CITY OF RILEY, KANSAS

FINANCIAL STATEMENT

For the Year Ended December 31, 2022

VONFELDT, BAUER & VONFELDT, CHTD.
Certified Public Accountants
Manhattan, Kansas 66502

CITY OF RILEY, KANSAS

Financial Statement
Regulatory Basis
For the Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Riley, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of City of Riley, Kansas as of and for the year ended December 31, 2022 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Riley as of December 31, 2022, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Riley as of December 31, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

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

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles
As discussed in Note 1 of the financial statement, the financial statement is prepared by the City of Riley on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget and individual fund schedule of regulatory basis receipts and expenditures-actual and budget (Schedules 1 and 2 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The graphical analysis (Schedule 3 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement nor required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Riley, Kansas as of and for the year ended December 31, 2021 (not presented herein), and have issued our report thereon dated May 18, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services. The 2021 actual column (2021 comparative information) presented in the individual fund schedule of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2022 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2021 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2021 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2021, on the basis of accounting described in Note 1.

VonFeldt, Bauer & VonFeldt, Chtd.

VONFELDT, BAUER & VONFELDT, CHTD.
Certified Public Accountants
Manhattan, Kansas

June 2, 2022

CITY OF RILEY, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2022

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Funds:							
General Fund	$ 157,243.33	$ 0.00	$ 808,721.58	$ 867,655.00	$ 98,309.91	$ 0.00	$ 98,309.91
Special Purpose Funds:							
Special Highway Fund	24,868.17	0.00	31,018.51	33,936.88	21,949.80	0.00	21,949.80
Library Fund	2,296.96	0.00	24,507.20	24,980.78	1,823.38	0.00	1,823.38
American Rescue Plan Act Grant Fund	72,641.96	0.00	72,641.96	32,194.44	113,089.48	0.00	113,089.48
Bond and Interest Funds:							
Bond and Interest Fund	77,582.11	0.00	193,379.62	191,962.50	78,999.23	0.00	78,999.23
Business Funds:							
Water Utility Fund	140,729.60	0.00	411,586.24	360,307.92	192,007.92	0.00	192,007.92
Water System Maintenance & Replacement Fund	91,950.00	0.00	6,675.00	0.00	98,625.00	0.00	98,625.00
Total Reporting Entity	$ 567,312.13	$ 0.00	$ 1,548,530.11	$ 1,511,037.52	$ 604,804.72	$ 0.00	$ 604,804.72

Composition of Cash:

NOW Account	$ 604,804.72
Total Reporting Entity	$ 604,804.72

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

CITY OF RILEY, KANSAS
NOTES TO FINANCIAL STATEMENT
December 31, 2022

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

City of Riley, Kansas (City) is a municipal corporation governed by an elected five-member council. This regulatory financial statement presents the City of Riley, Kansas (the municipality) and does not include any of its related municipal entities.

B. REGULATORY BASIS FUND TYPES

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

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

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

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

C. BASIS OF ACCOUNTING

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

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

D. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available. Cash and investments consist of an interest bearing checking account. Earnings from these investments are allocated to designated funds. Cash and investments are stated at cost.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

E. AD VALOREM TAX REVENUE

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuation and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20 and distributed to the City by January 20. The second half is due May 10 and distributed to the City by June 5. The City Treasurer draws available funds from the County Treasurer at designated times throughout the year.

F. REIMBURSED EXPENSES

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis accounting.

G. USE OF ESTIMATES

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 - BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.

2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.

4. Adoption of the final budget on or before August 25th.

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 municipality did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

Note 2 - BUDGETARY INFORMATION (cont'd.)

Adjustment for Qualifying Budget Credits: Cities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, reimbursements, gifts and donations and receipts authorized by law to be spent as if they were reimbursed expenses.

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

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose fund:

American Rescue Plan Act Grant Fund

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

Note 3 - COMPLIANCE WITH KANSAS STATUTES

Management is not aware of any statutory violations for the period covered by the audit.

Note 4 - DEPOSITS

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

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

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

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance, bank guarantee bonds, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All deposits were legally secured at December 31, 2022.

At December 31, 2022 the City's carrying amount of deposits was $604,804.72 and the bank balance was $628,958.35. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000.00 was covered by federal depository insurance, and $378,958.35 was collateralized with securities held by the pledging financial institution's agents in the City's name.

Note 5 - LONG-TERM DEBT

Changes in long-term liabilities for the municipality for the year ended December 31, 2022, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions / Payments	Balance End of Year	Interest Paid
G.O. Bonds:									
Bond Series 2015BI	2.00-3.75%	8/15/2015	$ 800,000.00	8/1/2031	$ 580,000.00	$ 0.00	$ 50,000.00	$ 530,000.00	$ 17,962.50
Bond Series 2020	1.00%	9/15/2020	1,015,000.00	9/1/2031	900,000.00	0.00	115,000.00	785,000.00	9,000.00
KDHE Loans:									
Loan No. 1323-01	2.77%	5/19/2004	698,296.11	3/1/2025	150,788.32	0.00	41,611.30	109,177.02	3,539.51
Loan No. 2013-01	2.10%	9/20/2019	729,200.00	3/1/2041	497,212.93	115,186.76	16,427.29	595,972.40	1,310.29
Finance Leases:									
Ford F-250 Pickup	3.25%	4/28/2020	37,656.00	12/1/2023	19,175.92	0.00	9,435.27	9,740.65	548.67
Backhoe Loader 2008	3.00%	9/21/2021	84,850.00	9/21/2026	84,850.00	0.00	15,975.58	68,874.42	2,425.44
Pierce Fire Truck	4.00%	3/31/2022	52,000.00	4/1/2027	0.00	52,000.00	4,758.73	47,241.27	1,031.45
Total Contractual Indebtedness					$ 2,232,027.17	$ 167,186.76	$ 253,208.17	$ 2,146,005.76	$ 35,817.86

* **The City was approved for the KDHE Loan 2013-01 totalling $729,200 for a sanitary sewer collection system on September 20, 2019. The loan bears interest at 2.10%. The City received disbursements totaling $118,000 in 2020, $379,212.93 in 2021 and $115,186.76 in 2022. Payments consisting of $16,427.29 principal and $1,310.29 interest were due in 2022. Since the City has yet to receive the full amount of the loan, the schedule of current maturites of long-term debt and interest below does not reflect the KDHE Loan 2013-01.**

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

	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028 - 12/31/2032	Total
Principal:							
General Obligation Bonds	$ 165,000.00	$ 170,000.00	$ 175,000.00	$ 170,000.00	$ 160,000.00	$ 475,000.00	$ 1,315,000.00
KDHE Loans	42,771.92	43,964.91	22,440.19	0.00	0.00	0.00	109,177.02
Finance Leases	35,986.33	27,129.98	28,062.11	29,018.04	5,659.88	0.00	125,856.34
Total Principal	243,758.25	241,094.89	225,502.30	199,018.04	165,659.88	475,000.00	1,550,033.36
Interest:							
General Obligation Bonds	24,637.50	22,245.00	19,610.00	16,925.00	14,125.00	27,662.50	125,205.00
KDHE Loans	2,483.65	1,298.33	282.75	0.00	0.00	0.00	4,064.73
Finance Leases	3,973.66	2,851.40	1,919.27	963.29	113.23	0.00	9,820.85
Total Interest	31,094.81	26,394.73	21,812.02	17,888.29	14,238.23	27,662.50	139,090.58
Total Principal and Interest	$ 274,853.06	$ 267,489.62	$ 247,314.32	$ 216,906.33	$ 179,898.11	$ 502,662.50	$ 1,689,123.94

Note 6 - INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
Water Utility	Water System Maint & Repair	K.S.A. 12-825d	$ 6,675.00
Water Utility	Bond & Interest	K.S.A. 12-825d	40,000.00

Note 7 - OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post Employment Benefit. As provided by K.S.A. 12-5040, the municipality allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the municipality is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the municipality 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.

Death and Disability Other Post Employment Benefits . As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2022.

Compensated Absences. Full-time employees will accrue one day of vacation per month of employment up to a maximum of ten days, which doesn't begin until the employee has completed three months of employment. Upon separation of employment employees will be paid for any unused vacation leave, therefore, the potential liability for vacation leave as of December 31, 2022 and 2021 is $5,861 and $7,429, respectively, which is a net change of $1,568. Full-time employees will accrue one day of sick leave per month up to a maximum of sixty days after completing three months of employment. Employees with over ten years of continuous service who leave in good standing shall receive half of their accumulated sick leave not to exceed 30 days. Due to the uncertainty in predicting who will qualify no estimate is being made.

Note 8 - DEFINED BENEFIT PENSION PLAN

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas 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.

Note 8 - DEFINED BENEFIT PENSION PLAN (cont'd.)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.90% for the fiscal year ended December 31, 2022. Contributions to the pension plan from the City were $20,269.20 for the year ended December 31, 2022.

Net Pension Liability. At December 31, 2022 the City's proportionate share of the collective net pension liability reported by KPERS was $204,291. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

Note 9 - RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; thefts of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City obtains coverage from commercial insurance companies in order to effectively manage risk. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. The City does not participate in a public entity risk pool.

Note 10 - CONTINGENCIES

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

Note 11 - SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through June 2, 2023 and does not believe any events have occurred which affects how the financial statements are presented.

REGULATORY-REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1

CITY OF RILEY, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General Funds:					
General Fund	$ 710,676.00	$ 187,971.76	$ 898,647.76	$ 867,655.00	$ (30,992.76)
Special Purpose Funds:					
Special Highway Fund	49,423.00	0.00	49,423.00	33,936.88	(15,486.12)
Library Fund	29,740.00	0.00	29,740.00	24,980.78	(4,759.22)
Bond and Interest Funds:					
Bond and Interest Fund	272,076.00	0.00	272,076.00	191,962.50	(80,113.50)
Business Funds:					
Water Utility Fund	518,143.00	0.00	518,143.00	360,307.92	(157,835.08)

CITY OF RILEY, KANSAS
GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Taxes and Shared Receipts:				
Ad Valorem Property Tax	$ 212,252.72	$ 234,997.12	$ 240,636.00	$ (5,638.88)
Delinquent Tax	3,331.89	5,568.43	0.00	5,568.43
Motor Vehicle Tax	43,577.17	35,244.23	33,703.00	1,541.23
Recreational Vehicle Tax	862.60	664.09	533.00	131.09
16/20 M Vehicle Tax	117.29	111.07	112.00	(0.93)
Sales Tax	180,173.05	199,714.47	170,000.00	29,714.47
Local Compensating Tax	42,849.88	48,136.37	38,500.00	9,636.37
Franchise Tax	48,564.38	54,346.92	50,000.00	4,346.92
Commercial Vehicle Tax	1,266.65	666.40	886.00	(219.60)
Watercraft Tax	402.46	198.18	296.00	(97.82)
Licenses and Permits	2,380.00	1,430.00	10,000.00	(8,570.00)
Miscellaneous	3,391.06	3,004.51	0.00	3,004.51
Reimbursements	0.00	0.00	10,000.00	(10,000.00)
Interest on Idle Funds	394.37	453.21	250.00	203.21
Insurance Proceeds	9,771.23	17,015.17	0.00	17,015.17
Swimming Pool	19,405.30	19,199.65	16,000.00	3,199.65
CDBG Income - Sewer Project	808,261.53	187,971.76	0.00	187,971.76
Total Receipts	1,377,001.58	808,721.58	$ 570,916.00	$ 237,805.58
Expenditures				
General Admin: Personnel	186,311.39	191,718.61	205,000.00	(13,281.39)
General Admin: Insurance	87,199.08	103,592.27	95,000.00	8,592.27
General Admin: Utilities	37,946.29	41,276.42	41,000.00	276.42
General Admin: Legal and Professional	18,887.08	13,248.41	22,000.00	(8,751.59)
General Admin: Fees	22,636.06	46,893.80	35,000.00	11,893.80
General Admin: Fuel and Propane	16,078.49	27,395.47	19,000.00	8,395.47
General Admin: Repairs and Supplies	42,899.49	85,709.29	52,500.00	33,209.29
General Admin: Other Commodities	27,091.49	20,981.27	15,000.00	5,981.27
General Admin: Lease Principal	9,142.46	30,169.58	9,437.00	20,732.58
General Admin: Lease Interest	841.48	4,005.56	547.00	3,458.56
Fire Department: Commodities	27,927.85	25,891.94	35,000.00	(9,108.06)
Swimming Pool: Personnel	21,030.92	27,930.47	27,000.00	930.47
Swimming Pool: Commodities	13,105.12	15,362.60	13,000.00	2,362.60
Park: Commodities	3,542.91	1,601.61	500.00	1,101.61
Streets: Capital Outlay	0.00	42,238.44	52,000.00	(9,761.56)
Friends of the Library	5,868.83	0.00	0.00	0.00

CITY OF RILEY, KANSAS
GENERAL FUND (Cont'd.)
Schedule of Receipts and Expenditures - Actual and Budget - Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Expenditures (Cont'd)				
CDBG Expenses - Sewer Project	804,385.28	189,639.26	0.00	189,639.26
Bond Principal	48,018.75	0.00	0.00	0.00
Bond Interest	23,642.78	0.00	0.00	0.00
Cash forward	0.00	0.00	88,692.00	(88,692.00)
Adjustment for Qualifying Budget Credits	0.00	0.00	187,971.76	(187,971.76)
Total Expenditures	1,396,555.75	867,655.00	$ 898,647.76	$ (30,992.76)
Receipts Over (Under) Expenditures	(19,554.17)	(58,933.42)		
Unencumbered Cash, Beginning	176,797.50	157,243.33		
Unencumbered Cash, Ending	$ 157,243.33	$ 98,309.91		

CITY OF RILEY, KANSAS
SPECIAL HIGHWAY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
State Payments	$ 27,673.42	$ 26,130.70	$ 24,480.00	$ 1,650.70
Rock & Sand	994.25	2,136.89	4,000.00	(1,863.11)
City/County Highway	2,264.57	2,750.92	2,040.00	710.92
Total Receipts	30,932.24	31,018.51	$ 30,520.00	$ 498.51
Expenditures				
Commodities	1,704.51	1,874.98	2,750.00	(875.02)
Rock & Sand	4,824.50	17,703.78	13,000.00	4,703.78
Street	9,059.20	12,684.89	16,000.00	(3,315.11)
Miscellaneous	3,982.11	1,291.70	500.00	791.70
Capital Outlay	1,737.45	381.53	1,200.00	(818.47)
Cash Forward	0.00	0.00	15,973.00	(15,973.00)
Total Expenditures	21,307.77	33,936.88	$ 49,423.00	$ (15,486.12)
Receipts Over (Under) Expenditures	9,624.47	(2,918.37)		
Unencumbered Cash, Beginning	15,243.70	24,868.17		
Unencumbered Cash, Ending	$ 24,868.17	$ 21,949.80		

CITY OF RILEY, KANSAS
LIBRARY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Taxes and Shared Receipts:				
Ad Valorem Tax	$ 19,911.96	$ 20,267.05	$ 20,753.00	$ (485.95)
Delinquent Tax	283.87	489.53	0.00	489.53
Motor Vehicle Tax	3,605.76	3,199.74	3,162.00	37.74
Recreational Vehicle Tax	71.63	60.54	50.00	10.54
16/20 Motor Vehicle Tax	10.33	9.05	11.00	(1.95)
Commercial Vehicle Tax	103.27	62.52	83.00	(20.48)
Watercraft Tax	32.79	18.68	28.00	(9.32)
State Aid	450.58	400.09	500.00	(99.91)
Total Receipts	24,470.19	24,507.20	$ 24,587.00	$ (79.80)
Expenditures				
Commodities	6,670.19	6,507.20	10,600.00	(4,092.80)
Personal Services	17,725.09	18,473.58	19,140.00	(666.42)
Total Expenditures	24,395.28	24,980.78	$ 29,740.00	$ (4,759.22)
Receipts Over (Under) Expenditures	74.91	(473.58)		
Unencumbered Cash, Beginning	2,222.05	2,296.96		
Unencumbered Cash, Ending	$ 2,296.96	$ 1,823.38		

CITY OF RILEY, KANSAS
AMERICAN RESCUE PLAN ACT GRANT FUND
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	2021	2022
Receipts		
Federal Grant	$ 72,641.96	$ 72,641.96
Total Receipts	72,641.96	72,641.96
Expenditures		
Contractual	0.00	32,194.44
Total Expenditures	0.00	32,194.44
Receipts Over (Under) Expenditures	72,641.96	40,447.52
Unencumbered Cash, Beginning	0.00	72,641.96
Unencumbered Cash, Ending	$ 72,641.96	$ 113,089.48

CITY OF RILEY, KANSAS
BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Special Assessments	$ 69,687.81	$ 69,157.78	$ 70,000.00	$ (842.22)
Transfer from Water Utility	45,000.00	40,000.00	40,000.00	0.00
Taxes and Shared Receipts:				
Ad Valorem Tax	70,746.62	72,020.77	73,722.00	(1,701.23)
16/20 Motor Vehicle Tax	20.01	17.53	37.00	(19.47)
Delinquent Tax	500.89	1,466.37	0.00	1,466.37
RV tax	138.78	196.17	178.00	18.17
Commercial Tax	200.11	222.11	295.00	(72.89)
Motor Vehicle Tax	6,987.00	10,231.54	11,234.00	(1,002.46)
Watercraft	63.53	67.35	99.00	(31.65)
Total Receipts	193,344.75	193,379.62	$ 195,565.00	$ (2,185.38)
Expenditures				
Principal	116,981.25	165,000.00	165,000.00	0.00
Interest	5,075.00	26,962.50	26,963.00	(0.50)
Cash Basis Reserve	0.00	0.00	80,113.00	(80,113.00)
Total Expenditures	122,056.25	191,962.50	$ 272,076.00	$ (80,113.50)
Receipts Over (Under) Expenditures	71,288.50	1,417.12		
Unencumbered Cash, Beginning	6,293.61	77,582.11		
Unencumbered Cash, Ending	$ 77,582.11	$ 78,999.23		

CITY OF RILEY, KANSAS
WATER UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

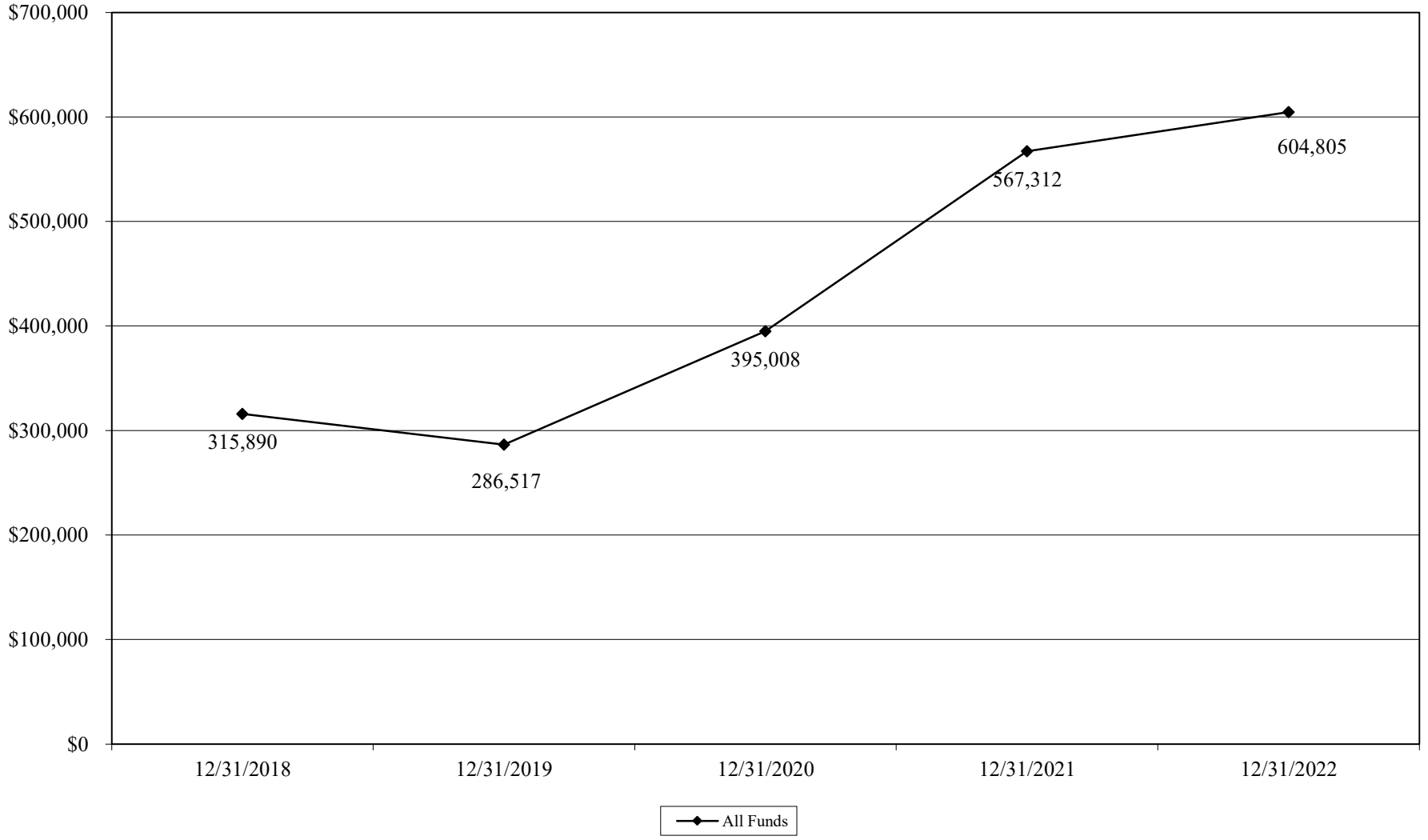
	Prior Year Actual	Current Year Actual	Current Year Budget	Current Year Variance Over (Under)
Receipts				
Charges for Services	$ 392,091.41	$ 408,860.24	$ 405,000.00	$ 3,860.24
Miscellaneous	3,678.00	2,726.00	3,000.00	(274.00)
Total Receipts	395,769.41	411,586.24	$ 408,000.00	$ 3,586.24
Expenditures				
Personal Services	59,479.00	90,473.76	75,000.00	15,473.76
Contractual Services	3,031.25	4,421.58	20,000.00	(15,578.42)
Commodities	22,454.59	16,013.09	30,000.00	(13,986.91)
Trash Service	65,051.00	61,150.00	65,000.00	(3,850.00)
KDHE Principal	40,482.19	58,038.59	41,611.00	16,427.59
KDHE Interest	4,834.67	4,849.80	3,540.00	1,309.80
Lease Principal	7,712.07	0.00	0.00	0.00
Lease Interest	118.32	0.00	0.00	0.00
Chemicals	3,264.18	4,475.77	7,000.00	(2,524.23)
Cash forward	0.00	0.00	93,317.00	(93,317.00)
Capital Outlay	87,186.97	42,063.33	110,000.00	(67,936.67)
Service Fees	6,753.16	19,125.55	10,000.00	9,125.55
Utilities	12,174.03	13,021.45	16,000.00	(2,978.55)
Transfer to Bond & Interest	45,000.00	40,000.00	40,000.00	0.00
Transfer to Water System Maint & Repl	6,675.00	6,675.00	6,675.00	0.00
Total Expenditures	364,216.43	360,307.92	$ 518,143.00	$ (157,835.08)
Receipts Over (Under) Expenditures	31,552.98	51,278.32		
Unencumbered Cash, Beginning	109,176.62	140,729.60		
Unencumbered Cash, Ending	$ 140,729.60	$ 192,007.92		

CITY OF RILEY, KANSAS
WATER SYSTEM MAINTENANCE & REPLACEMENT FUND
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

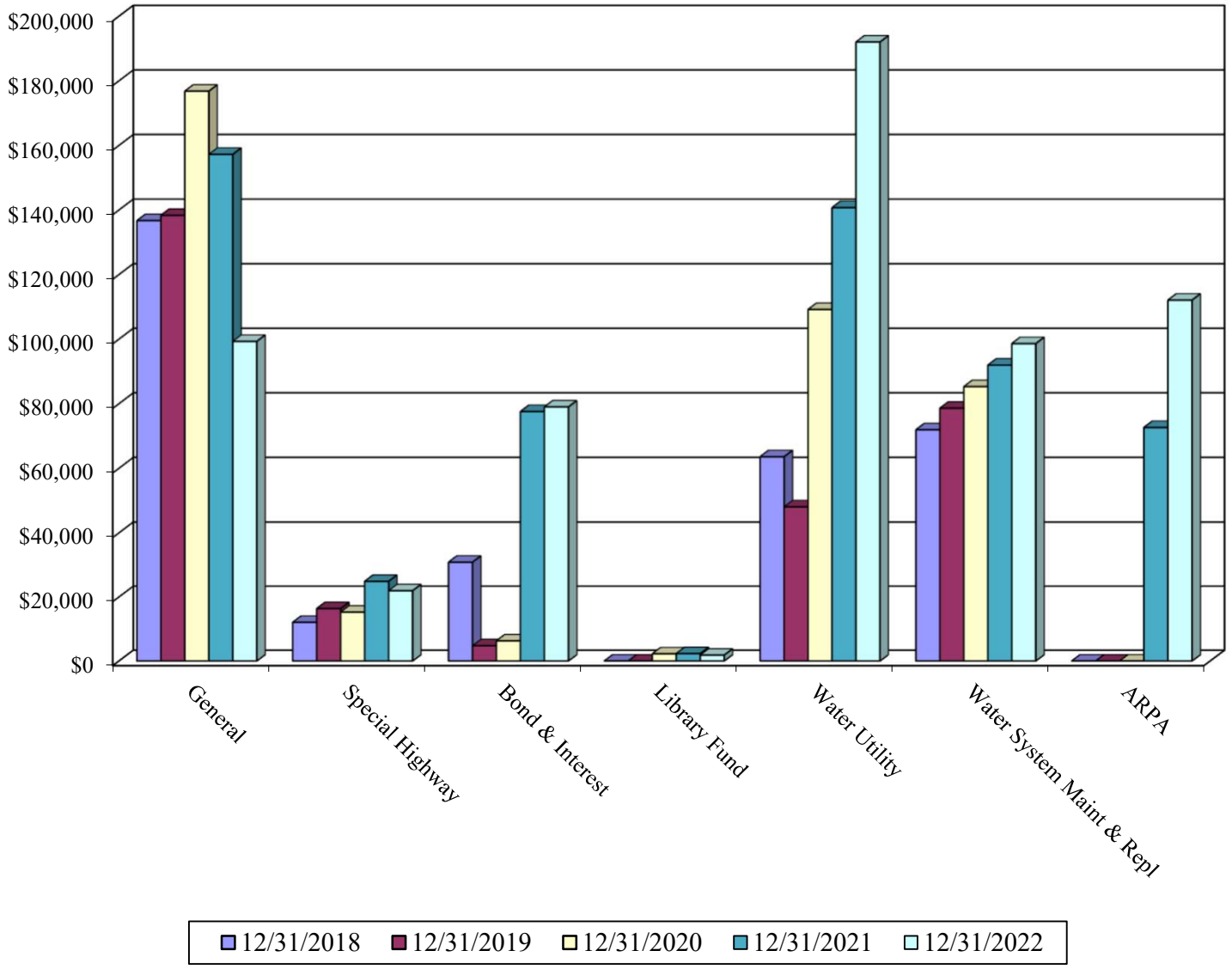
	2021	2022
Receipts		
Transfer from Water Utility	$ 6,675.00	$ 6,675.00
Total Receipts	6,675.00	6,675.00
Expenditures		
Contractual	0.00	0.00
Total Expenditures	0.00	0.00
Receipts Over (Under) Expenditures	6,675.00	6,675.00
Unencumbered Cash, Beginning	85,275.00	91,950.00
Unencumbered Cash, Ending	$ 91,950.00	$ 98,625.00

SUPPLEMENTARY INFORMATION

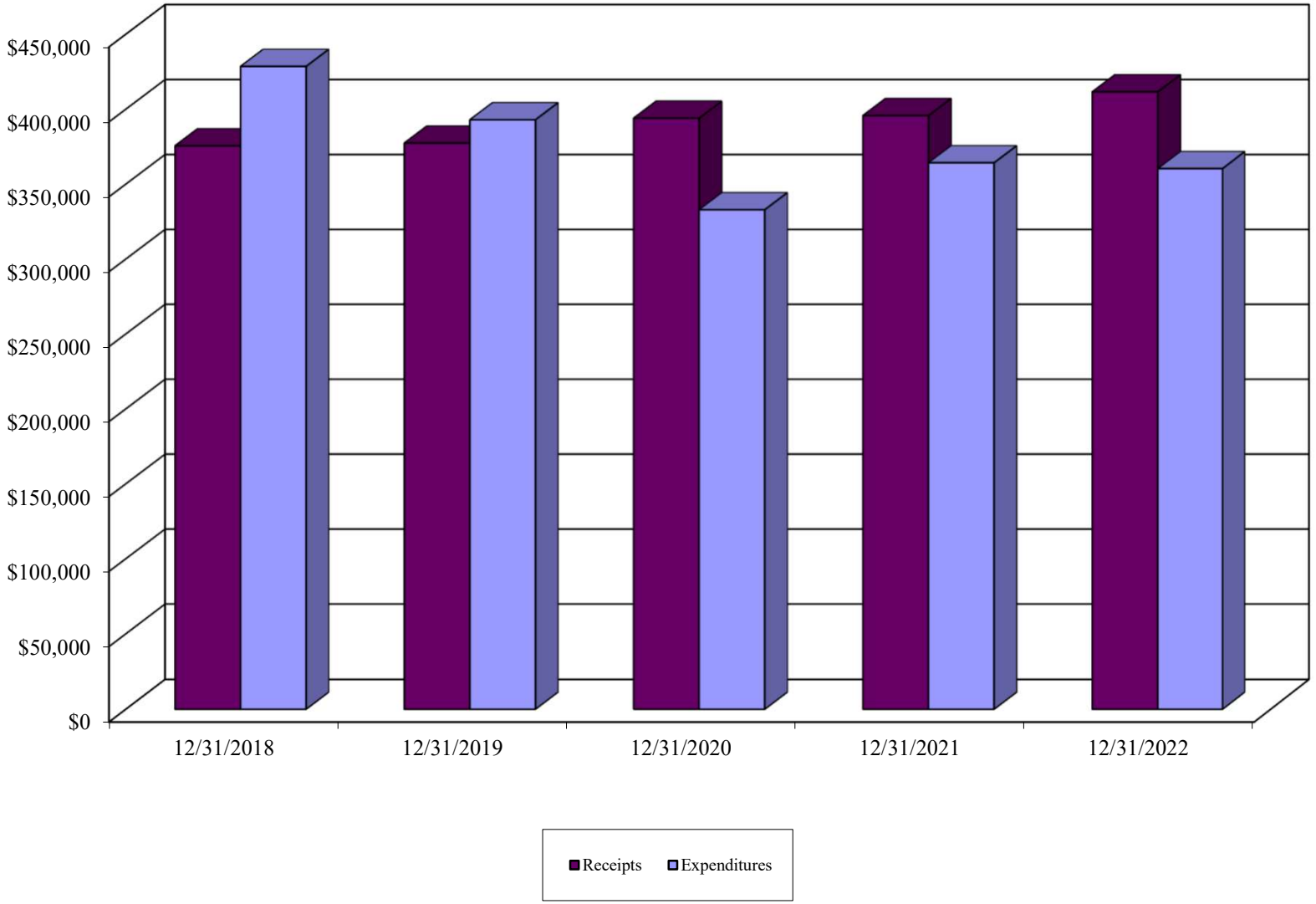
City of Riley, Kansas
Unencumbered Cash Balance - All Funds



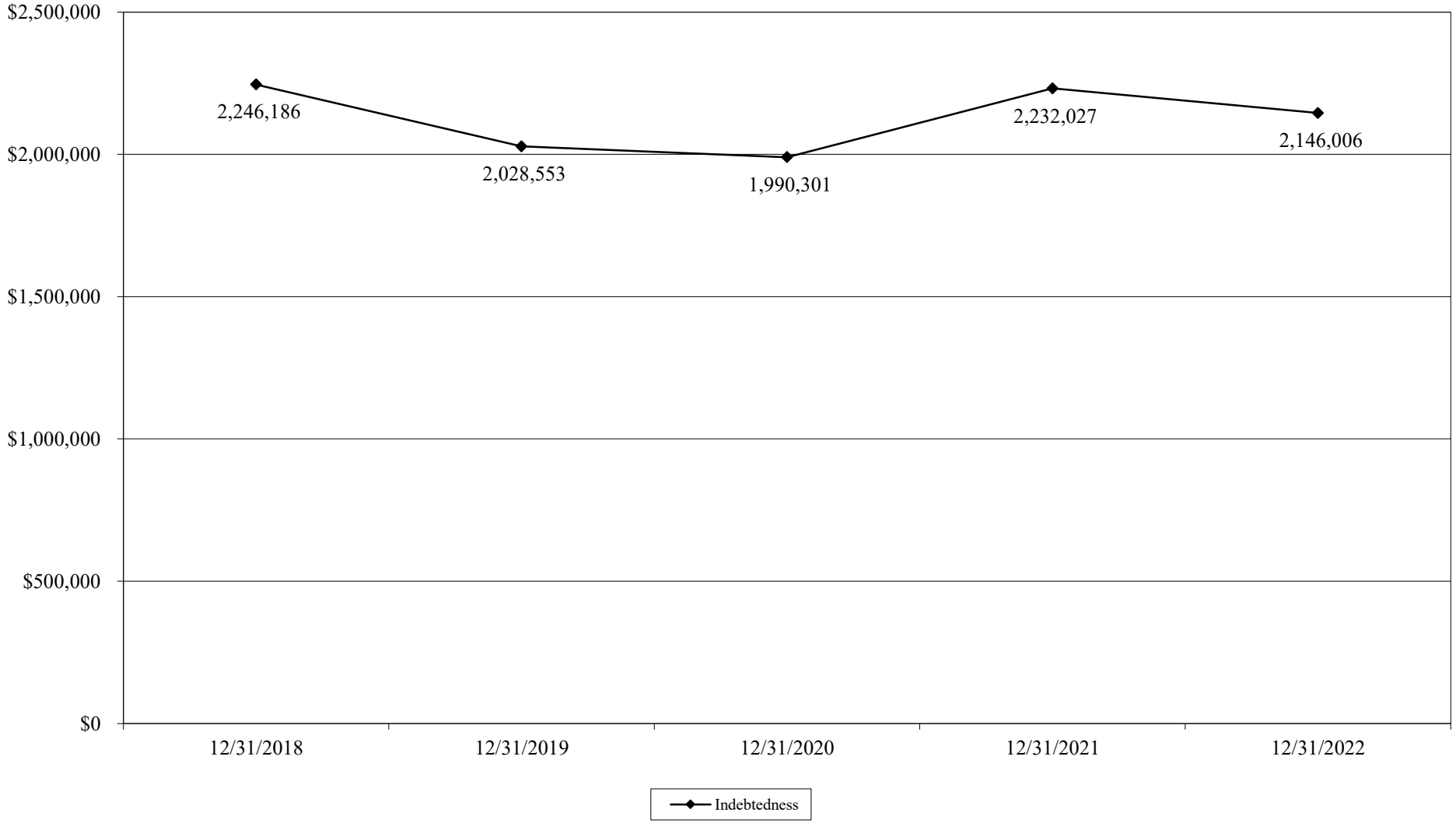
City of Riley, Kansas
Unencumbered Cash Balances - Selected Funds



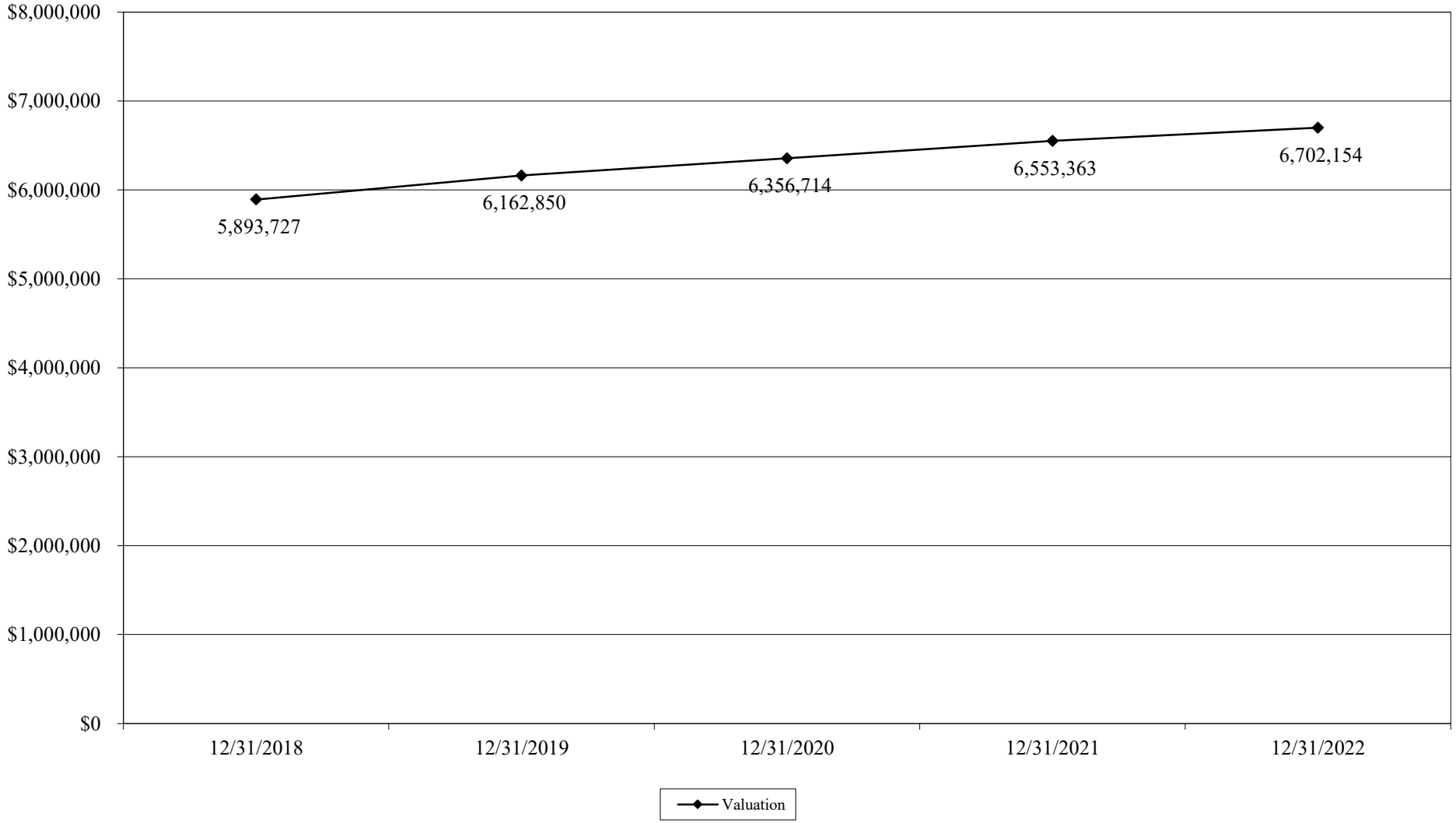
City of Riley, Kansas
Water Fund
Receipts vs. Expenditures



City of Riley, Kansas
Contractual Indebtedness



City of Riley, Kansas
Valuation



City of Riley, Kansas
Mill Rate

