the General Fund was $3,750,310. The fund balance decreased by $692,512 during the fiscal year due to increases in transfers to other funds.

The Bond and Interest Fund had an increase in fund balance of $295,135 due to an increase in special assessment revenue.

The Capital Projects Fund had a decrease in fund balance of $377,563 due to the retirement of general obligation bonds and capital outlay expenditures offset by the issuance of general obligation bonds for capital projects.

The Public Building Commission had a decrease in fund balance of $14,390 due to bond payments exceeding revenues.

The Land Bank had a decrease in fund balance of $603,694 due to a loss on land sales during the year.

Nonmajor government had a combined increase in fund balance of $659,756 due to transfer and grant activity involving the nonmajor funds offset by an increase in capital outlay activity.

The Water Fund had an increase in net position of $488,824 due to an increase in charges for services offset by an increase in repair and maintenance costs.

The Sewer Fund had an increase in net position of $1,312,391 due to an increase in capital contributions offset by an increase in repair and maintenance costs.

Nonmajor proprietary funds remained comparable to the prior year with increases in net position of $129,168.

GENERAL FUND BUDGETARY HIGHLIGHTS

Variances between the final budget and actual amounts are not expected to impact either liquidity or future services. The majority of revenues were more than budgeted for 2023, while court fines, license and permit fees, and intergovernmental revenues 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 $75,152,097 as of December 31, 2023. These capital assets include land, buildings, improvements, equipment, drainage improvements, streets, bridges, streetlights, and traffic signals.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	$ 4,395,801	$ 4,395,801	$ 534,040	$ 534,040	$ 4,929,841	$ 4,929,841
Land project	1,390,152	1,390,152	-	-	1,390,152	1,390,152
Construction in progress	5,565,877	2,847,960	4,225,617	2,334,382	9,791,494	5,182,342
City hall	1,648,081	1,714,462	-	-	1,648,081	1,714,462
Swimming pool	393,183	418,826	-	-	393,183	418,826
Other structures and equipment	1,606,278	1,323,632	19,842,484	19,965,105	21,448,762	21,288,737
Infrastructure	35,550,584	34,846,501	-	-	35,550,584	34,846,501
Total	$ 50,549,956	$ 46,937,334	$ 24,602,141	$ 22,833,527	$ 75,152,097	$ 69,770,861

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, 2023, the City had total long-term bonds outstanding of $75,155,000. This amount included $35,805,000 of general obligation bonds backed by the full faith and credit of the City, $25,790,000 in temporary notes which will be repaid with an issuance of general obligation bonds and $13,560,000 in revenue bonds with the Public Building Commission.

Total long-term bonds payable increased by $3,660,000 during the fiscal year due to bond issuances being more than the repayment of debt made during the year.

The City had $780,412 of outstanding revolving loan funds for water and sewer fund projects and $76,200 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 $34,187,285 and debt outstanding subject to the limit is $22,678,448, leaving $11,508,837 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	
	2023	**2022**
General obligation bonds	$ 35,805,000	$ 32,625,000
Temporary notes	25,790,000	24,115,000
Revenue bonds -		
Public Building Commission	13,560,000	14,755,000
Total	$ 75,155,000	$ 71,495,000

Economic Factors

Property tax collections increased 9.4% over 2022 and the positive trend has continued into the first half of 2024. The assessed valuation increased 19.4% in 2023.

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, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash, including investments	$ 21,786,998	$ 6,471,794	$ 28,258,792
Receivables, net	23,612,277	586,180	24,198,457
Property held for resale	480,373	-	480,373
Capital assets:			
Land and construction in progress	11,351,830	4,759,657	16,111,487
Other capital assets, net of depreciation	39,198,126	19,842,484	59,040,610
Total assets	96,429,604	31,660,115	128,089,719
Deferred outflows of resources:			
Deferred refunding	1,884,194	-	1,884,194
Deferred outflows - OPEB	126,415	-	126,415
Deferred outflows - pensions	722,705	160,582	883,287
Total deferred outflows of resources	2,733,314	160,582	2,893,896
Liabilities:			
Accounts payable	598,437	155,694	754,131
Accrued wages	89,367	54,842	144,209
Unearned grant revenue	633,227	-	633,227
Interest payable	278,688	-	278,688
Long-term liabilities			
Due within one year	13,574,428	76,302	13,650,730
Due in more than one year	65,600,781	1,173,095	66,773,876
Total liabilities	80,774,928	1,459,933	82,234,861
Deferred inflows of resources:			
Deferred property tax receivable	4,370,478	-	4,370,478
Deferred inflows - OPEB	169,803	-	169,803
Deferred inflows - pensions	32,934	7,317	40,251
Total deferred inflows of resources	4,573,215	7,317	4,580,532
Net position:			
Net investment in capital assets	(5,594,823)	23,821,729	18,226,906
Restricted for:			
Debt service	411,555	-	411,555
Capital projects	357,525	-	357,525
Public Building Commission	7,863	-	7,863
Land Bank	5,912,946	-	5,912,946
Drug forfeiture	3,653	-	3,653
Unrestricted	12,716,056	6,531,718	19,247,774
Total net position	$ 13,814,775	$ 30,353,447	$ 44,168,222

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, 2023

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	$ 1,082,109	$ 426,559	$ 728,070	$ -	$ 72,520	$ -	$ 72,520
Law and municipal court	152,309	155,280	-	-	2,971	-	2,971
Streets and highway	368,649	-	-	-	(368,649)	-	(368,649)
Community development	3,574,749	15,287	-	-	(3,559,462)	-	(3,559,462)
Parks, grounds, recreation, pool, etc.	1,036,781	150,769	-	-	(886,012)	-	(886,012)
Police	1,627,028	-	-	-	(1,627,028)	-	(1,627,028)
Nondepartmental and other	367,294	-	-	-	(367,294)	-	(367,294)
Land sales project	939,472	-	-	-	(939,472)	-	(939,472)
Capital improvement program	77,004	-	-	657,160	580,156	-	580,156
Interest and fees on long-term debt	1,937,287	-	-	-	(1,937,287)	-	(1,937,287)
Total governmental activities	11,162,682	747,895	728,070	657,160	(9,029,557)	-	(9,029,557)
Business-type activities:							
Water	4,065,074	3,938,020	-	-	-	(127,054)	(127,054)
Sewer	3,493,426	3,173,580	-	-	-	(319,846)	(319,846)
Nonmajor business-type funds	548,001	771,276	-	-	-	223,275	223,275
Total business-type activities	8,106,501	7,882,876	-	-	-	(223,625)	(223,625)
Total	$ 19,269,183	$ 8,630,771	$ 728,070	$ 657,160	(9,029,557)	(223,625)	(9,253,182)
General revenues:							
Property taxes					3,650,201	-	3,650,201
Sales taxes					1,899,149	-	1,899,149
Other taxes					854,389	-	854,389
Franchise fees					819,101	-	819,101
Investment earnings					703,027	200,680	903,707
Miscellaneous					196,262	26,104	222,366
Transfers					(1,927,224)	1,927,224	-
Total general revenues					6,194,905	2,154,008	8,348,913
Change in net position					(2,834,652)	1,930,383	(904,269)
Net position, beginning of year					16,649,427	28,423,064	45,072,491
Net position, end of year					$ 13,814,775	$ 30,353,447	$ 44,168,222

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

City of Bel Aire, Kansas
Balance Sheet
Governmental Funds
December 31, 2023

	General	Bond and Interest	Capital Projects	Public Building Commission	Land Bank	Nonmajor Governmental Funds	Total Governmental Funds
Assets:							
Cash, including investments	$ 3,179,308	$ 690,243	$ 8,173,901	$ 7,863	$ 5,912,946	$ 3,822,737	$ 21,786,998
Receivables (net of allowance for uncollectibles)							
Property taxes	4,370,478	-	-	-	-	-	4,370,478
Special assessments	-	18,564,459	-	-	-	-	18,564,459
Motor vehicle and RV tax	45,565	-	-	-	-	-	45,565
Real estate mortgage note receivable	151,345	-	-	-	-	-	151,345
Sales tax	340,514	-	-	-	-	-	340,514
Franchise taxes and fees	55,767	-	-	-	-	-	55,767
Other	75,383	-	-	-	-	8,766	84,149
Property held for resale	-	-	-	-	480,373	-	480,373
Total assets	$ 8,218,360	$ 19,254,702	$ 8,173,901	$ 7,863	$ 6,393,319	$ 3,831,503	$ 45,879,648
Liabilities:							
Accounts payable	$ 10,636	$ -	$ 532,178	$ -	$ -	$ 55,623	$ 598,437
Accrued liabilities	86,936	-	-	-	-	2,431	89,367
Unearned grant revenue	-	-	-	-	-	633,227	633,227
Total liabilities	97,572	-	532,178	-	-	691,281	1,321,031
Deferred inflows of resources:							
Deferred property tax receivable	4,370,478	-	-	-	-	-	4,370,478
Unavailable revenue - special assessments	-	18,564,459	-	-	-	-	18,564,459
Total deferred inflows of resources	4,370,478	18,564,459	-	-	-	-	22,934,937
Fund balance:							
Nonspendable	151,345	-	-	-	480,373	-	631,718
Restricted	-	690,243	7,641,723	7,863	5,912,946	361,178	14,613,953
Assigned	-	-	-	-	-	2,779,044	2,779,044
Unassigned	3,598,965	-	-	-	-	-	3,598,965
Total fund balance	3,750,310	690,243	7,641,723	7,863	6,393,319	3,140,222	21,623,680
Total liabilities, deferred inflows of resources and fund balance	$ 8,218,360	$ 19,254,702	$ 8,173,901	$ 7,863	$ 6,393,319	$ 3,831,503	$ 45,879,648

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, 2023

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

Total fund balance - governmental funds		$ 21,623,680
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	$ 74,834,662	
Accumulated depreciation	(24,284,706)	50,549,956
Special assessments receivable are not available to pay for current period expenditures and, therefore, are reported as unavailable in the fund statements		18,564,459
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		1,884,194
Deferred outflows - OPEB		126,415
Deferred outflows - pensions		722,705
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	(278,688)	
General obligation bonds payable	(35,805,000)	
Temporary notes	(25,790,000)	
Revenue bonds - Public Building Commission	(13,560,000)	
Rail loan	(76,200)	
Premiums	(1,766,513)	
Net pension liability	(2,020,652)	
Total OPEB liability	(39,497)	
Compensated absences	(117,347)	(79,453,897)
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		(169,803)
Deferred inflows - pensions		(32,934)
Total net position - governmental activities		$ 13,814,775

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, 2023

	General	Bond and Interest	Capital Projects	Public Building Commission	Land Bank	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Taxes and shared revenues	$ 6,067,202	$ -	$ -	$ -	$ -	$ 336,537	$ 6,403,739
Intergovernmental revenues	94,070	-	-	-	-	634,000	728,070
Franchise fees	819,101	-	-	-	-	-	819,101
Court fines	155,280	-	-	-	-	-	155,280
Licenses, permits and fees	577,328	-	-	-	-	-	577,328
Rents and sales	15,287	-	-	58,975	-	-	74,262
Special assessments	-	2,388,270	-	-	-	-	2,388,270
Other	109,055	61,869	285,940	-	233,460	149,990	840,314
Total revenues	7,837,323	2,450,139	285,940	58,975	233,460	1,120,527	11,986,364
Expenditures:							
Current:							
Administration, mayor and council	1,042,626	-	-	-	-	-	1,042,626
Law and municipal court	147,887	-	-	-	-	-	147,887
Streets and highway	-	-	-	-	-	354,627	354,627
Community development	397,189	-	-	-	-	-	397,189
Parks, grounds, recreation, pool, etc.	951,338	-	-	-	-	-	951,338
Police	1,489,165	-	-	-	-	-	1,489,165
Nondepartmental and other	356,178	-	-	2,796	-	-	358,974
Land project	102,048	-	-	-	25,846	-	127,894
Capital outlay/projects	-	-	6,925,171	-	-	2,564,015	9,489,186
Debt Service:							
Principal retirement	-	2,245,000	5,224,517	1,195,000	-	-	8,664,517
Interest and other	-	967,922	398,180	335,047	-	-	1,701,149
Debt issuance costs	-	-	220,180	-	-		220,180
Total expenditures	4,486,431	3,212,922	12,768,048	1,532,843	25,846	2,918,642	24,944,732
Excess (deficiency) of revenues over (under) expenditures	3,350,892	(762,783)	(12,482,108)	(1,473,868)	207,614	(1,798,115)	(12,958,368)
Other financing sources (uses):							
Issuance of general obligation bonds	114,640	-	12,165,360	-	-	-	12,280,000
Premium on issuance of general obligation bonds	-	-	105,705	-	-	-	105,705
Land sales	-	-	-	-	(811,578)	-	(811,578)
Transfers in	-	1,057,918	-	1,459,478	-	2,457,871	4,975,267
Transfers out	(4,158,044)	-	(166,520)	-	-	-	(4,324,564)
Total other financing sources (uses)	(4,043,404)	1,057,918	12,104,545	1,459,478	(811,578)	2,457,871	12,224,830
Net change in fund balance	(692,512)	295,135	(377,563)	(14,390)	(603,964)	659,756	(733,538)
Fund balance, beginning of year	4,442,822	395,108	8,019,286	22,253	6,997,283	2,480,466	22,357,218
Fund balance, end of year	$ 3,750,310	$ 690,243	$ 7,641,723	$ 7,863	$ 6,393,319	$ 3,140,222	$ 21,623,680

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, 2023

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

Net change in fund balance - total governmental funds		$ (733,538)
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	(1,702,799)	
Capital assets capitalized	5,315,421	3,612,622
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.		(1,731,110)
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.		(211,900)
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.		(13,762)
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	(5,425,000)	
Temporary Notes	(6,855,000)	
Premiums	(105,705)	(12,385,705)
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	2,245,000	
Temporary notes	5,180,000	
Revenue bond - Public Building Commission	1,195,000	
Rail loan	44,517	8,664,517
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(3,698)
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.		(12,260)
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		(19,818)
Change in net position of governmental activities		$ (2,834,652)

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, 2023

	Water	Sewer	Nonmajor Proprietary Funds	Total
Assets:				
Current assets:				
Cash, including investments	$ 2,439,959	$ 3,205,824	$ 826,011	$ 6,471,794
Receivables, net	276,544	263,800	45,836	586,180
Total current assets	2,716,503	3,469,624	871,847	7,057,974
Noncurrent assets:				
Capital assets:				
Land and construction in progress	1,877,942	2,881,715	-	4,759,657
Other capital assets, net of depreciation	8,157,009	11,685,475	-	19,842,484
Total noncurrent assets	10,034,951	14,567,190	-	24,602,141
Total assets	12,751,454	18,036,814	871,847	31,660,115
Deferred outflows of resources:				
Pension related items	79,585	80,997	-	160,582
Liabilities:				
Current liabilities:				
Accounts payable	70,073	41,119	44,502	155,694
Accrued payroll	15,953	38,889	-	54,842
Revolving loan - current	42,619	26,602	-	69,221
Compensated absences	4,369	2,712	-	7,081
Total current liabilities	133,014	109,322	44,502	286,838
Noncurrent liabilities:				
Revolving loan	440,888	270,303	-	711,191
Net pension liability	222,514	226,465	-	448,979
Compensated absences	5,296	7,629	-	12,925
Total noncurrent liabilities	668,698	504,397	-	1,173,095
Total liabilities	801,712	613,719	44,502	1,459,933
Deferred inflows of resources:				
Pension related items	3,626	3,691	-	7,317
Net position:				
Investment in capital assets	9,551,444	14,270,285	-	23,821,729
Unrestricted	2,474,257	3,230,116	827,345	6,531,718
Total net position	$ 12,025,701	$ 17,500,401	$ 827,345	$ 30,353,447

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, 2023

	Water	Sewer	Nonmajor Proprietary Funds	Total
Operating revenues:				
Charges for services	$ 3,938,020	$ 3,173,580	$ 771,276	$ 7,882,876
Operating expenses:				
Personnel	359,585	392,109	-	751,694
Contractual services	279,554	258,870	548,001	1,086,425
Water purchases	794,018	143	-	794,161
Operations and maintenance - CCUA	630,118	496,874	-	1,126,992
Debt service - CCUA	616,047	702,797	-	1,318,844
Payment in lieu of franchise fees	100,000	100,000	-	200,000
Other operating expenses	942,967	1,009,912		1,952,879
Depreciation	342,785	532,721	-	875,506
Total operating expenses	4,065,074	3,493,426	548,001	8,106,501
Operating income	(127,054)	(319,846)	223,275	(223,625)
Nonoperating revenues and expenses:				
Interest and other	107,111	113,780	5,893	226,784
Capital contributions	758,603	1,819,324	-	2,577,927
Total nonoperating revenue	865,714	1,933,104	5,893	2,804,711
Income before transfers	738,660	1,613,258	229,168	2,581,086
Transfers out	(249,836)	(300,867)	(100,000)	(650,703)
Change in net position	488,824	1,312,391	129,168	1,930,383
Net position, beginning of year	11,536,877	16,188,010	698,177	28,423,064
Net position, end of year	$ 12,025,701	$ 17,500,401	$ 827,345	$ 30,353,447

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, 2023

	Water	Sewer	Nonmajor Proprietary Funds	Total
Cash flows from operating activities:				
Cash received from customers	$ 3,902,014	$ 3,151,515	$ 765,824	$ 7,819,353
Payments to suppliers for goods and services	(3,341,839)	(2,571,603)	(542,754)	(6,456,196)
Payments to employees for salaries and benefits	(366,550)	(349,540)	-	(716,090)
Net cash flow from operating activities	193,625	230,372	223,070	647,067
Cash flows from non-capital financing activities:				
Transfers to other funds	(249,836)	(300,867)	(100,000)	(650,703)
Net cash flow from non-capital financing activities	(249,836)	(300,867)	(100,000)	(650,703)
Cash flows from capital and related financing activities:				
Revolving loan payments	(40,612)	(24,997)	-	(65,609)
Acquisition of capital assets	(9,850)	(56,343)	-	(66,193)
Net cash flow from capital and related financing activities	(50,462)	(81,340)	-	(131,802)
Cash flows from investing activities:				
Interest on investments	107,111	113,780	5,893	226,784
Net cash flow from investing activities	107,111	113,780	5,893	226,784
Net increase (decrease) in cash and cash equivalents	438	(38,055)	128,963	91,346
Cash and cash equivalents, beginning of the year	2,439,521	3,243,879	697,048	6,380,448
Cash and cash equivalents, end of the year	$ 2,439,959	$ 3,205,824	$ 826,011	$ 6,471,794
Reconciliation of operating income to net cash flow from operating activities:				
Operating income	$ (127,054)	$ (319,846)	$ 223,275	$ (223,625)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	342,785	532,721	-	875,506
Change in net pension liability	(38,439)	15,390	-	(23,049)
Change in deferred outflows - pensions	31,126	8,553	-	39,679
Change in deferred inflows - pensions	3,158	3,312	-	6,470
Change in accounts receivable	(36,006)	(22,065)	(5,452)	(63,523)
Change in accounts payable	20,865	(3,007)	5,247	23,105
Change in accrued liabilities	(2,810)	15,314	-	12,504
Net cash flow from operating activities	$ 193,625	$ 230,372	$ 223,070	$ 647,067
Schedule of non-cash capital and related financing activities:				
Contributions of capital assets	$ 758,603	$ 1,819,324	$ -	$ 2,577,927

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 the 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, 2023, 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, 2023. 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, 2023, 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, 2023, the note balance was $151,345.

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 zero to five years continuous service to earn twelve days' vacation pay, six to eleven years continuous service to earn fifteen days and for twelve or more 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 assets 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 assets 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 deemed that the current estimated fair value of the project is in excess of the remaining unrecovered costs. Unrecovered costs at December 31, 2023, amounted to $1,870,525.

The industrial park portion of the land project was financed with Public Building Commission bonds and the amount outstanding at December 31, 2023 was $11,380,000, 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 ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in 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 statues 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, 2023, 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, 2023, the City had invested $25,012,849 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, 2023, 100% of the City's investments, $25,012,849, 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, 2023 appear in the financial statements as summarized below:

Carrying amount of deposits	$ 3,245,943
Carrying amount of investments	25,012,849
Total	$ 28,258,792

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

B. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Increases	Decreases	Transfer	Balance December 31, 2023
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements					
Land Project	$ 1,390,152	$ --	--	$ --	$ 1,390,152
Parks, recreation, etc.	3,421,063	--	--	--	3,421,063
City Hall	400,752	--	--	--	400,752
Other	573,986	--	--	--	573,986
Construction in process	2,847,960	4,684,924	1,967,007	--	5,565,877
Total capital assets, not being depreciated	8,633,913	4,684,924	1,967,007	--	11,351,830
Capital assets, being depreciated					
Infrastructure	52,967,847	2,066,342	--	--	55,034,189
City Hall	2,950,273	--	--	--	2,950,273
Swimming pool	854,756	--	--	--	854,756
Other structures and equipment	4,112,452	531,162	--	--	4,643,614
Total capital assets, being depreciated	60,885,328	2,597,504	--	--	63,482,832
Less accumulated depreciation					
Infrastructure	18,121,346	1,362,259	--	--	19,483,605
City Hall	1,235,811	66,381	--	--	1,302,192
Swimming pool	435,930	25,643	--	--	461,573
Other structures and equipment	2,788,820	248,516	--	--	3,037,336
Total accumulated depreciation	22,581,907	1,702,799	--	--	24,284,706
Total capital assets, being depreciated, net	38,303,421	894,705	--	--	39,198,126
Governmental activities capital assets, net	$ 46,937,334	$ 5,579,629	$ 1,967,007	$ --	$ 50,549,956

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

Governmental activities:	
Administration, mayor and council	$ 10,994
Police	73,697
Capital improvement program	77,004
Community development	1,485,493
Parks, grounds, recreation, pool, etc.	55,611
Total depreciation expense	$ 1,702,799

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

	Balance January 1, 2023	Increases	Decreases	Transfer	Balance December 31, 2023
Business-type activities:					
Capital assets, not being depreciated:					
Land and improvements	$ 534,040	$ --	--	$ --	$ 534,040
Construction in process	2,334,382	2,577,927	686,692	--	4,225,617
Total capital assets, not being depreciated	2,868,422	2,577,927	686,692	--	4,759,657
Capital assets, being depreciated					
Plant and equipment	31,634,197	752,885	--	--	32,387,082
Less accumulated depreciation	11,669,092	875,506	--	--	12,544,598
Total capital assets, being depreciated, net	19,965,105	(122,621)	--	--	19,842,484
Proprietary activities capital assets, net	$ 22,833,527	$ 2,455,306	$ 686,692	$ --	$ 24,602,141
Depreciation expense					$ 875,506

C. Long-term debt

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions	Reductions	Balance December 31, 2023	Due within one year
Governmental Activities:					
General obligation bonds	$ 32,625,000	$ 5,425,000	$ 2,245,000	$ 35,805,000	$ 2,415,000
Temporary notes	24,115,000	6,855,000	5,180,000	25,790,000	9,850,000
Revenue bonds - PBC	14,755,000	--	1,195,000	13,560,000	1,225,000
Rail loan	120,717	--	44,517	76,200	45,416
Premiums/discounts	1,830,777	105,705	169,969	1,766,513	--
Net pension liability	1,937,507	566,092	482,947	2,020,652	--
Total OPEB liability	37,534	30,206	28,243	39,497	--
Compensated absences	97,529	133,134	113,316	117,347	39,012
Total Governmental Activities	$ 75,519,064	$ 13,115,137	$ 9,458,992	$ 79,175,209	$ 13,574,428
Business-type Activities:					
Revolving loans	$ 846,021	$ --	$ 65,609	$ 780,412	$ 69,221
Net pension liability	472,028	125,783	148,832	448,979	--
Compensated absences	17,703	21,621	19,318	20,006	7,081
Total Business-type Activities	$ 1,335,752	$ 147,404	$ 233,759	$ 1,249,397	$ 76,302

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, 2023 are as follows:

	Interest Rates	Original Issue	Maturity Date	Outstanding December 31, 2023
Series 2014A	2.000% - 3.750%	$ 1,100,000	10/1/2034	$ 665,000
Series 2015A	2.000% - 2.500%	5,390,000	11/1/2027	1,250,000
Series 2015B	1.500% - 3.250%	575,000	11/1/2027	160,000
Series 2015D	2.000% - 3.500%	3,960,000	11/1/2036	2,765,000
Series 2015E	1.500% - 5.000%	220,000	11/1/2036	155,000
Series 2016A	2.000% - 4.000%	2,820,000	11/1/2037	1,925,000
Series 2017A	3.000% - 3.125%	5,545,000	11/1/2038	4,285,000
Series 2019A	2.000% - 3.000%	6,060,000	11/1/2040	5,335,000
Series 2019B	2.000% - 2.550%	1,430,000	11/1/2029	890,000
Series 2020B	1.400% - 2.000%	3,650,000	11/1/2041	2,795,000
Series 2021A	2.000% - 4.000%	5,135,000	11/1/2034	4,265,000
Series 2021C	2.125% - 4.000%	2,440,000	11/1/2041	2,255,000
Series 2022A	4.000% - 4.125%	3,635,000	11/1/2043	3,635,000
Series 2023A	4.000% - 5.000%	5,425,000	11/1/2044	5,425,000
Total		$ 47,385,000		$ 35,805,000

Temporary notes outstanding at December 31, 2023 are as follows:

	Interest Rates	Original Issue	Maturity Date	Outstanding December 31, 2023
Series 2021B	0.375%	$ 9,850,000	12/1/2024	$ 9,850,000
Series 2022B	3.000%	9,085,000	12/1/2025	9,085,000
Series 2023B	4.000%	6,855,000	12/1/2026	6,855,000
Total		$ 25,790,000		$ 25,790,000

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, 2023 are as follows:

	Governmental Activities			
	General Obligation Bonds		Temporary Notes	
Year	Principal	Interest	Principal	Interest
2024	$ 2,415,000	$ 1,114,265	$ 9,850,000	$ 585,973
2025	2,655,000	1,063,705	9,085,000	546,750
2026	2,715,000	982,261	6,855,000	274,200
2027	2,660,000	898,399	--	--
2028	2,210,000	810,499	--	--
2029 – 2033	10,325,000	3,009,020	--	--
2034 – 2038	7,730,000	1,564,621	--	--
2039 – 2043	4,700,000	525,378	--	--
2044 – 2047	395,000	17,281	--	--
Total	$ 35,805,000	$ 9,985,429	$ 25,790,000	$ 1,406,923

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.

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.

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

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	$ 1,620,000
Taxable Revenue Refunding Bonds - Series 2014B	2.000% - 4.600%	1,120,000	2/1/2030	560,000
Taxable Revenue Refunding Bonds - Series 2021	2.000% - 2.220%	13,195,000	5/1/2034	11,380,000
Total		$ 17,365,000		$ 13,560,000

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
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	1,300,000	211,200	1,511,200
2028	1,330,000	178,400	1,508,400
2029 – 2033	6,050,000	432,675	6,482,675
2034 – 2037	1,145,000	12,595	1,157,595
Total	$ 13,560,000	$ 1,656,164	$ 15,216,164

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 2023	Pledged Revenues Recognized in 2023
Governmental Activities						
2021A	Land sales for industrial use	$ 12,712,485	Through 2034	100%	$ 1,155,160	$ --
2014A	City hall rent and pool operations	$ 1,857,000	Through 2030	100%	$ 268,800	$ 47,031
2014B	Grey water sales	$ 646,679	Through 2030	100%	$ 105,077	$ 58,723

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, 2023 was $80,159,509.

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

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, 2023, the balance of this loan was $483,507.

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, 2023, the balance of this loan was $296,905.

Annual debt service requirements as of December 31, 2023 are as follows:

	Business-type Activities			
	Water Fund		Sewer Fund	
Year	Principal	Interest	Principal	Interest
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	45,457	6,419	28,339	4,129
2028	46,444	5,592	28,943	3,596
2029 – 2033	247,794	14,911	122,074	8,827
2033 – 2037	13,157	238	36,030	910
Total	$ 483,507	$ 51,208	$ 296,905	$ 32,937

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, 2023, the balance of this loan was $76,200. Annual debt service requirements as of December 31, 2023 are as follows:

Year	Principal	Interest	Total
2024	$ 45,416	$ 1,109	$ 46,525
2025	30,784	231	31,015
Total	$ 76,200	$ 1,340	$ 77,540

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, 2023 is as follows:

	Transfer to:					
	Capital Improvements	Equipment Reserve	Bond and Interest	PBC	Special Street and Highway	Total
Transfer from:						
General	$ 1,957,871	$ 100,000	$ 640,695	$ 1,459,478	$ --	$ 4,158,044
Capital Projects	--	--	166,520	--	--	166,520
Solid Waste	--	--	--	--	100,000	100,000
Water	--	150,000	99,836	--	--	249,836
Sewer	--	150,000	150,867	--	--	300,867
Total	$ 1,957,871	$ 400,000	$ 1,057,918	$ 1,459,478	$ 100,000	$ 4,975,267

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 $758,603 and $1,819,324 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	$ 151,345	$ --	$ --	$ --	$ 480,373	$ --	$ 631,718
Restricted for:							
Bond and Interest	--	690,243	--	--	--	--	690,243
Land Bank	--	--	--	--	5,912,946	--	5,912,946
Capital projects	--	--	7,641,723		--	357,525	7,999,248
Public Building Commission	--	--	--	7,863	--	--	7,863
Drug forfeiture	--	--	--	--	--	3,653	3,653
Assigned to:							
Capital projects	--	--	--	--	--	2,382,360	2,382,360
Equipment Reserve	--	--	--	--	--	396,684	396,684
Unassigned	3,598,965	--	--	--	--	--	3,598,965
Total fund balance	$ 3,750,310	$ 690,243	$ 7,641,723	$ 7,863	$ 6,393,319	$ 3,140,222	$ 21,623,680

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, 2023 as follows:

Project	Project costs to date	Approved project amount
Woodlawn Construction	$ 1,855,481	$ 2,498,705
Woodlawn Water Utility Relocation	714,117	225,000
Woodlawn Sewer Utility Construction	288,242	600,000
Skyview 2nd Phase 2	-	1,547,000
Cedar Pass Phase 1	2,166,353	2,709,000
Chapel Landing Homestead	1,426,691	1,838,000
Chapel Landing Phase 2	1,655,926	1,894,000
Chapel Landing Phase 5	73,637	1,689,000
Elk Creek 3rd	-	443,305
Homestead	276,572	236,000
53rd Street Reconstruction	122,331	2,600,000
BA Lakes	134	2,991,000
Authur Heights	32,358	479,000
Aurora Park Phase 1	47,073	677,000
Cozy Drive	30,318	465,000
SCP 3rd	699,095	3,600,000
Street Improvement Discovery & Design	403,165	858,258
	$ 9,791,493	$ 25,350,268

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.

IV. OTHER INFORMATION (CONTINUED)

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 to all debt service payments. Provisions of the revenue bond rate covenant were complied with for 2023.

At year-end, the Authority had revenue bonds and a land contract outstanding in the principal and interest amount of $21,067,834. 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, 2023 are as follows:

Year	Interest and Principal
2024	$ 2,057,394
2025	2,064,532
2026	2,022,876
2027	2,011,744
2028	2,012,612
2029 and thereafter	10,898,676
Total	$ 21,067,834

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 8.43% for KPERS for the fiscal year ended December 31, 2023.

Contributions to the pension plan from the City were $224,749 for KPERS for the year ended December 31, 2023.

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, 2023, the City reported a liability of $2,470,631 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, 2023, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2022 which was rolled forward to June 30, 2023. 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, 2023. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2023, the City's proportion and change from its proportion measured as of June 30, 2023 were as follows:

	Net pension liability as of December 31, 2023				
	Governmental Activities	Business-Type Activities	Total	Proportion as of June 30, 2023	Increase in proportion from June 30, 2022
KPERS (local)	$ 2,020,652	$ 449,979	$ 2,470,631	0.118%	-0.003%

IV. OTHER INFORMATION (CONTINUED)

For the year ended December 31, 2023, the City recognized pension expense of $457,867 for KPERS. At December 31, 2023, 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	$ 167,974	$ 37,323	$ 284	$ 64
Net difference between projected and actual earnings on pension plan investments	118,017	26,223	--	--
Changes in proportionate share	127,949	28,430	32,650	7,253
Changes in assumptions	214,161	47,585	--	--
City contributions subsequent to measurement date	94,604	21,021	--	--
Total	$ 722,705	$ 160,582	$ 32,934	$ 7,317

The $115,625 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, 2024. 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
2024	$ 209,722	$ 46,599
2025	127,827	28,403
2026	226,076	50,233
2027	30,910	6,868
2028	632	141
	$ 595,167	$ 132,244

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2023 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	7.00%

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, 2023, 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 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, 2023 was 7.00%, which was unchanged from the prior year. 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 2023 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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's KPERS proportionate share of the net pension liability	$ 3,541,190	$ 2,469,631	$ 1,576,914
	$ 3,541,190	$ 2,469,631	$ 1,576,914

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 2023 were $23,293.

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 five 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 five 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	39
	39

Total OPEB Liability

The City's total OPEB liability of $39,497 was measured as of June 30, 2023 and was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2022 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	3.65%
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, 2023 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, 2022 KPERS pension valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at fiscal year-end 12/31/22	$ 37,534
Changes for the year:	
Service cost	5,924
Interest	1,539
Effect of economic/demographic gains or losses	(5,244)
Effect of assumptions changes or inputs	(256)
Net changes	1,963
Balance at fiscal year-end 12/31/23	$ 39,497

IV. OTHER INFORMATION (CONTINUED)

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 increased from 3.54% on June 30, 2022 to 3.65% on June 30, 2023.

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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	$ 41,805	$ 39,497	$ 37,150

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, 2023, the City recognized OPEB expense of $13,762. At December 31, 2023, 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	$ 113,090	$ 155,992
Changes in assumptions	13,325	13,811
Total	$ 126,415	$ 169,803

There were no benefit payments made subsequent to the measurement date to be recognized as a reduction in the total OPEB liability for the year ended December 31, 2023. 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:	
2024	$ (1,284)
2025	(1,284)
2026	(1,214)
2027	(886)
2028	(168)
Thereafter	(38,552)
	$ (43,388)

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, 2023, 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, 2023, all of the buildings associated with tax abatements were still under construction; therefore, the City abated property taxes totaling $365,360 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. 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.

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.

IV. OTHER INFORMATION (CONTINUED)

GASB Statement No. 102, Certain Risk Disclosures, will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The provisions of this statement are effective for financial statements for the City's fiscal year ending December 31, 2025.

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 Fund

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

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

- Other Post Employment Plans - Schedule of Changes in the City's Death & Disability Total OPEB Liability and Related Ratios Last Seven 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, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Taxes and shared revenue:				
Ad valorem tax	$ 3,700,561	$ 3,650,201	$ 3,650,201	$ -
Delinquent tax	11,179	36,724	36,806	82
Motor vehicle tax	467,070	467,070	481,559	14,489
Sales tax	1,509,994	1,886,088	1,888,428	2,340
Franchise tax	734,428	820,243	828,601	8,358
Court fines	149,504	167,261	155,280	(11,981)
Licenses, permits and fees	402,600	434,284	426,559	(7,725)
Recreation fees	93,750	150,000	150,769	769
Rents and note collections	46,503	42,371	42,386	15
Intergovernmental	72,194	95,320	94,070	(1,250)
Interest	18,000	73,000	75,221	2,221
Other	41,307	53,306	173,203	119,897
Total revenues	7,247,090	7,875,868	8,003,083	127,215
Expenditures:				
City Administration:				
Personnel services	837,306	790,849	789,762	(1,087)
Contractual services	59,795	91,500	79,604	(11,896)
Operating expenses	53,500	39,000	43,883	4,883
Capital outlay	10,000	-	-	-
Community Development:				
Personnel services	332,197	309,317	305,399	(3,918)
Contractual services	62,202	64,218	68,019	3,801
Operating expenses	25,000	28,500	23,771	(4,729)
Law and Municipal Court:				
Personnel services	92,843	97,076	95,110	(1,966)
Contractual services	60,491	51,437	48,370	(3,067)
Operating expenses	7,200	6,200	4,407	(1,793)
Parks and Grounds:				
Personnel services	108,101	113,082	113,083	1
Contractual services	40,769	28,981	26,380	(2,601)
Operating expenses	40,600	47,650	49,515	1,865
Capital outlay	15,000	30,050	20,581	(9,469)
Police:				
Personnel services	1,322,747	1,204,735	1,263,181	58,446
Contractual services	110,252	118,330	115,630	(2,700)
Operating expenses	124,100	120,600	110,354	(10,246)
Recreation:				
Personnel services	282,591	289,830	285,030	(4,800)
Contractual services	59,460	65,471	62,293	(3,178)
Operating expenses	53,600	59,100	51,858	(7,242)
Senior Center:				
Personnel services	18,000	18,000	18,000	-
Contractual services	5,419	5,491	5,314	(177)
Operating expenses	5,550	3,500	3,526	26

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis
General Fund (Continued)
Year ended December 31, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Mayor and Council:				
Personnel services	22,631	22,631	22,891	260
Contractual services	26,279	49,649	72,096	22,447
Operating expenses	38,800	38,700	34,390	(4,310)
Central Park Pool:				
Personnel services	27,632	29,140	29,140	-
Contractual services	10,900	9,696	11,328	1,632
Operating expenses	14,000	9,016	8,913	(103)
Capital outlay	-	-	5,517	5,517
Economic Development:				
Personnel services	207,692	212,116	211,844	(272)
Contractual services	16,781	18,239	16,376	(1,863)
Operating expenses	30,200	33,700	32,640	(1,060)
Nondepartmental:				
Contractual services	199,700	290,800	268,972	(21,828)
Operating expenses	22,800	51,300	45,283	(6,017)
Capital outlay	55,000	60,000	41,923	(18,077)
Transfer out	3,510,065	4,289,163	4,158,044	(131,119)
Land project	108,000	105,136	102,048	(3,088)
Total expenditures	8,017,203	8,802,203	8,644,475	(157,728)
Net change in fund balance	$ (770,113)	$ (926,335)	(641,392)	$ 284,943
Fund balance, beginning of year			3,798,511	
Fund balance, end of year			$ 3,157,119	
Explanation of difference between budgetary and GAAP fund balance:				
Accrued revenues			593,191	
GAAP fund balance at end of year			$ 3,750,310	

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis
Land Bank Fund
For the Year Ended December 31, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Final Budget Over/ (Under)
Revenues:				
Residential lot sales	$ -	$ -	$ 425,922	$ 425,922
Interest	50,000	50,000	233,460	183,460
Transfer in	135,000	135,000	-	(135,000)
Total revenues	185,000	185,000	659,382	474,382
Expenditures:				
Land bank subjected to budget:				
Special assessments	200,000	200,000	1,071	(198,929)
Contractual services	-	-	24,775	24,775
Total expenditures	200,000	200,000	25,846	(174,154)
Net change in fund balance	$ (15,000)	$ (15,000)	633,536	$ 648,536
Fund balance, beginning of year			5,279,410	
Fund balance, end of year			$ 5,912,946	
Explanation of difference between budgetary and GAAP fund balance:				
Property held for resale			480,373	
GAAP fund balance at end of year			$ 6,393,319	

CITY OF BEL AIRE, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
City's proportion of the collective net pension liability	0.118%	0.121%	0.106%	0.104%	0.098%	0.096%	0.090%	0.087%	0.076%	0.076%
City's proportionate share of the net pension liability	$ 2,469,631	$ 2,409,535	$ 1,273,936	$ 1,799,776	$ 1,369,673	$ 1,331,099	$ 1,298,316	$ 1,353,388	$ 1,002,884	$ 931,409
City's covered payroll^	$ 2,567,023	$ 2,438,123	$ 2,065,726	$ 1,932,044	$ 1,786,806	$ 1,594,160	$ 1,477,171	$ 1,450,432	$ 1,257,280	$ 1,208,004
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	96%	99%	62%	93%	77%	83%	88%	93%	80%	77%
Plan fiduciary net position as a percentage of the total pension liability	70.70%	69.75%	76.40%	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%

GASB 68 requires presentation of ten years.

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

CITY OF BEL AIRE, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 224,749	$ 221,292	$ 197,781	$ 168,081	$ 166,245	$ 145,716	$ 133,898	$ 138,160	$ 130,342	$ 107,294
Contributions in relation to the contractually required contribution	(224,749)	(221,292)	(197,781)	(168,081)	(166,245)	(145,716)	(133,898)	(138,160)	(130,342)	(107,294)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll ^	$ 2,672,804	$2,496,991	$ 2,240,888	$ 1,998,715	$ 1,870,020	$ 1,736,656	$ 1,569,560	$ 1,337,466	$ 1,374,918	$ 1,107,270
Contributions as a percentage of covered payroll	8.41%	8.86%	8.83%	8.41%	8.89%	8.39%	8.53%	10.33%	9.48%	9.69%

GASB 68 requires presentation of ten years.

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

Kansas Public Employees Retirement System
Last Ten Fiscal Years

Changes in benefit terms for KPERS. Effective January 1, 2014, KPERS 1 member's employee contribution rate increased to 5% and then on January 1, 2015, increase to 6%, with an increase in benefit multiplier to 1.85% 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% 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% to 2.75%.
- The investment return assumption was lowered from 8% to 7.75%.
- The general wage growth assumption was lowered from 4% to 3.5%.
- The payroll growth assumption was lowered from 4% to 3%.

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 6.5% 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 7.5%.
- The general wage growth assumption was lowered from 3.5% to 3.25%.
- The payroll growth assumption was lowered from 3% 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 3.5%.

December 31, 2021, assumption changes included the following:

- For all groups, the investment rate of return assumption decreased from 7.25% to 7%.
- Interest crediting rate assumption for KPERS 3 members was lowered from 6.25% to 6%.
- Annuity interest rate assumption for KPERS 3 members was lowered from 5.75% to 5%.

CITY OF BEL AIRE, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

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

Last Seven Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability							
Service cost	$ 5,924	$ 8,764	$ 8,277	$ 6,988	$ 6,349	$ 6,313	$ 6,051
Interest	1,539	5,086	4,444	1,860	3,007	3,627	3,515
Effect of economic/demographic gains or losses	(5,244)	(179,541)	40,698	141,938	(11,096)	(5,304)	-
Effect of assumptions changes or inputs	(256)	(15,878)	933	20,544	895	(778)	(2,030)
Benefit payments	-	(15,165)	(25,652)	(23,588)	(25,108)	(29,875)	(29,875)
Net change in total OPEB liability	1,963	(196,734)	28,700	147,742	(25,953)	(26,017)	(22,339)
Total OPEB liability - beginning	37,534	234,268	205,568	57,826	83,779	109,796	132,135
Total OPEB liability - ending	$ 39,497	$ 37,534	$ 234,268	$ 205,568	$ 57,826	$ 83,779	$ 109,796
Covered-employee payroll	$ 2,567,023	$ 2,438,123	$ 2,065,726	$ 1,932,044	$ 1,786,806	$ 1,594,160	$ 1,477,171
Total OPEB liability as a percentage of covered-employee payroll	1.54%	1.54%	11.34%	10.64%	3.24%	5.26%	7.43%

* GASB 75 requires presentation of ten years. As of December 31, 2023, only seven 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 3.5% on June 30, 2019.
- The discount rate decreased from 3.5% 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.
- The discount rate decreased from 2.16% on June 30, 2021 to 3.54% on June 30, 2022.
- The discount rate increased from 3.54% on June 30, 2022 to 3.65% on June 30, 2023.

SUPPLEMENTARY INFORMATION

City of Bel Aire, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	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	$ 353,830	$ 880	$ 1,552	$ 1,221	$ 2,762,745	$ 702,509	$ 3,822,737
Receivables	8,766	-	-	-	-	-	8,766
Total assets	$ 362,596	$ 880	$ 1,552	$ 1,221	$ 2,762,745	$ 702,509	$ 3,831,503
Liabilities							
Accounts and retainage payable	$ 2,640	$ -	$ -	$ -	$ 52,983	$ -	$ 55,623
Accrued liabilities	2,431	-	-	-	-	-	2,431
Unearned grant revenue	-	-	-	-	633,227	-	633,227
Total liabilities	5,071	-	-	-	686,210	-	691,281
Fund balance:							
Restricted	357,525	880	1,552	1,221	-	-	361,178
Assigned	-	-	-	-	2,076,535	702,509	2,779,044
Total fund balance	357,525	880	1,552	1,221	2,076,535	702,509	3,140,222
Total liabilities, deferred inflows of resources and fund balance	$ 362,596	$ 880	$ 1,552	$ 1,221	$ 2,762,745	$ 702,509	$ 3,831,503

City of Bel Aire, Kansas

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended December 31, 2023

	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	$ 336,537	$ -	$ -	$ -	$ -	$ -	$ 336,537
Intergovernmental revenues	-	-	-	-	634,000	-	634,000
Miscellaneous	-	-	-	-	124,633	25,357	149,990
Total revenues	336,537	-	-	-	758,633	25,357	1,120,527
Expenditures:							
Streets and highways	354,627	-	-	-	-	-	354,627
Capital outlay	-	-	-	-	2,366,491	197,524	2,564,015
Total expenditures	354,627	-	-	-	2,366,491	197,524	2,918,642
Excess of revenues over (under) expenditures	(18,090)	-	-	-	(1,607,858)	(172,167)	(1,798,115)
Other financing sources (uses):							
Transfers in	100,000	-	-	-	1,957,871	400,000	2,457,871
Total other financing sources (uses)	100,000	-	-	-	1,957,871	400,000	2,457,871
Net change in fund balance	81,910	-	-	-	350,013	227,833	659,756
Fund balance, beginning of year	275,615	880	1,552	1,221	1,726,522	474,676	2,480,466
Fund balance, end of year	$ 357,525	$ 880	$ 1,552	$ 1,221	$ 2,076,535	$ 702,509	$ 3,140,222

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, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Special assessments	$ 2,307,075	2,307,075	$ 2,388,270	$ 81,195
Interest	300	300	61,869	61,569
Transfer in	1,129,838	1,129,838	1,057,918	(71,920)
Total revenues	3,437,213	3,437,213	3,508,057	70,844
Expenditures:				
Principal payments	2,317,100	2,317,100	2,245,000	(72,100)
Interest expense	1,101,004	1,101,004	967,922	(133,082)
Total expenditures	3,418,104	3,418,104	3,212,922	(205,182)
Net change in fund balance	$ 19,109	$ 19,109	295,135	$ 276,026
Fund balance, beginning of year			395,108	
Fund balance, end of year			$ 690,243	

City of Bel Aire, Kansas
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Governmental Fund - Actual (Budget Basis)
Capital Projects Fund
For the Year Ended December 31, 2023

	Actual Amounts Budgetary Basis
Revenues:	
Bond proceeds	$ 6,855,000
Bond premiums	105,705
Interest	209,552
Refunding proceeds	5,310,360
Miscellaneous	76,388
Total revenues	12,557,005
Expenditures:	
Cost of issuance	220,180
Rock Spring	4,196,418
Chapel Landing	1,278,718
Bristol Hollows	1,002,308
Skyview	447,727
Temporary note and bond principal	5,224,517
Temporary note and bond interest	398,180
Transfer out	166,520
Total expenditures	12,934,568
Net change in fund balance	(377,563)
Fund balance, beginning of year	8,019,286
Fund balance, end of year	$ 7,641,723

City of Bel Aire, Kansas
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Governmental Fund - Actual (Budget Basis)
Public Building Commission
For the Year Ended December 31, 2023

	Actual Amounts Budgetary Basis
Revenues:	
Industrial land sales	$ 58,975
Transfer in	1,459,478
Total revenues	1,518,453
Expenditures:	
Fees	2,796
Bond principal	1,195,000
Bond interest	335,047
Total expenditures	1,532,843
Net change in fund balance	(14,390)
Fund balance, beginning of year	22,253
Fund balance, end of year	$ 7,863

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, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
Revenues:				
Taxes and Shared Revenue:				
State gas tax	$ 230,770	$ 230,770	$ 233,645	$ 2,875
County gas tax	100,050	100,050	102,892	2,842
Transfer in	100,000	100,000	100,000	-
Total revenues	430,820	430,820	436,537	5,717
Expenditures:				
Personnel services	90,455	90,455	101,346	10,891
Contractual services	126,716	126,716	132,114	5,398
Operating expense	154,250	154,250	111,497	(42,753)
Capital outlay	105,000	105,000	9,670	(95,330)
Total expenditures	476,421	476,421	354,627	(121,794)
Net change in fund balance	$ (45,601)	$ (45,601)	81,910	$ 127,511
Fund balance, beginning of year			275,615	
Fund balance, end of year			$ 357,525	

City of Bel Aire, Kansas
Combining Balance Sheet
Nonmajor Enterprise Funds
December 31, 2023

	Solid Waste	Stormwater	**Total Nonmajor Enterprise**
Assets:			
Cash, including investments	$ 340,523	$ 485,488	$ 826,011
Accounts receivable	45,836	-	45,836
Total assets	386,359	485,488	871,847
Liabilities:			
Accounts payable	44,502	-	44,502
Total liabilities	44,502	-	44,502
Net position:			
Unrestricted	341,857	485,488	827,345
Total net position	$ 341,857	$ 485,488	$ 827,345

City of Bel Aire, Kansas
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
December 31, 2023

	Solid Waste	Stormwater	**Total Nonmajor Enterprise**
Operating revenues:			
Utility income	$ 672,585	$ 98,691	$ 771,276
Total operating revenues	672,585	98,691	771,276
Operating expenses:			
Contractual services	535,257	12,744	548,001
Total operating expenses	535,257	12,744	548,001
Operating income (loss)	137,328	85,947	223,275
Non-operating revenues (expenses):			
Interest and other	-	5,893	5,893
Transfers out	(100,000)	-	(100,000)
Change in net position	37,328	91,840	129,168
Net position, beginning of year	304,529	393,648	698,177
Net position, end of year	$ 341,857	$ 485,488	$ 827,345

City of Bel Aire, Kansas
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2023

	Solid Waste	Stormwater	Total Nonmajor Enterprise
Cash flows from operating activities:			
Cash received from customers	$ 667,133	$ 98,691	$ 765,824
Payments to suppliers for goods and services	(530,010)	(12,744)	(542,754)
Net cash flow from operating activities	137,123	85,947	223,070
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	-	5,893	5,893
Net cash flow from investing activities	-	5,893	5,893
Net increase in cash and cash equivalents	37,123	91,840	128,963
Cash and cash equivalents, beginning of the year	303,400	393,648	697,048
Cash and cash equivalents, end of the year	$ 340,523	$ 485,488	$ 826,011
Reconciliation of operating income to net cash flow from operating activities:			
Operating income	$ 137,328	$ 85,947	$ 223,275
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in accounts receivable	(5,452)	-	(5,452)
Change in accounts payable	5,247	-	5,247
Net cash flow from operating activities	$ 137,123	$ 85,947	$ 223,070

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, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
Revenues:				
Utility income	$ 3,171,000	$ 3,776,005	$ 3,907,146	$ 131,141
Interest income	5,000	79,000	81,007	2,007
Miscellaneous	10,000	20,000	26,104	6,104
Total revenues	3,186,000	3,875,005	4,014,257	139,252
Expenditures:				
Personnel services	372,434	372,434	364,998	(7,436)
Contractual services	2,096,602	2,446,905	2,419,737	(27,168)
Commodities	473,600	588,600	597,474	8,874
Capital outlay	300,000	400,000	344,240	(55,760)
Debt service	51,715	51,715	51,715	-
Transfer out	249,836	249,836	249,836	-
Total expenditures	3,544,187	4,109,490	4,028,000	(81,490)
Net change in fund balance	$ (358,187)	$ (234,485)	(13,743)	$ 220,742
Fund balance, beginning of year			2,408,375	
Fund balance, end of year			$ 2,394,632	

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, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Utility income	$ 2,787,289	$ 3,087,383	$ 3,151,515	$ 64,132
Interest income	10,000	112,000	113,780	1,780
Total revenues	2,797,289	3,199,383	3,265,295	65,912
Expenditures:				
Personnel services	376,526	376,526	361,293	(15,233)
Contractual services	1,591,876	1,663,335	1,558,684	(104,651)
Commodities	493,500	504,500	265,709	(238,791)
Capital outlay	300,000	900,000	793,855	(106,145)
Debt service	31,689	31,689	31,688	(1)
Transfer out	300,867	300,867	300,867	-
Total expenditures	3,094,458	3,776,917	3,312,096	(464,821)
Net change in fund balance	$ (297,169)	$ (577,534)	(46,801)	$ 530,733
Fund balance, beginning of year			3,172,617	
Fund balance, end of year			$ 3,125,816	

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, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
Revenues:				
Utility income	$ 587,077	$ 587,077	$ 667,133	$ 80,056
Total revenues	587,077	587,077	667,133	80,056
Expenditures:				
Contractual services	544,177	544,177	535,257	(8,920)
Transfers out	100,000	100,000	100,000	-
Total expenditures	644,177	644,177	635,257	(8,920)
Net change in fund balance	$ (57,100)	$ (57,100)	31,876	$ 88,976
Fund balance, beginning of year			264,145	
Fund balance, end of year			$ 296,021	

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, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Utility income	$ 86,600	$ 86,600	$ 98,691	$ 12,091
Interest income	-	-	5,893	5,893
Total revenues	86,600	86,600	104,584	17,984
Expenditures:				
Contractual services	5,000	5,000	12,744	7,744
Capital outlay	446,157	446,157	-	(446,157)
Total expenditures	451,157	451,157	12,744	(438,413)
Net change in fund balance	$ (364,557)	$ (364,557)	91,840	$ 456,397
Fund balance, beginning of year			393,648	
Fund balance, end of year			$ 485,488	