# CITY OF BIRD CITY, KANSAS

Primary Government Financial Statement
With Independent Auditors' Report

For the Year Ended December 31, 2021

**CITY OF BIRD CITY, KANSAS**
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# INDEPENDENT AUDITORS' REPORT

To the City Council
**City of Bird City, Kansas**
Bird City, KS

## Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **City of Bird City, Kansas**, as of and for the year ended December 31, 2021 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 matters 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 as of December 31, 2021, 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 as of December 31, 2021, 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, 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 on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

**Responsibilities of Management for the Financial Statement**

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

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

**Auditors' 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'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'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, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, and summary of regulatory basis receipts and disbursements – agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for purposes of additional analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated July 5, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link https://admin.ks.gov/offices/oar/municipal-services. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2021 (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 2020 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 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 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 2020 basic financial statement or to the 2020 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 2020 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, 2020, on the basis of accounting described in Note 1.

Adams Brown, LLC

**ADAMSBROWN, LLC**
Certified Public Accountants
Colby, Kansas

July 5, 2022

**CITY OF BIRD CITY, KANSAS**
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2021

| Funds | Beginning Unencumbered Cash Balance | Prior Year Cancelled Encumbrances | Receipts | Expenditures | **Ending Unencumbered Cash Balance** | Add Encumbrances and Accounts Payable | **Ending Cash Balance** |
|---|---|---|---|---|---|---|---|
| **Governmental Type Funds** | | | | | | | |
| **General Fund** | $ 170,670 | - | 353,644 | 287,363 | **236,951** | 11,434 | **248,385** |
| **Special Purpose Funds** | | | | | | | |
| Library Fund | - | - | 16,294 | 16,294 | **-** | - | **-** |
| Special Highway Fund | 46,947 | - | 27,411 | 8,031 | **66,327** | - | **66,327** |
| Special Parks Fund | 4,899 | - | 2,842 | 1,826 | **5,915** | 42 | **5,957** |
| Capital Equipment Fund | 39,327 | - | 33,975 | 14,263 | **59,039** | - | **59,039** |
| Capital Improvements Fund | 19,046 | - | 5,000 | - | **24,046** | - | **24,046** |
| Community Projects Fund | 8,245 | - | 38,550 | 23,374 | **23,421** | - | **23,421** |
| American Rescue Plan Act Fund | - | - | 32,964 | 19,382 | **13,582** | 19,037 | **32,619** |
| **Business Funds** | | | | | | | |
| Solid Waste Fund | 12,621 | - | 6,676 | 5,314 | **13,983** | 491 | **14,474** |
| Water and Sewer Fund | 131,104 | - | 269,920 | 254,203 | **146,821** | 9,187 | **156,008** |
| Wastewater Treatment Facility Debt Fund | 77,089 | - | 36,000 | 35,132 | **77,957** | - | **77,957** |
| Water Improvement Fund | 49,540 | - | 23,000 | 22,230 | **50,310** | - | **50,310** |
| **Trust Funds** | | | | | | | |
| Park Trust Fund | 749 | - | - | 749 | **-** | - | **-** |
| Eggers Trust Fund | 31,646 | - | 23 | - | **31,669** | - | **31,669** |
| Prosecutors Trust Fund | 417 | - | 125 | 250 | **292** | - | **292** |
| **Total Primary Government (Excluding Agency Funds)** | $ 592,300 | - | 846,424 | 688,411 | **750,313** | 40,191 | **790,504** |

| | | |
|---|---|---|
| **Composition of Cash** | Checking Accounts | $ **814,721** |
| | Petty Cash | **150** |
| | Total Primary Government | **814,871** |
| | Agency Funds Per Schedule 3 | **(24,367)** |
| | **Total Primary Government (Excluding Agency Funds)** | $ **790,504** |

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

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**City of Bird City, Kansas** has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

### Financial Reporting Entity

The City is a municipal corporation governed by an elected five-member council. This financial statement does not include the related municipal entities shown below. A related municipal entity is an entity established to benefit the City and/or its constituents.

#### Housing Authority

The City's Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. Audited financial statements can be obtained by contacting the housing authority's office.

#### Public Library

The City's Library Board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City. Unaudited financial statements can be obtained by contacting the library.

### Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2021.

### 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 revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

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

**Trust Fund** – fund used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

**Agency Fund** – fund used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, County treasurer tax collection accounts, etc.).

**Basis of Accounting**
*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The 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 City to use the regulatory basis of accounting.

**Reimbursements**
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 of accounting.

## NOTE 2 – BUDGETARY INFORMATION

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

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

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

c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.

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

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

The 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 10 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 schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: Safe Routes to School Reimbursement Grant Fund, Capital Equipment Fund, Capital Improvements Fund, Community Projects Fund, and American Rescue Plan Act Fund.

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

## NOTE 3 – DEPOSITS AND INVESTMENTS

**City of Bird City, Kansas** follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, 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 banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

Concentration of Credit Risk
State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 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 or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not use "peak periods". All deposits were legally secured at December 31, 2021.

At December 31, 2021, the City's carrying amount of deposits was $814,871 and the bank balance was $817,379. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and $567,379 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial Credit Risk – Investments
For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an

outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2021.

## NOTE 4 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Bird City, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2021 were as follows:

| From | To | Regulatory Authority | | Amount |
|---|---|---|---|---|
| Water and Sewer Fund | Capital Improvements Fund | K.S.A. 12-825d | $ | 5,000 |
| Water and Sewer Fund | Wastewater Treatment Facility Debt Fund | K.S.A. 12-825d | | 36,000 |
| Water and Sewer Fund | Water Improvement Fund | K.S.A. 12-825d | | 23,000 |
| Water and Sewer Fund | Capital Equipment Fund | K.S.A. 12-825d | | 31,000 |
| Water and Sewer Fund | Special Highway Fund | K.S.A. 68-590 | | 15,000 |

## NOTE 5 – LITIGATION

**City of Bird City, Kansas** is a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the City.

## NOTE 6 – RISK MANAGEMENT

**City of Bird City, Kansas** is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain worker's compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in KMIT, a public entity risk pool currently operating as a common risk management and insurance program for 163 participating members.

The City pays an annual premium to KMIT for its worker's compensation insurance coverage. The agreement to participate provides that the KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $500,000 for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

The City is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; 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 other than related to employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

## NOTE 7 – GRANTS AND SHARED REVENUES

**City of Bird City, Kansas** participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the

City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

## NOTE 8 – DEFINED BENEFIT PENSION PLAN

### General Information about the Pension Plan

Plan Description
**City of Bird City, Kansas** 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 www.kpers.org or by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were $8,669 for the year ended December 31, 2021.

### Net Pension Liability

At December 31, 2021, the City's proportionate share of the collective net pension liability reported by KPERS was $63,514. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

## NOTE 9 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **City of Bird City, Kansas** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City 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 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.

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, 2021.

## NOTE 10 – COMPENSATED ABSENCES

**Paid Time Off**
**City of Bird City, Kansas'** policy regarding paid time off entitles regular full-time employees to accumulate paid time off hours as follows:

| | |
|---|---|
| 0 – 6 months | Earned at 8 hours per month |
| 6 months – 1 year | Earned at 10 hours per month |
| 1 – 3 years | Earned at 12 hours per month |
| 3 – 5 years | Earned at 16 hours per month |
| Over 5 years | Earned at 20 hours per month |

New employees cannot use their earned paid time off until they have been employed for six months. Paid time off is paid at an employee's regular rate of pay and there is no maximum time accumulated of paid time off. Upon voluntary termination of employment, an employee will be paid for any accrued time off up to 120 hours and upon forced resignation, employees are paid up to 80 hours. Upon involuntary termination, an employee will be paid for any accrue paid time off up to 40 hours.

## NOTE 11 – DEBT RESTRICTIONS AND COVENANTS

**KDHE Loan**
On November 30, 2010, **City of Bird City, Kansas** entered into an amended loan agreement with the Kansas Department of Health and Environment to fund improvements to the wastewater treatment facility in the amount of $538,143. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2021 as it is providing dedicated funds through a combination of water rates and fees.

**KDHE Water Improvement Loan**
On April 19, 2016, **City of Bird City, Kansas** entered into an amended loan agreement with the Kansas Department of Health and Environment to fund improvements for a wastewater treatment project not to exceed $435,998. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2021.

## NOTE 12 – LONG-TERM DEBT

**City of Bird City, Kansas** has the following type of long-term debt.

**KDHE Revolving Loans**
On September 25, 2008, the City entered into a $545,925 revolving loan agreement with the Kansas Department of Health and Environment on behalf of the State of Kansas to finance the construction of a wastewater treatment facility. The City will use proceeds generated by the operation of the facility for loan repayment, which began September 1, 2008. The loan agreement was amended to $538,143 on November 30, 2010 due to the expenditures on the project being lower than originally expected.

On October 8, 2012, the City entered into a $320,000 revolving loan agreement with the Kansas Department of Health and Environment on behalf of the State of Kansas to finance the replacement of existing waterlines, meters, install valves, and rehabilitate the existing elevated storage tank of the City's water system. The City will use rates, fees, and charges collected for use and services furnished by or through the system for loan repayment, which began August 1, 2014. The loan agreement was amended on June 13, 2014 because no draw downs had been made at this time. The payment beginning date was amended to August 1, 2015. The loan agreement was amended again on April 19, 2016 for the final loan amount of $435,998.

**Lease Obligations**
The City has entered into a lease agreement for equipment with an option to purchase at the expiration of the lease terms. The lease contains a fiscal funding clause.

Changes in long-term liabilities for the City for the year ended December 31, 2021, were as follows:

| | 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 |
|---|---|---|---|---|---|---|---|---|---|
| **KDHE Loans** | | | | | | | | | |
| KDHE Revolving Loan Sewer System | 2.65% | 11/30/2010 | $ 538,143 | 9/1/2028 | $ 224,772 | - | 29,369 | **195,403** | 5,219 |
| KDHE Revolving Loan Water Project | 2.25% | 4/19/2016 | 435,998 | 2/1/1935 | 273,725 | - | 16,162 | **257,563** | 5,124 |
| **Capital Lease** | | | | | | | | | |
| CNH Skid Steer | 2.75% | 2/6/2018 | 31,813 | 2/6/2021 | 10,897 | - | 10,897 | **-** | 294 |
| **Total Contractual Indebtedness** | | | | | $ **509,394** | **-** | **56,428** | **452,966** | **10,637** |

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

| | YEAR | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027-2031 | 2032-2035 | **Total** |
| **Principal** | | | | | | | | |
| KDHE Loans | | | | | | | | |
| KDHE Loan - Sewer System | $ 30,152 | 30,956 | 31,782 | 32,630 | 33,500 | 36,383 | - | **195,403** |
| KDHE Loan - Water Project | 16,526 | 16,900 | 17,283 | 17,674 | 18,074 | 96,691 | 74,415 | **257,563** |
| **Total Principal** | **46,678** | **47,856** | **49,065** | **50,304** | **51,574** | **133,074** | **74,415** | **452,966** |
| **Interest** | | | | | | | | |
| KDHE Loans | | | | | | | | |
| KDHE Loan - Sewer System | 4,510 | 3,781 | 3,034 | 2,266 | 1,477 | 692 | - | **15,760** |
| KDHE Loan - Water Project | 4,816 | 4,500 | 4,177 | 3,847 | 3,509 | 12,206 | 2,859 | **35,914** |
| **Total Interest** | **9,326** | **8,281** | **7,211** | **6,113** | **4,986** | **12,898** | **2,859** | **51,674** |
| **Total Principal and Interest** | $ **56,004** | **56,137** | **56,276** | **56,417** | **56,560** | **145,972** | **77,274** | **504,640** |

**CITY OF BIRD CITY, KANSAS**

Regulatory-Required Supplementary Information

**Schedule 1**

**CITY OF BIRD CITY, KANSAS**
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

| Funds | Certified Budget | Adjustment for Qualifying Budget Credits | Total Budget for Comparison | **Expenditures Chargeable to Current Year** | Variance Over (Under) |
|---|---|---|---|---|---|
| **Governmental Type Fund** | | | | | |
| **General Fund** | $ 459,846 | - | 459,846 | **287,363** | (172,483) |
| **Special Purpose Funds** | | | | | |
| Library Fund | 17,000 | - | 17,000 | **16,294** | (706) |
| Special Highway Fund | 49,362 | - | 49,362 | **8,031** | (41,331) |
| Special Parks Fund | 5,966 | - | 5,966 | **1,826** | (4,140) |
| **Business Funds** | | | | | |
| Solid Waste Fund | 16,177 | - | 16,177 | **5,314** | (10,863) |
| Water and Sewer Fund | 373,070 | - | 373,070 | **254,203** | (118,867) |

**CITY OF BIRD CITY, KANSAS**
**General Fund**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | **Actual** | Budget | Variance Over (Under) |
| **Receipts** | | | | |
| Taxes and Shared Revenues | | | | |
| Ad Valorem Tax | $ 179,497 | **184,412** | 190,926 | (6,514) |
| Delinquent Tax | 226 | **3,938** | 2,000 | 1,938 |
| Motor Vehicle Tax | 25,222 | **29,932** | 27,677 | 2,255 |
| Recreational Vehicle Tax | 151 | **230** | 189 | 41 |
| 16/20M Vehicle Tax | 391 | **283** | 346 | (63) |
| Commercial Motor Vehicle Fees | 1,036 | **765** | 1,257 | (492) |
| Gross Earning (Intangible) Tax | 2,352 | **2,227** | 1,771 | 456 |
| Intergovernmental Revenues | | | | |
| Local Alcoholic Liquor Tax | 3,138 | **2,842** | 1,987 | 855 |
| Local Sales Tax | 44,458 | **41,216** | 41,500 | (284) |
| Licenses and Permits | | | | |
| Franchise Tax | 25,995 | **40,487** | 32,000 | 8,487 |
| Licenses | 6,080 | **5,927** | 350 | 5,577 |
| Dog Tags and Fines | 75 | **188** | 2,060 | (1,872) |
| Use of Money and Property | | | | |
| Rent | 3,600 | **4,400** | 3,600 | 800 |
| Interest | 1,323 | **567** | 2,400 | (1,833) |
| Other | | | | |
| Donations | 4,395 | **27,047** | 3,300 | 23,747 |
| Miscellaneous | 3,068 | **691** | 5 | 686 |
| Pool | 807 | **7,880** | 7,200 | 680 |
| Reimbursed Expenses | 300 | **612** | 250 | 362 |
| **Total Receipts** | 302,114 | **353,644** | 318,818 | 34,826 |
| **Expenditures** | | | | |
| Personal Services | 10,680 | **14,155** | 8,100 | 6,055 |
| County Economic Development | 850 | **1,800** | 3,000 | (1,200) |
| Employee Benefits | 50,679 | **38,329** | 60,100 | (21,771) |
| Fire | 8,321 | **20,366** | 17,150 | 3,216 |
| Library | - | **-** | 5,000 | (5,000) |
| Capital Outlay | - | **-** | 142,716 | (142,716) |
| Insurance | 36,332 | **37,457** | 37,000 | 457 |
| Legal and Accounting | 20,411 | **24,197** | 21,580 | 2,617 |
| Miscellaneous | 1,125 | **2,603** | 1,200 | 1,403 |
| Noxious Weed | 47 | **-** | 200 | (200) |
| Park | 472 | **1,397** | 2,050 | (653) |
| Police | 38,400 | **38,400** | 41,750 | (3,350) |
| Pool | 1,159 | **29,644** | 33,750 | (4,106) |
| Street | 58,025 | **58,264** | 68,750 | (10,486) |
| Street Lighting | 14,173 | **16,382** | 14,000 | 2,382 |
| Utilities | 3,492 | **4,369** | 3,500 | 869 |
| **Total Expenditures** | 244,166 | **287,363** | 459,846 | (172,483) |
| **Receipts Over (Under) Expenditures** | 57,948 | **66,281** | | |
| **Unencumbered Cash - Beginning** | 112,722 | **170,670** | | |
| **Unencumbered Cash - Ending** | $ 170,670 | **236,951** | | |

**CITY OF BIRD CITY, KANSAS**
**Library Fund**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | | Prior Year Actual | Current Year **Actual** | Current Year Budget | Current Year Variance Over (Under) |
|---|---|---|---|---|---|
| **Receipts** | | | | | |
| Taxes and Shared Revenues | | | | | |
| Ad Valorem Property Tax | $ | 13,496 | **14,040** | 14,536 | (496) |
| Delinquent Tax | | 286 | **302** | 200 | 102 |
| Motor Vehicle Tax | | 2,074 | **1,858** | 2,126 | (268) |
| Recreational Vehicle Tax | | 12 | **13** | 15 | (2) |
| 16/20 Vehicle Tax | | 19 | **22** | 27 | (5) |
| Commercial Motor Vehicle Fees | | 82 | **59** | 96 | (37) |
| **Total Receipts** | | 15,969 | **16,294** | 17,000 | (706) |
| **Expenditures** | | | | | |
| Library Operations | | 15,969 | **16,294** | 17,000 | (706) |
| **Receipts Over (Under) Expenditures** | | - | **-** | | |
| **Unencumbered Cash - Beginning** | | - | **-** | | |
| **Unencumbered Cash - Ending** | $ | - | **-** | | |

**CITY OF BIRD CITY, KANSAS**
**Special Highway Fund**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | **Actual** | Budget | Variance Over (Under) |
| **Receipts** | | | | |
| Taxes and Shared Revenues | | | | |
| State of Kansas Gas Tax | $ 11,450 | **12,411** | 9,920 | 2,491 |
| Transfers In | | | | |
| Water and Sewer Fund | 10,000 | **15,000** | 15,000 | - |
| **Total Receipts** | 21,450 | **27,411** | 24,920 | 2,491 |
| **Expenditures** | | | | |
| Street Repairs and Maintenance | 28,975 | **8,031** | 49,362 | (41,331) |
| **Receipts Over (Under) Expenditures** | (7,525) | **19,380** | | |
| **Unencumbered Cash - Beginning** | 54,472 | **46,947** | | |
| **Unencumbered Cash - Ending** | $ 46,947 | **66,327** | | |

**CITY OF BIRD CITY, KANSAS**
**Special Parks Fund**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | **Actual** | Budget | Variance Over (Under) |
| **Receipts** | | | | |
| Local Alcoholic Liquor Tax | $ 3,138 | **2,842** | 1,987 | 855 |
| **Expenditures** | | | | |
| Park Improvement | 1,602 | **1,398** | 5,966 | (4,568) |
| Utilities | 389 | **428** | - | 428 |
| **Total Expenditures** | 1,991 | **1,826** | 5,966 | (4,140) |
| **Receipts Over (Under) Expenditures** | 1,147 | **1,016** | | |
| **Unencumbered Cash - Beginning** | 3,752 | **4,899** | | |
| **Unencumbered Cash - Ending** | $ 4,899 | **5,915** | | |

**CITY OF BIRD CITY, KANSAS**
**Safe Routes to School Reimbursement Grant Fund**
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | | Prior Year Actual | **Current Year Actual** |
|---|---|---|---|
| **Receipts** | $ | - | **-** |
| **Expenditures** | | | |
| Contractual | | 5,313 | **-** |
| **Receipts Over (Under) Expenditures** | | (5,313) | **-** |
| **Unencumbered Cash - Beginning** | | 5,313 | **-** |
| **Unencumbered Cash - Ending** | $ | - | **-** |

**CITY OF BIRD CITY, KANSAS**
**Capital Equipment Fund**
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | | Prior Year Actual | **Current Year Actual** |
|---|---|---|---|
| **Receipts** | | | |
| Transfers In | | | |
| Water and Sewer Fund | $ | 32,000 | **31,000** |
| Sale of Equipment | | - | **2,975** |
| **Total Receipts** | | 32,000 | **33,975** |
| **Expenditures** | | | |
| Equipment | | 20,598 | **14,263** |
| **Receipts Over (Under) Expenditures** | | 11,402 | **19,712** |
| **Unencumbered Cash - Beginning** | | 27,925 | **39,327** |
| **Unencumbered Cash - Ending** | $ | 39,327 | **59,039** |

**CITY OF BIRD CITY, KANSAS**
**Capital Improvements Fund**
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | Prior Year Actual | **Current Year Actual** |
|---|---|---|
| **Receipts** | | |
| Transfers In | | |
| Water and Sewer Fund | $ 5,000 | **5,000** |
| **Expenditures** | | |
| Capital Improvements | 16,036 | **-** |
| **Receipts Over (Under) Expenditures** | (11,036) | **5,000** |
| **Unencumbered Cash - Beginning** | 30,082 | **19,046** |
| **Unencumbered Cash - Ending** | $ 19,046 | **24,046** |

**CITY OF BIRD CITY, KANSAS**
**Community Projects Fund**
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | | Prior Year Actual | **Current Year Actual** |
|---|---|---|---|
| **Receipts** | | | |
| Grants | $ | 157,723 | **38,550** |
| **Expenditures** | | | |
| Capital Outlay | | 157,000 | **23,374** |
| **Receipts Over (Under) Expenditures** | | 723 | **15,176** |
| **Unencumbered Cash - Beginning** | | 7,522 | **8,245** |
| **Unencumbered Cash - Ending** | $ | 8,245 | **23,421** |

**CITY OF BIRD CITY, KANSAS**
**American Rescue Plan Act Fund**
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | | Prior Year Actual | **Current Year Actual** |
|---|---|---|---|
| **Receipts** | | | |
| Federal Aid | $ | - | **32,964** |
| **Expenditures** | | | |
| Capital Outlay | | - | **19,382** |
| **Receipts Over (Under) Expenditures** | | - | **13,582** |
| **Unencumbered Cash - Beginning** | | - | **-** |
| **Unencumbered Cash - Ending** | $ | - | **13,582** |

**CITY OF BIRD CITY, KANSAS**
**Solid Waste Fund**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | **Actual** | Budget | Variance Over (Under) |
| **Receipts** | | | | |
| Charges to Customers | $ 6,421 | **6,676** | 6,000 | 676 |
| **Expenditures** | | | | |
| Charges Paid to Landfill | 3,978 | **5,314** | 16,177 | (10,863) |
| **Receipts Over (Under) Expenditures** | 2,443 | **1,362** | | |
| **Unencumbered Cash - Beginning** | 10,178 | **12,621** | | |
| **Unencumbered Cash - Ending** | $ 12,621 | **13,983** | | |

**CITY OF BIRD CITY, KANSAS**
**Water and Sewer Fund**
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | | Current Year | | |
|---|---|---|---|---|
| | Prior Year Actual | **Actual** | Budget | Variance Over (Under) |
| **Receipts** | | | | |
| Collections | $ 273,485 | **268,988** | 252,250 | 16,738 |
| Equipment Sales | 994 | **932** | - | 932 |
| Miscellaneous | - | **-** | 150 | (150) |
| **Total Receipts** | 274,479 | **269,920** | 252,400 | 17,520 |
| **Expenditures** | | | | |
| Personal Services | 41,697 | **36,218** | 36,215 | 3 |
| Capital Outlay | - | **-** | 120,670 | (120,670) |
| Recycle Fee | 894 | **2,210** | 5,500 | (3,290) |
| Production and Distribution | 84,425 | **96,772** | 89,300 | 7,472 |
| Sales Tax | 1,643 | **1,542** | 1,750 | (208) |
| Sewer | 4,056 | **5,775** | 13,635 | (7,860) |
| Water Protection Fee | 1,847 | **1,686** | 2,000 | (314) |
| Transfers Out | | | | |
| Wastewater Treatment Facility Debt Fund | 38,000 | **36,000** | 36,000 | - |
| Water Improvement Fund | 25,000 | **23,000** | 23,000 | - |
| Capital Equipment Fund | 32,000 | **31,000** | 25,000 | 6,000 |
| Special Highway Fund | 10,000 | **15,000** | 15,000 | - |
| Capital Improvements Fund | 5,000 | **5,000** | 5,000 | - |
| **Total Expenditures** | 244,562 | **254,203** | 373,070 | (118,867) |
| **Receipts Over (Under) Expenditures** | 29,917 | **15,717** | | |
| **Unencumbered Cash - Beginning** | 101,187 | **131,104** | | |
| **Unencumbered Cash - Ending** | $ 131,104 | **146,821** | | |

**CITY OF BIRD CITY, KANSAS**
**Wastewater Treatment Facility Debt Fund**
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | | Prior Year Actual | **Current Year Actual** |
|---|---|---|---|
| **Receipts** | | | |
| Transfers In | | | |
| Water and Sewer Fund | $ | 38,000 | **36,000** |
| **Expenditures** | | | |
| Principal | | 28,606 | **29,369** |
| Interest | | 5,911 | **5,219** |
| Fees | | 615 | **544** |
| **Total Expenditures** | | 35,132 | **35,132** |
| **Receipts Over (Under) Expenditures** | | 2,868 | **868** |
| **Unencumbered Cash - Beginning** | | 74,221 | **77,089** |
| **Unencumbered Cash - Ending** | $ | 77,089 | **77,957** |

**CITY OF BIRD CITY, KANSAS**
**Water Improvement Fund**
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | Prior Year Actual | **Current Year Actual** |
|---|---|---|
| **Receipts** | | |
| Transfers In | | |
| Water and Sewer Fund | $ 25,000 | **23,000** |
| **Expenditures** | | |
| Interest and Fees | 6,426 | **6,068** |
| Principal | 15,803 | **16,162** |
| **Total Expenditures** | 22,229 | **22,230** |
| **Receipts Over (Under) Expenditures** | 2,771 | **770** |
| **Unencumbered Cash - Beginning** | 46,769 | **49,540** |
| **Unencumbered Cash - Ending** | $ 49,540 | **50,310** |

**CITY OF BIRD CITY, KANSAS**
**Park Trust Fund**
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | | Prior Year Actual | **Current Year Actual** |
|---|---|---|---|
| **Receipts** | | | |
| Interest Income | $ | 3 | **-** |
| **Expenditures** | | | |
| Park Maintenance | | 1,500 | **749** |
| **Receipts Over (Under) Expenditures** | | (1,497) | **(749)** |
| **Unencumbered Cash - Beginning** | | 2,246 | **749** |
| **Unencumbered Cash - Ending** | $ | 749 | **-** |

**CITY OF BIRD CITY, KANSAS**
**Eggers Trust Fund**
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | | Prior Year Actual | **Current Year Actual** |
|---|---|---|---|
| **Receipts** | | | |
| Interest Income | $ | 58 | **23** |
| **Expenditures** | | - | **-** |
| **Receipts Over (Under) Expenditures** | | 58 | **23** |
| **Unencumbered Cash - Beginning** | | 31,588 | **31,646** |
| **Unencumbered Cash - Ending** | $ | 31,646 | **31,669** |

**CITY OF BIRD CITY, KANSAS**
**Prosecutors Trust Fund**
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals For the Prior Year Ended December 31, 2020)

| | | Prior Year Actual | **Current Year Actual** |
|---|---|---|---|
| **Receipts** | | | |
| Fines | $ | 375 | **125** |
| **Expenditures** | | | |
| Scholarships | | 99 | **250** |
| **Receipts Over (Under) Expenditures** | | 276 | **(125)** |
| **Unencumbered Cash - Beginning** | | 141 | **417** |
| **Unencumbered Cash - Ending** | $ | 417 | **292** |

**Schedule 3**

**CITY OF BIRD CITY, KANSAS**
**Agency Funds**
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2021

| Funds | Beginning Cash Balance | Receipts | Disbursements | **Ending Cash Balance** |
|---|---|---|---|---|
| **Fire Fund** | $ 22,627 | 2,803 | 1,063 | **24,367** |