CITY OF BUHLER, KANSAS

FINANCIAL STATEMENT

WITH

INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2021

GBN, P.A.
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Buhler, 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 Buhler, Kansas, a Municipal Financial Reporting Entity, 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 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 Buhler, Kansas 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 of Buhler 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 of Buhler, Kansas, 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 abasis 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 Buhler, Kansas 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 Buhler, Kansas 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'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, schedule of regulatory basis receipts and expenditures-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.

ADDITIONAL PARAGRAPH ADDED TO END OF AUDITOR'S REPORT

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Buhler, Kansas as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated March 21, 2024, 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/municipalservices. 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 and 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. 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.

GBN, P.A.

Wichita, Kansas
March 22, 2024

CITY OF BUHLER, KANSAS

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2021

Fund	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	$ 187,505	$ –	$ 857,484	$ 836,270	$ 208,719	$ 32,128	$ 240,847
Special Purpose Funds:							
Library	–	–	44,901	44,901	–	176	176
Recreation	184	–	13,178	13,362	–	1,767	1,767
Employee Benefits	10,056	–	114,746	112,706	12,096	–	12,096
Special Highway	3,439	–	42,523	33,852	12,110	–	12,110
ARPA	–	–	97,517	–	97,517	–	97,517
Capital Equipment Reserve	18,519	–	17,184	29,423	6,280	–	6,280
Capital Improvement Reserve	135,576	–	90,203	99,675	126,104	–	126,104
Revolving Loan - WWTP	65,924	–	70,021	70,022	65,923	–	65,923
Revolving Loan - Water 2009	77,486	–	65,000	64,894	77,592	–	77,592
City Development & Trust	8,746	–	13,225	7,225	14,746	–	14,746
Debt Service Fund:							
Debt Service	22,013	–	104,523	100,776	25,760	–	25,760
Business Funds:							
Water Utility	24,432	–	242,873	251,728	15,577	5,272	20,849
Sewer Utility	20,775	–	213,892	207,084	27,583	1,482	29,065
Water Meter Deposit	6,370	–	600	–	6,970	–	6,970
Water Surplus Reserve	44,310	–	15,000	10,275	49,035	–	49,035
Sewer Replacement Reserve	43,434	–	10,000	1,039	52,395	–	52,395
Total Reporting Entitiy (Excluding Agency Funds)	$ 668,769	$ –	$ 2,012,870	$ 1,883,232	$ 798,407	$ 40,825	$ 839,232

Composition of Cash:

Primary Government:	
Prairie Bank of Kansas- Checking Account	$ 601,227
Prairie Bank of Kansas- Checking Account	230,785
Prairie Bank of Kansas- Checking Account	7,170
Buhler Bucks	335
Petty Cash	50
Total Primary Government	839,567
Less: Agency Funds	(335)
Total Reporting Entity (excluding agency funds)	$ 839,232

The accompanying notes are an integral part of the financial statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The City operates under a Mayor-Council form of government consisting of an elected Mayor and five council persons and provides services to its citizens in the areas of highways and streets, water and sewer utilities, public improvement, public safety, planning and zoning, recreation and general administrative services.

These financial statements present the City of Buhler, Kansas. The related municipal entities if any are not included in these financial statements.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds, each of which is defined as an accounting entity with a self-balancing set of accounts established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

In accordance with state statutes, several different types of funds are used to record the City's financial transactions. For financial reporting, they have been grouped and are presented in this report as follows:

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

Special Purpose funds – 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 specific 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.

Capital Project funds – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business funds – funds financed in whole or in part by fees charged to users of the goods or services.

Agency funds – funds used to report assets held by the City in a purely custodial capacity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Regulatory basis of accounting and departure from accounting principles generally accepted in the United States of America

The Kansas Municipal Audit and Accounting Guide (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 revenue 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.

Budgetary principles

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 of the proposed budget and notice of public hearing on the budget on or before August 5th.

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

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

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 not 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 revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to 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 budget amendments during 2021.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Kansas 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 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, utility reserve funds and the following special purpose funds:

ARPA Fund
Capital Equipment Reserve Fund
Capital Improvement Reserve Fund
Revolving Loan – WWTP Fund
Revolving Loan - Water 2009 Fund
City Development & Trust Fund

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

Compensated absences

The City permits employees to accumulate earned but unused vacation and sick pay benefits.

Vacation – The City's policy regarding vacation permits permanent employees with two years service to earn six days vacation pay, three to ten years of service earn twelve days of vacation pay and after eleven years of service earn eighteen days vacation pay. A maximum of five days vacation time is allowed to accumulate for carryover to the next work year. At termination, an employee shall be compensated for all accumulated vacation pay and all accumulated sick leave is canceled.

Sick Leave – Sick leave is allowed to accumulate at the rate of one half day for each full month of service with a maximum accumulation of 120 days. The cost of accumulated vacation and sick leave are recorded in the financial statements at the time payments are made to employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pension plan

All full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERS), which is a cost sharing multi-employer statewide pension plan. The City's policy is to fund all pension costs as accrued; such costs to be funded are determined annually by the system's actuary.

Concentration of credit risk

The City routinely grants credit to utility customers, in accordance with applicable utility rate ordinances, all of which are located within the environs of the City. The City does not require security deposits for the credit granted to certain utility customers, however, tap fees or hook-up charges are assessed by the City when the utility service is provided.

Risk management

The City 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 carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Subsequent Events

Subsequent events have been evaluated through March 22, 2024, which is the date the financial statement was available to be issued.

2. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories, which may be used by governmental entities in Kansas. 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 Federal Depository Insurance Corporation 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 9-1405.

2. DEPOSITS AND INVESTMENTS (continued)

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that in the event of 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 "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2021.

At December 31, 2021, the carrying amount of the City's deposits was $839,517, with the bank balances of such accounts being $862,439. Of the bank balances, $250,335 was covered by federal depository insurance and the remaining balance of $612,104 was collateralized with securities held by the pledging financial institution's agent in the City's name. The fair value of those pledged securities held by the City's custodial investment agencies was $1,263,400 at December 31, 2021.

3. RECLASSIFICATIONS AND COMPARATIVE DATA

The amounts shown for 2020 in the accompanying financial statement are included, where practicable, only to provide a basis for comparison with 2021 and are not intended to present all information necessary for a fair presentation in accordance with the regulatory basis of presentation. Certain amounts for 2020 have been reclassified to conform to the presentation of similar amounts for 2021.

4. 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. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. 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 the Comprehensive Annual Financial Report that can be found on the KPERS website at www. Kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

4. PENSION PLAN (continued)

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establishes 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 and 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 Death and Disability Program) and the statutory contribution rate was 8.61% for the fiscal year ended December 31, 2021. The City's contributions to KPERS for the years ending December 31, 2021 and 2020 were $41,168 and $39,432, respectively.

Net Pension Liability

At December 31, 2021, the City's proportionate share of the collective net pension liability reported by KPERS was $286,250. 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 the 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.

5. SPECIAL ASSESSMENTS

Projects, financed in part by special assessments, are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of the bonds are recorded as revenue in the appropriate project fund. Special assessments received after the issuance of bonds are recorded in the Bond and Interest Fund.

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the year ended December 31, 2021:

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
General Obligation Bonds									
General Obligation Bonds, Series 2009	2.50-4.50	05-01-09	$ 538,000	10-01-29	$ 110,000	$ –	$ 10,000	$ 100,000	$ 4,775
General Obligation Bonds, Series 2016	2.00-3.50	12-21-16	$1,250,000	10-01-35	1,125,000	–	55,000	1,070,000	31,001
Total General Obligation Bonds					1,235,000	–	65,000	1,170,000	35,776
Revolving Loans									
KWPCRF Project No. C20-1700-01	2.58-2.58	10-28-05	$ 594,300	03-01-27	416,561	–	59,657	356,904	10,365
KPWSLF Project No.2701	3.63-3.63	02-09-12	$2,038,095	02-01-31	562,396	–	44,884	517,512	20,011
Total Revolving Loans					978,957	–	104,541	874,416	30,376
Lease Purchase Agreements									
2018 E-26 Bobcat Compact Excavator	6.17	09-12-18	$ 22,985	09-12-22	6,696	–	3,248	3,448	1,149
Total Long-Term Debt					$ 2,220,653	$ –	$ 172,789	$ 2,047,864	$ 67,301

General obligation bonds

General obligation bonds payable consist of serial and term bonds to be retired through calendar year 2036. Annual debt service requirements to maturity for general obligation bonds are as follows:

Year ending December 31,	Principal	Interest	Total
2022	$ 65,000	$ 33,726	$ 98,726
2023	70,000	31,814	101,814
2024	70,000	30,039	100,039
2025	70,000	28,414	98,414
2026	80,000	26,699	106,699
2027	80,000	24,561	104,561
2028	85,000	22,326	107,326
2029	85,000	19,901	104,901
2030	75,000	17,406	92,406
2031	75,000	15,344	90,344
2032	75,000	13,094	88,094
2033	80,000	10,844	90,844
2034	85,000	8,343	93,343
2035	85,000	5,687	90,687
2036	90,000	2,925	92,925
	$ 1,170,000	$ 291,123	$ 1,461,123

6. LONG-TERM DEBT (continued)

Temporary notes payable

Kansas statutes permit the issuance of temporary notes to finance certain capital improvement projects which will be refinanced with general obligation bonds or paid through other resources available to the City. Prior to the issuance of the temporary notes, the governing body must take the necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance.

Revolving loan note payable

In October 2005, the City Council entered into a second loan agreement with the KDHE for financing additional wastewater facility improvements including a new bar screen, aerated digester, sludge building, sludge dewatering equipment, and other various improvements at the wastewater plant. The amended loan agreement provides for semiannual payments in the amount of $35,011, including interest, with final payment due March 1, 2027. At December 31, 2021, the principal amount of the loan agreement is $356,904 at an interest rate of 2.58%.

Annual debt service requirements to maturity for the loan agreement are as follows:

Year ending December 31,	Principal	Interest	Total
2022	$ 61,206	$ 8,816	$ 70,022
2023	62,795	7,227	70,022
2024	64,425	5,597	70,022
2025	66,098	3,924	70,022
2026	67,815	2,207	70,022
2027	34,565	446	35,011
	$ 356,904	$ 28,217	$ 385,121

The City Council entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for financing waterworks system plant improvements. The total loan commitment for the water project was $2,038,095. During 2012, KDHE forgave outstanding principal on the outstanding loan balance and loan origination fees totaling $334,313. At December 31, 2021, the principal amount of the loan agreement is $517,512 at an interest rate of 3.63%. The original loan agreement provided for semiannual payments in the amount of $72,108, including principal and interest, through August 1, 2021 with a final payment due on February 1, 2022. The amended loan agreement during 2012 provides for semiannual payments in the amount of $32,447, including principal and interest, through February 1, 2031. The debt service requirements for the loan will be provided from resources available in the Waterworks System Fund. Annual debt service requirements to maturity for the loan agreement are as follows:

6. LONG-TERM DEBT (continued)

Year ending December 31,	Principal	Interest	Total
2022	$ 46,527	$ 18,367	$ 64,894
2023	48,232	16,662	64,894
2024	49,998	14,896	64,894
2025	51,830	13,064	64,894
2026	53,728	11,166	64,894
2027	55,696	9,198	64,894
2028	57,736	7,158	64,894
2029	59,851	5,043	64,894
2030	62,044	2,850	64,894
2031	31,870	576	32,446
	$ 517,512	$ 98,980	$ 616,492

The City has pledged future waterworks system customer revenues, sewage treatment customer revenues, or levy ad valorem taxes without limitation, to produce amounts which are sufficient to pay (a) the cost of operation and maintenance of the system, (b) pay the principal of and interest on the loans as when the same become due, and (c) pay all other amounts due at any time under the loan agreements. Annual principal and interest payments on the loans are expected to require less than 50 percent of net revenues. The total principal and interest remaining to be paid on the loans is $1,001,613. Principal and interest paid for the current year and total customer net revenues were $134,916 and $455,513, respectively.

Lease purchase agreements

The City has entered into lease purchase agreements for financing certain equipment and building facilities.

The annual requirements to amortize the lease obligations outstanding at December 31, 2021, including interest payments, are as follows:

Year ending December 31,	
2022	$ 4,597
Total minimum lease payments	4,597
Less amounts representing interest	(1,349)
Present value of lease payments	$ 3,448

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City is required to allow retirees to participate in its group health insurance plan. While each retiree is required to pay the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in the financial statement.

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

Death and Disability Other Post Employement 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, 2021.

8. COMMITMENTS AND CONTINGENCIES

Grant Programs

The City receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. It is management's opinion that any liability for reimbursement, which may arise as the result of these audits, would not be material to the City's financial statement.

9. INTERFUND TRANSFERS

A summary of interfund transfers by individual fund for 2021 is as follows:

Fund	Transfers In	Transfers Out
General	$ –	$ 105,319
Library	–	3,000
Employee Benefits	86,694	–
Capital Equipment Reserve	15,000	–
Capital Improvement Reserve	74,719	–
Revolving Loan WWTP	70,021	–
Revolving Loan –Water 2009	65,000	–
Water Utility	–	112,313
Water Surplus Reserve	15,000	–
Sewer Utility	–	115,802
Sewer Replacement Reserve	10,000	–
	$ 336,434	$ 336,434

10. COVID -19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City of Buhler's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Municipality is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2021.

As a result of the COVID-19 outbreak, numerous Federal and State grants have been made available to the City to assist with the risks and help offset incurred costs of the City.

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

CITY OF BUHLER, KANSAS

Summary of Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

Department	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance favorable (unfavorable)
General Fund	$ 860,919	$ –	$ 860,919	$ 836,270	$ 24,649
Special Purpose Funds:					
Library	49,220	–	49,220	44,901	4,319
Recreation	14,500	–	14,500	13,362	1,138
Employee Benefits	115,980	–	115,980	112,706	3,274
Special Highway	33,912	–	33,912	33,852	60
Debt Service Fund:					
Debt Service	254,000	–	254,000	100,776	153,224
Business Funds:					
Water Utility	254,000	–	254,000	251,728	2,272
Sewer Utility	212,777	–	212,777	207,084	5,693

CITY OF BUHLER, KANSAS

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)

GENERAL FUND

	Year ended December 31,			
		2021		
	2020 Actual	Actual	Budget	Variance favorable (unfavorable)
Cash Receipts:				
Taxes	$ 630,214	$ 640,810	$ 594,789	$ 46,021
Intergovernmental	1,030	1,030	1,000	30
Licenses, Permits and Fees	63,816	62,766	60,200	2,566
Charges for Services	60,214	61,058	99,525	(38,467)
Fines and Forfeitures	39,943	51,933	35,000	16,933
Use of Money & Property	36,820	39,262	3,000	36,262
Miscellaneous	13	24	450	(426)
Reimbursements	–	601	1,500	(899)
Total Cash Receipts	832,050	857,484	$ 795,464	$ 62,020
Expenditures:				
Administration	$ 105,754	$ 105,809	$ 97,000	$ (8,809)
Park	36,216	38,596	34,000	(4,596)
Street Light	21,874	21,579	22,600	1,021
Sanitation	59,398	59,887	63,000	3,113
Swimming Pool	29,250	29,880	33,000	3,120
Municipal Court	13,833	10,320	13,300	2,980
Economic Development	800	–	–	–
Wellness Center	76,203	72,372	79,000	6,628
Cemetery	17,195	19,803	20,200	397
Street Maintenance	58,682	135,850	158,000	22,150
Public Safety	157,910	172,855	170,500	(2,355)
Appropriation to Economic Development	15,000	14,000	14,000	–
Appropriation to USD 313 - Wheatland	50,000	50,000	50,000	–
Transfers Out	64,810	105,319	106,319	1,000
Total Expenditures	706,925	836,270	$ 860,919	$ 24,649
Cash Receipts Over Expenditures	125,125	21,214		
Unencumbered Cash, Beginning	62,380	187,505	$ 65,455	$ 122,050
Unencumbered Cash, Ending	$ 187,505	$ 208,719		

CITY OF BUHLER, KANSAS

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)

LIBRARY FUND

	Year ended December 31,			
		2021		
	2020 Actual	Actual	Budget	Variance favorable (unfavorable)
Cash Receipts:				
Taxes	$ 50,045	$ 44,901	$ 49,220	$ (4,319)
Expenditures:				
Personnel Services	28,395	28,276	28,000	(276)
Contractual Services	6,086	5,049	7,000	1,951
Commodities	–	–	–	–
Appropriation to Library Board	10,364	8,576	8,920	344
Transfers Out	5,200	3,000	5,300	2,300
Total Expenditures	50,045	44,901	$ 49,220	$ 4,319
Expenditures Over Cash Receipts	–	–		
Unencumbered Cash, Beginning	–	–		
Unencumbered Cash, Ending	$ –	$ –		

CITY OF BUHLER, KANSAS

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)

RECREATION FUND

	Year ended December 31,			
		2021		
	2020 Actual	Actual	Budget	Variance favorable (unfavorable)
Cash Receipts:				
Taxes	$ 14,684	$ 13,178	$ 14,255	$ (1,077)
Expenditures:				
Personnel Services	12,760	11,298	14,000	2,702
Contractual	100	297	–	(297)
Commodities	50	–	–	–
Appropriation to Recreation Commission	1,590	1,767	–	(1,767)
Transfers Out	–	–	500	500
Total Expenditures	14,500	13,362	$ 14,500	$ 1,138
Cash Receipts Over (Under) Expenditures	184	(184)		
Unencumbered Cash, Beginning	–	184	$ 245	$ (61)
Unencumbered Cash, Ending	$ 184	$ –		

CITY OF BUHLER, KANSAS

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)

EMPLOYEE BENEFITS FUND

	Year ended December 31,			
		2021		
	2020 Actual	Actual	Budget	Variance favorable (unfavorable)
Cash Receipts:				
Taxes	$ 27,662	$ 20,514	$ 22,009	$ (1,495)
Reimbursements	9,237	7,538	–	7,538
Transfers In	82,483	86,694	89,300	(2,606)
Total Cash Receipts	119,382	114,746	$ 111,309	$ 3,437
Expenditures:				
Personnel Services	115,696	112,706	$ 115,980	$ 3,274
Cash Receipts Over Expenditures	3,686	2,040		
Unencumbered Cash, Beginning	6,370	10,056	$ 4,671	$ 5,385
Unencumbered Cash, Ending	$ 10,056	$ 12,096		

CITY OF BUHLER, KANSAS

Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
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(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

SPECIAL HIGHWAY FUND

	Year ended December 31,			
		2021		
	2020 Actual	Actual	Budget	Variance favorable (unfavorable)
Cash Receipts:				
Taxes	$ 38,307	$ 42,523	$ 33,170	$ 9,353
Expenditures:				
Contractual Services	11,204	2,500	2,000	(500)
Commodities	8,355	8,352	15,000	6,648
Capital Outlay	16,051	23,000	16,912	(6,088)
Total Expenditures	35,610	33,852	$ 33,912	$ 60
Cash Receipts Over Expenditures	2,697	8,671		
Unencumbered Cash, Beginning	742	3,439	$ 742	$ 2,697
Unencumbered Cash, Ending	$ 3,439	$ 12,110		

CITY OF BUHLER, KANSAS

Schedule of Receipts and Expenditures
Regulatory Basis
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(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

ARPA FUND

	Year ended December 31,	
	2021	2020
Cash Receipts:		
Grant Proceeds	$ 97,517	$ –
Expenditures:		
Capital Outlay	–	–
Total Expenditures	–	–
Cash Receipts Over Expenditures	97,517	–
Unencumbered Cash, Beginning	–	–
Unencumbered Cash, Ending	$ 97,517	$ –

CITY OF BUHLER, KANSAS

Schedule of Receipts and Expenditures
Regulatory Basis
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(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

CAPITAL EQUIPMENT RESERVE FUND

	Year ended December 31,	
	2021	2020
Cash Receipts:		
Transfers In	$ 15,000	$ 5,000
Miscellaneous	2,184	–
Total Cash Receipts	17,184	5,000
Expenditures:		
Capital Outlay	29,423	4,449
Cash Receipts Over (Under) Expenditures	(12,239)	551
Unencumbered Cash, Beginning	18,519	17,968
Unencumbered Cash, Ending	$ 6,280	$ 18,519

CITY OF BUHLER, KANSAS

Schedule of Receipts and Expenditures
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(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

CAPITAL IMPROVEMENT RESERVE FUND

	Year ended December 31,	
	2021	2020
Cash Receipts:		
Swimming Pool Project Fees	$ –	$ –
Franchise Fees	10,187	9,815
Grants	5,297	29,235
Transfers in	74,719	24,910
Total Cash Receipts	90,203	63,960
Expenditures:		
Contractual Services	3,285	4,576
Capital Outlay	96,390	34,081
Total Expenditures	99,675	38,657
Cash Receipts Over (Under) Expenditures	(9,472)	25,303
Unencumbered Cash, Beginning	135,576	110,273
Unencumbered Cash, Ending	$ 126,104	$ 135,576

CITY OF BUHLER, KANSAS

Schedule of Receipts and Expenditures
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For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

REVOLVING LOAN - WWTP FUND

	Year ended December 31,	
	2021	2020
Cash Receipts:		
Transfers In	$ 70,021	$ 96,197
Expenditures:		
Principal	59,657	83,653
Interest	9,361	11,346
Miscellaneous	1,004	1,199
Total Expenditures	70,022	96,198
Expenditures Over Cash Receipts	(1)	(1)
Unencumbered Cash, Beginning	65,924	65,925
Unencumbered Cash, Ending	$ 65,923	$ 65,924

CITY OF BUHLER, KANSAS

Schedule of Receipts and Expenditures
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(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

REVOLVING LOAN - WATER 2009 FUND

	Year ended December 31,	
	2021	2020
Cash Receipts:		
Transfers In	$ 65,000	$ 65,000
Expenditures:		
Principal	44,883	43,297
Interest	18,082	19,515
Miscellaneous	1,929	2,082
Total Expenditures	64,894	64,894
Cash Receipts Over Expenditures	106	106
Unencumbered Cash, Beginning	77,486	77,380
Unencumbered Cash, Ending	$ 77,592	$ 77,486

CITY OF BUHLER, KANSAS

Schedule of Receipts and Expenditures
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(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

CITY DEVELOPMENT & TRUST FUND

	Year ended December 31,	
	2021	2020
Cash Receipts:		
Miscellaneous	$ 13,225	$ 900
Expenditures:		
Contractual Services	–	334
Commodities	–	1,000
Capital Outlay	7,225	360
Total Expenditures	7,225	1,694
Cash Receipts Over (Under) Expenditures	6,000	(794)
Unencumbered Cash, Beginning	8,746	9,540
Unencumbered Cash, Ending	$ 14,746	$ 8,746

CITY OF BUHLER, KANSAS

Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
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(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

DEBT SERVICE FUND

	Year ended December 31,			
		2021		
	2020 Actual	Actual	Budget	Variance favorable (unfavorable)
Cash Receipts:				
Taxes	$ 7,239	$ 4,393	$ 4,726	$ (333)
Special Assessments	101,917	100,130	95,123	5,007
Total Cash Receipts	109,156	104,523	$ 99,849	$ 4,674
Expenditures:				
Bond Principal	65,000	65,000	65,000	–
Bond Interest	37,964	35,776	35,776	–
Bond Reserve	–	–	15,000	15,000
Total Expenditures	102,964	100,776	$ 115,776	$ 15,000
Cash Receipts Over Expenditures	6,192	3,747		
Unencumbered Cash, Beginning	15,821	22,013	$ 15,927	$ 6,086
Unencumbered Cash, Ending	$ 22,013	$ 25,760		

CITY OF BUHLER, KANSAS

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)

WATER UTILITY FUND

	Year ended December 31,			
		2021		
	2020 Actual	Actual	Budget	Variance favorable (unfavorable)
Cash Receipts:				
Charges for Services	$ 231,581	$ 241,621	$ 247,250	$ (5,629)
Reimbursed Expenses	1,456	1,250	500	750
Use of Money & Property	3	2	5	(3)
Total Cash Receipts	233,040	242,873	$ 247,755	$ (4,882)
Expenditures:				
Personnel Services	67,395	76,954	90,000	13,046
Contractual Services	39,040	52,934	45,000	(7,934)
Commodities	7,025	8,501	7,000	(1,501)
Capital Outlay	–	1,026	–	(1,026)
Transfers to Other Funds	106,530	112,313	112,000	(313)
Total Expenditures	219,990	251,728	$ 254,000	$ 2,272
Cash Receipts Over (Under) Expenditures	13,050	(8,855)		
Unencumbered Cash, Beginning	11,382	24,432		
Unencumbered Cash, Ending	$ 24,432	$ 15,577		

CITY OF BUHLER, KANSAS

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SEWER UTILITY FUND

	Year ended December 31,			
		2021		
	2020 Actual	Actual	Budget	Variance favorable (unfavorable)
Cash Receipts:				
Charges for Services	$ 202,775	$ 213,892	$ 207,100	$ 6,792
Expenditures:				
Personnel Services	47,322	60,025	58,000	(2,025)
Contractual Services	24,422	28,050	30,000	1,950
Commodities	1,166	2,707	3,580	873
Capital Outlay	–	500	–	(500)
Transfers Out	119,365	115,802	121,197	5,395
Total Expenditures	192,275	207,084	$ 212,777	$ 5,693
Cash Receipts Over Expenditures	10,500	6,808		
Unencumbered Cash, Beginning	10,275	20,775		
Unencumbered Cash, Ending	$ 20,775	$ 27,583		

CITY OF BUHLER, KANSAS

Schedule of Receipts and Expenditures
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WATER METER DEPOSIT FUND

	Year ended December 31,	
	2021	2020
Cash Receipts:		
Meter Deposits	$ 600	$ 700
Use of Money & Property	–	–
Total Cash Receipts	600	700
Expenditures:		
Contractual Services	–	–
Cash Receipts Over Expenditures	600	700
Unencumbered Cash, Beginning	6,370	5,670
Unencumbered Cash, Ending	$ 6,970	$ 6,370

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(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

WATER SURPLUS RESERVE FUND

	Year ended December 31,	
	2021	2020
Cash Receipts:		
Transfers In	$ 15,000	$ 18,315
Expenditures:		
Contractual	–	10,245
Commodities	–	–
Capital Outlay	10,275	15,808
Total Expenditures	10,275	26,053
Cash Receipts Over (Under) Expenditures	4,725	(7,738)
Unencumbered Cash, Beginning	44,310	52,048
Unencumbered Cash, Ending	$ 49,035	$ 44,310

CITY OF BUHLER, KANSAS

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(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

SEWER REPLACEMENT RESERVE FUND

	Year ended December 31,	
	2021	2020
Cash Receipts:		
Transfers In	$ 10,000	$ 4,000
Expenditures:		
Contractual	0	14,050
Capital Outlay	1,039	2,603
Total Expenditures	1,039	16,653
Cash Receipts Over (Under) Expenditures	8,961	(12,653)
Unencumbered Cash, Beginning	43,434	56,087
Unencumbered Cash, Ending	$ 52,395	$ 43,434

CITY OF BUHLER, KANSAS

Schedule of Receipts and Expenditures
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(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

BUHLER BUCKS FUND

	Year ended December 31,	
	2021	2020
Cash Receipts:		
Buhler Bucks Sold	$ –	$ 600
Expenditures:		
Buhler Bucks Redeemed	60	430
Cash Receipts Over (Under) Expenditures	(60)	170
Unencumbered Cash, Beginning	395	225
Unencumbered Cash, Ending	$ 335	$ 395