CITY OF BEL AIRE, KANSAS

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2022

AND

INDEPENDENT AUDITOR'S REPORT

AGH
CPAs & ADVISORS

CITY OF BEL AIRE, KANSAS

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WITH SUPPLEMENTARY INFORMATION

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City of Bel Aire, Kansas

Financial Statements
With Supplementary Information

Year Ended December 31, 2022

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FINANCIAL SECTION

AGH
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bel Aire, Kansas (City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we

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

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Wichita, KS
July 18, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Bel Aire's (City) financial statements provides a narrative overview and analysis of the City's financial activities for the fiscal year ended December 31, 2022. This discussion follows guidelines prescribed by the Governmental Accounting Standards Board (GASB) Statement 34, which enhances comparability between governments. The information presented here should be read in conjunction with the accompanying basic financial statements and the notes to those basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $45,072,491 (net position).
- The City's total net position increased during this fiscal year by $2,399,090.
- At the close of 2022, the City's governmental funds reported combined ending fund balances of $22,357,218, an increase of $7,739,343 over the prior year.
- At the close of 2022, unassigned fund balance for the General Fund was $4,264,378 or 55% of revenues for the fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements, which include three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements use the accrual basis of accounting, which means that the current year's revenues and expenses are recorded as they are earned or incurred, regardless of when cash is received or paid.

The *Statement of Net Position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. These statements include infrastructure assets as well as all known liabilities, including long-term debt. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *Statement of Activities* provides information detailing *how* the City's net position changed.

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Proprietary Funds

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

Notes to the Basic Financial Statements

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

Other Supplementary Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Government-Wide Financial Statements	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	$ 48,914,923	$ 40,112,469	$ 6,903,105	$ 6,410,211	$ 55,818,028	$ 46,522,680
Capital assets	46,937,334	47,337,805	22,833,527	21,559,166	69,770,861	68,896,971
Total assets	95,852,257	87,450,274	29,736,632	27,969,377	125,588,889	115,419,651
Deferred outflows	3,043,079	2,847,454	200,261	100,219	3,243,340	2,947,673
Long-term liabilities	75,519,064	68,614,626	1,335,752	1,173,024	76,854,816	69,787,650
Other liabilities	2,836,565	1,884,676	177,230	147,788	3,013,795	2,032,464
Total liabilities	78,355,629	70,499,302	1,512,982	1,320,812	79,868,611	71,820,114
Deferred inflows	3,890,280	3,784,137	847	89,672	3,891,127	3,873,809
Net position						
Net investment in capital assets	(4,359,089)	(553,978)	21,987,506	20,648,922	17,628,417	20,094,944
Restricted	5,701,049	2,328,271	-	-	5,701,049	2,328,271
Unrestricted	15,307,467	14,239,996	6,435,558	6,010,190	21,743,025	20,250,186
Total net position	$ 16,649,427	$ 16,014,289	$ 28,423,064	$ 26,659,112	$ 45,072,491	$ 42,673,401

Certain items in 2021 have been reclassified to match 2022 presentation.

Analysis of Net Position

As previously mentioned, net position may serve as a useful indicator of a government's financial position. The City's assets plus deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources by $45,072,491 at the close of 2022.

The City's net investment in capital assets of $17,628,417 represents capital assets (e.g., land, buildings, equipment and infrastructure) less any related outstanding debt used to acquire those assets. These assets are used on an ongoing basis to provide services to citizens and are thus not available for future spending. The City's investment in its capital assets is reported net of related debt; however, the resources needed to repay this debt must come from other sources. The capital assets themselves cannot be liquidated to satisfy these liabilities.

The City's net position that represents resources that are subject to external restrictions on how they may be used of $5,701,049. Restricted net position includes:

- Debt service: $120,118
- Capital projects: $275,615
- Public Building Commission: $22,253
- Land Bank: $5,279,410 and
- Drug forfeiture: $3,653

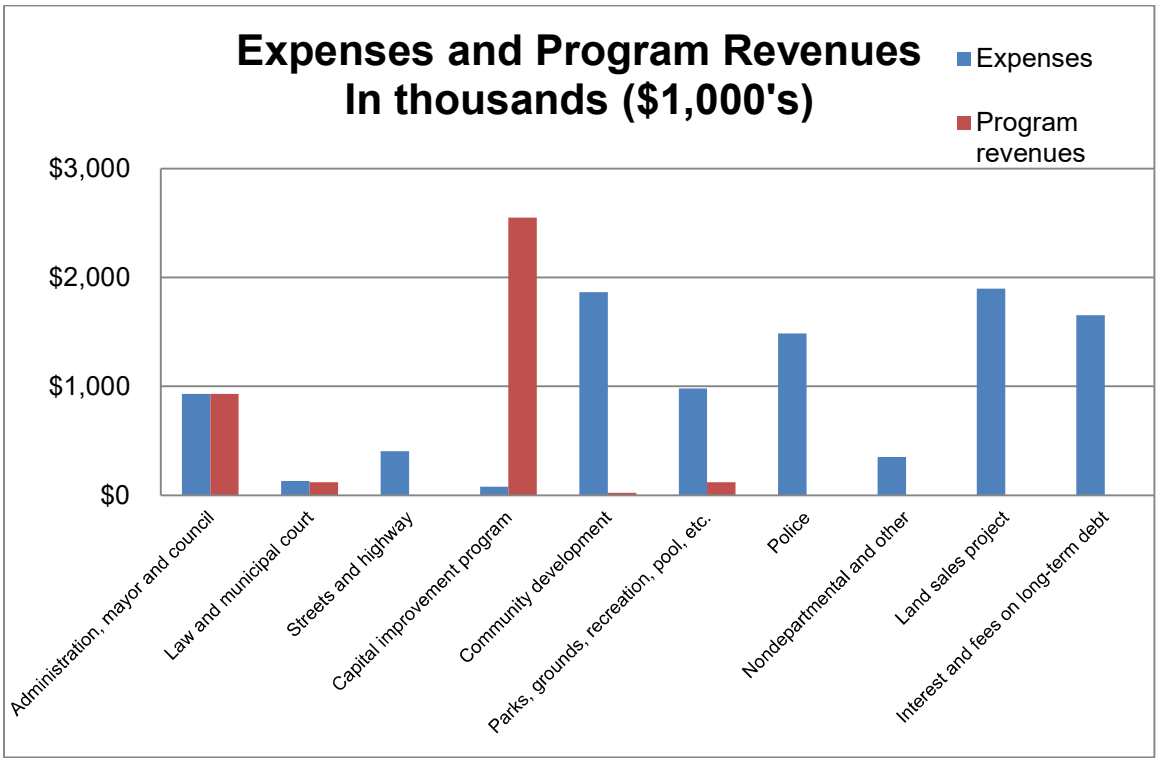
The City's total unrestricted net position is $21,743,025.

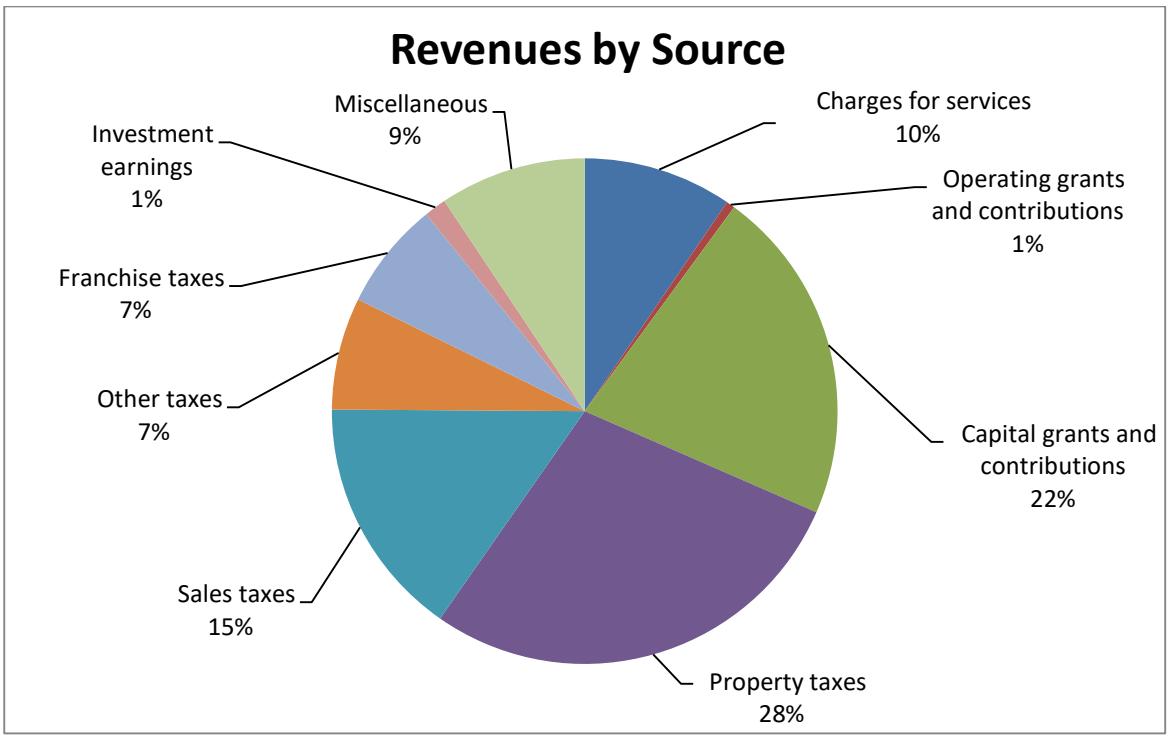
Condensed Statement of Changes in Net Position	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	$ 1,128,630	$ 489,970	$ 7,430,099	$ 6,571,128	$ 8,558,729	$ 7,061,098
Operating grants and contributions	64,205	204,773	-	-	64,205	204,773
Capital grants and contributions	2,547,407	5,783,824	-	-	2,547,407	5,783,824
General revenues:						
Property taxes	3,336,694	3,202,287	-	-	3,336,694	3,202,287
Sales taxes	1,826,006	1,676,913	-	-	1,826,006	1,676,913
Other taxes	852,177	967,178	-	-	852,177	967,178
Franchise taxes	821,467	720,680	-	-	821,467	720,680
Investment earnings	167,293	1,402	54,422	148	221,715	1,550
Miscellaneous	1,110,586	319,438	23,488	20,019	1,134,074	339,457
Total revenues	11,854,465	13,366,465	7,508,009	6,591,295	19,362,474	19,957,760
Expenses:						
Administration, mayor and council	929,351	885,010	-	-	929,351	885,010
Law and municipal court	130,756	105,583	-	-	130,756	105,583
Streets and highway	405,715	423,331	-	-	405,715	423,331
Capital improvement program	77,004	77,004	-	-	77,004	77,004
Community development	1,864,295	2,300,739	-	-	1,864,295	2,300,739
Parks, grounds, recreation, pool, etc.	981,163	825,205	-	-	981,163	825,205
Police	1,486,280	1,222,902	-	-	1,486,280	1,222,902
Nondepartmental and other	351,364	306,046	-	-	351,364	306,046
Land sales project	1,895,323	799,939	-	-	1,895,323	799,939
Interest and fees on long-term debt	1,652,054	1,929,907	-	-	1,652,054	1,929,907
Water	-	-	3,771,404	2,581,926	3,771,404	2,581,926
Sewer	-	-	2,926,338	2,309,322	2,926,338	2,309,322
Solid Waste and Stormwater	-	-	492,337	516,074	492,337	516,074
Total expenses	9,773,305	8,875,666	7,190,079	5,407,322	16,963,384	14,282,988
Increase in net position before transfers	2,081,160	4,490,799	317,930	1,183,973	2,399,090	5,674,772
Transfers	(1,446,022)	(3,270,915)	1,446,022	3,270,915	-	-
Increase (decrease) in net position	635,138	1,219,884	1,763,952	4,454,888	2,399,090	5,674,772
Net position - beginning of year	16,014,289	14,427,105	26,659,112	22,204,224	42,673,401	36,631,329
Prior period adjustment	-	367,300	-	-	-	367,300
Net position - end of year	$ 16,649,427	$ 16,014,289	$ 28,423,064	$ 26,659,112	$ 45,072,491	$ 42,673,401

Analysis of Changes in Net Position

The City's net position increased during the fiscal year by a total of $2,399,090 including these changes:

- Charges for services increased $1,497,631 mostly due to an increase in water and sewer services provided of $858,971 and increase in governmental activities due to increase of building permit activity.
- Capital grants and contributions decreased by $3,236,417 due to a decrease in special assessments.
- General revenues increased $1,284,068 due to increases in property taxes and sales taxes of $134,407 and $149,093 due to increases in property valuation and increase in area sales. Investment earnings increased $220,165 with an increase in market conditions. Miscellaneous revenue increased $794,617 due to proceeds received from sale of land in 2022.
- Expenses of governmental activities increased by $897,639 due to recording impairment on remaining land held for sale of $1,393,152 offset by a decrease in community development costs of $436,444 due to a decrease in non-capital repair and maintenance costs.
- Expenses of business-type activities increased $1,782,757 due mainly to increases in repair and maintenance costs in both the Water and Sewer funds.





The charts above illustrate the City's governmental expenses and program revenues by function, and revenues by source. The land sales projects represent the largest portion of 2022 expenses followed by community development and interest on long-term debt.

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

ANALYSIS OF THE FUND FINANCIAL STATEMENTS

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

At the end of 2022, the City's governmental funds reported combined ending fund balances of $22,357,218 including:

- Nonspendable: $1,896,317;
- Restricted by external requirements and laws: $13,995,325;
- Assigned to capital projects or other uses: $2,201,198; and
- Unassigned funds available for use at the City's discretion: $4,264,378.

The General Fund is the primary operating fund for the City. At the end of 2022, total fund balance of the General Fund was $4,442,822. The fund balance increased by $249,485 during the fiscal year due to increases in taxes.

The Bond and Interest Fund had a decrease in fund balance of $103,293 due to a decrease in special assessment revenue.

The Capital Projects Fund had an increase in fund balance of $4,081,488 due to the issuance of general obligation bonds for capital projects offset by capital outlay expenditures.

The Public Building Commission had a decrease in fund balance of $146,592 due to bond payments exceeding revenues.

The Land Bank had an increase in fund balance of $2,759,822 due to an increase in land sales during the year.

Nonmajor government had a combined increase in fund balance of $898,433 due to transfer activity involving the nonmajor funds and decrease in capital outlay activity.

The Water Fund had an increase in net position of $600,755 due to an increase in charges for services offset by an increase in repair and maintenance costs.

The Sewer Fund had an increase in net position of $1,056,205 due to an increase in charges for services offset by an increase in repair and maintenance costs.

Nonmajor proprietary funds remained comparable to the prior year with increases in net position of $106,992.

GENERAL FUND BUDGETARY HIGHLIGHTS

Variances between the final budget and actual amounts are not expected to impact either liquidity or future services. Majority of revenues were more than budgeted for 2022, while ad valorem tax, court fines and intergovernmental revenues came in under budget. Overall budgeted expenditures were comparable to actual results.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets, net of accumulated depreciation, was $69,770,891 as of December 31, 2022. These capital assets include land, buildings, improvements, equipment, drainage improvements, streets, bridges, streetlights, and traffic signals.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Land	$ 4,395,801	$ 4,395,801	$ 534,040	$ 534,040	$ 4,929,841	$ 4,929,841
Land project	1,390,152	4,724,108	-	-	1,390,152	4,724,108
Construction in progress	2,847,960	6,879,172	2,334,382	2,990,953	5,182,342	9,870,125
City hall	1,714,462	1,780,843	-	-	1,714,462	1,780,843
Swimming pool	418,826	444,469	-	-	418,826	444,469
Other structures and equipment	1,323,632	1,126,626	19,965,105	18,034,173	21,288,737	19,160,799
Infrastructure	34,846,501	27,986,786	-	-	34,846,501	27,986,786
Total	$ 46,937,334	$ 47,337,805	$ 22,833,527	$ 21,559,166	$ 69,770,861	$ 68,896,971

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

Long-Term Debt

At December 31, 2022, the City had total long-term bonds outstanding of $71,495,000. This amount included $32,625,000 of general obligation bonds backed by the full faith and credit of the City, $24,115,000 in temporary notes which will be repaid with an issuance of general obligation bonds and $14,755,000 in revenue bonds with the Public Building Commission.

Total long-term bonds payable increased by $6,185,000 during the fiscal year due to bond issuances being more than the repayment of debt made during the year.

The City had $846,021 of outstanding revolving loan funds for water and sewer fund projects and $120,717 of outstanding rail loan funds for a capital project.

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

Kansas statutes limit the amount of general obligation debt a governmental entity may issue to 30% of its total assessed valuation. After subtracting deductions allowed by the statutes, the current debt limit for the City is $29,071,613 and debt outstanding subject to the limit is $20,846,145, leaving $8,225,468 in legal debt margin.

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

Outstanding Bonds
General Obligation and Revenue Bonds

	Governmental Activities	
	2022	**2021**
General obligation bonds	$ 32,625,000	$ 31,495,000
Temporary notes	24,115,000	17,890,000
Revenue bonds -		
Public Building Commission	14,755,000	15,925,000
Total	$ 71,495,000	$ 65,310,000

Economic Factors

Property tax collections increased 4.2% over 2021 and the positive trend has continued into the first half of 2023. The assessed valuation increased 9.0% in 2022.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

City of Bel Aire, Kansas
Statement of Net Position
December 31, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash, including investments	$ 22,489,382	$ 6,380,448	$ 28,869,830
Receivables, net	24,707,668	522,657	25,230,325
Property held for resale	1,717,873	-	1,717,873
Capital assets:			
Land and construction in progress	8,633,913	2,868,422	11,502,335
Other capital assets, net of depreciation	38,303,421	19,965,105	58,268,526
Total assets	95,852,257	29,736,632	125,588,889
Deferred outflows of resources:			
Deferred refunding	2,066,423	-	2,066,423
Deferred outflows - OPEB	154,658	-	154,658
Deferred outflows - pensions	821,998	200,261	1,022,259
Total deferred outflows of resources	3,043,079	200,261	3,243,340
Liabilities:			
Accounts payable	1,209,466	132,589	1,342,055
Accrued wages	84,882	44,641	129,523
Unearned grant revenue	1,267,227	-	1,267,227
Interest payable	274,990	-	274,990
Long-term liabilities			
Due within one year	8,696,293	74,371	8,770,664
Due in more than one year	66,822,771	1,261,381	68,084,152
Total liabilities	78,355,629	1,512,982	79,868,611
Deferred inflows of resources:			
Deferred property tax receivable	3,700,561	-	3,700,561
Deferred inflows - OPEB	186,247	-	186,247
Deferred inflows - pensions	3,472	847	4,319
Total deferred inflows of resources	3,890,280	847	3,891,127
Net position:			
Net investment in capital assets	(4,359,089)	21,987,506	17,628,417
Restricted for:			
Debt service	120,118	-	120,118
Capital projects	275,615	-	275,615
Public Building Commission	22,253	-	22,253
Land Bank	5,279,410	-	5,279,410
Drug forfeiture	3,653	-	3,653
Unrestricted	15,307,467	6,435,558	21,743,025
Total net position	$ 16,649,427	$ 28,423,064	$ 45,072,491

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

City of Bel Aire, Kansas

Statement of Activities

For the Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Total Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
Administration, mayor and council	$ 929,351	$ 865,947	$ 64,205	$ -	$ 801	$ -	$ 801
Law and municipal court	130,756	120,936	-	-	(9,820)	-	(9,820)
Streets and highway	405,715	-	-	-	(405,715)	-	(405,715)
Community development	1,864,295	21,829	-	-	(1,842,466)	-	(1,842,466)
Parks, grounds, recreation, pool, etc.	981,163	119,918	-	-	(861,245)	-	(861,245)
Police	1,486,280	-	-	-	(1,486,280)	-	(1,486,280)
Nondepartmental and other	351,364	-	-	-	(351,364)	-	(351,364)
Land sales project	1,895,323	-	-	-	(1,895,323)	-	(1,895,323)
Capital improvement program	77,004	-	-	2,547,407	2,470,403	-	2,470,403
Interest and fees on long-term debt	1,652,054	-	-	-	(1,652,054)	-	(1,652,054)
Total governmental activities	9,773,305	1,128,630	64,205	2,547,407	(6,033,063)	-	(6,033,063)
Business-type activities:							
Water	3,771,404	3,654,188	-	-	-	(117,216)	(117,216)
Sewer	2,926,338	3,076,582	-	-	-	150,244	150,244
Nonmajor business-type funds	492,337	699,329	-	-	-	206,992	206,992
Total business-type activities	7,190,079	7,430,099	-	-	-	240,020	240,020
Total	$ 16,963,384	$ 8,558,729	$ 64,205	$ 2,547,407	(6,033,063)	240,020	(5,793,043)
General revenues:							
Property taxes					3,336,694	-	3,336,694
Sales taxes					1,826,006	-	1,826,006
Other taxes					852,177	-	852,177
Franchise fees					821,467	-	821,467
Investment earnings					167,293	54,422	221,715
Miscellaneous					1,110,586	23,488	1,134,074
Transfers					(1,446,022)	1,446,022	-
Total general revenues					6,668,201	1,523,932	8,192,133
Change in net position					635,138	1,763,952	2,399,090
Net position, beginning of year					16,014,289	26,659,112	42,673,401
Net position, end of year					$ 16,649,427	$ 28,423,064	$ 45,072,491

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

City of Bel Aire, Kansas

Balance Sheet
Governmental Funds
December 31, 2022

	General	Bond and Interest	Capital Projects	Public Building Commission	Land Bank	Nonmajor Governmental Funds	Total Governmental Funds
Assets:							
Cash, including investments	$ 3,830,775	$ 395,108	$ 8,929,893	$ 22,253	$ 5,279,410	$ 4,031,943	$ 22,489,382
Receivables (net of allowance for uncollectibles)							
Property taxes	3,700,561	-	-	-	-	-	3,700,561
Special assessments	-	20,295,569	-	-	-	-	20,295,569
Motor vehicle and RV tax	70,807	-	-	-	-	-	70,807
Real estate mortgage note receivable	178,444	-	-	-	-	-	178,444
Sales tax	329,793	-	-	-	-	-	329,793
Franchise taxes and fees	65,267	-	-	-	-	-	65,267
Other	59,638	-	-	-	-	7,589	67,227
Property held for resale	-	-	-	-	1,717,873	-	1,717,873
Total assets	$ 8,235,285	$ 20,690,677	$ 8,929,893	$ 22,253	$ 6,997,283	$ 4,039,532	$ 48,914,923
Liabilities:							
Accounts payable	$ 9,072	$ -	$ 910,607	$ -	$ -	$ 289,787	$ 1,209,466
Accrued liabilities	82,830	-	-	-	-	2,052	84,882
Unearned grant revenue	-	-	-	-	-	1,267,227	1,267,227
Total liabilities	91,902	-	910,607	-	-	1,559,066	2,561,575
Deferred inflows of resources:							
Deferred property tax receivable	3,700,561	-	-	-	-	-	3,700,561
Unavailable revenue - special assessments	-	20,295,569	-	-	-	-	20,295,569
Total deferred inflows of resources	3,700,561	20,295,569	-	-	-	-	23,996,130
Fund balance:							
Nonspendable	178,444	-	-	-	1,717,873	-	1,896,317
Restricted	-	395,108	8,019,286	22,253	5,279,410	279,268	13,995,325
Assigned	-	-	-	-	-	2,201,198	2,201,198
Unassigned	4,264,378	-	-	-	-	-	4,264,378
Total fund balance	4,442,822	395,108	8,019,286	22,253	6,997,283	2,480,466	22,357,218
Total liabilities, deferred inflows of resources and fund balance	$ 8,235,285	$ 20,690,677	$ 8,929,893	$ 22,253	$ 6,997,283	$ 4,039,532	$ 48,914,923

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

City of Bel Aire, Kansas

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2022

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

Total fund balance -- governmental funds		$ 22,357,218
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	$ 69,519,241	
Accumulated depreciation	(22,581,907)	46,937,334
Special assessments receivable are not available to pay for current period expenditures and, therefore, are reported as unavailable in the fund statements		20,295,569
Deferred outflows of resources are not available and payable in the current period and, therefore, are not reported in the funds.		
Deferred outflows - deferred refunding		2,066,423
Deferred outflows - OPEB		154,658
Deferred outflows - pensions		821,998
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Accrued interest payable	(274,990)	
General obligation bonds payable	(32,625,000)	
Temporary notes	(24,115,000)	
Revenue bonds - Public Building Commission	(14,755,000)	
Rail loan	(120,717)	
Premiums	(1,830,777)	
Net pension liability	(1,937,507)	
Total OPEB liability	(37,534)	
Compensated absences	(97,529)	(75,794,054)
Other deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Deferred inflows - OPEB		(186,247)
Deferred inflows - pensions		(3,472)
Total net position -- governmental activities		$ 16,649,427

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

City of Bel Aire, Kansas

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	Bond and Interest	Capital Projects	Public Building Commission	Land Bank	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Taxes and shared revenues	$ 5,652,154	$ 32,477	$ -	$ -	$ -	$ 330,246	$ 6,014,877
Intergovernmental revenues	64,205	-	572,659	-	-	-	636,864
Franchise fees	821,467	-	-	-	-	-	821,467
Court fines	120,936	-	-	-	-	-	120,936
Licenses, permits and fees	985,865	-	-	-	-	-	985,865
Rents and sales	21,829	-	-	63,591	-	-	85,420
Special assessments	-	2,152,492	-	-	-	-	2,152,492
Other	24,052	23,974	68,041	-	40,655	50,542	207,264
Total revenues	7,690,508	2,208,943	640,700	63,591	40,655	380,788	11,025,185
Expenditures:							
Current:							
Administration, mayor and council	894,765	-	-	-	-	-	894,765
Law and municipal court	127,819	-	-	-	-	-	127,819
Streets and highway	-	-	-	-	-	393,483	393,483
Community development	307,391	-	-	-	-	-	307,391
Parks, grounds, recreation, pool, etc.	883,986	-	-	-	-	-	883,986
Police	1,354,282	-	-	-	-	-	1,354,282
Nondepartmental and other	343,474	-	-	2,458	-	-	345,932
Land project	138,510	-	-	-	363,661	-	502,171
Capital outlay/projects	-	-	5,911,264	-	-	888,872	6,800,136
Debt Service:							
Principal retirement	-	2,505,000	2,903,636	1,170,000	-	-	6,578,636
Interest and other	-	924,049	129,682	357,241	-	-	1,410,972
Debt issuance costs	-	-	189,405	-	-		189,405
Total expenditures	4,050,227	3,429,049	9,133,987	1,529,699	363,661	1,282,355	19,788,978
Excess (deficiency) of revenues over (under) expenditures	3,640,281	(1,220,106)	(8,493,287)	(1,466,108)	(323,006)	(901,567)	(8,763,793)
Other financing sources (uses):							
Issuance of general obligation bonds	157,115	164,481	12,398,404	-	-	-	12,720,000
Premium on issuance of general obligation bonds	-	-	176,371	-	-	-	176,371
Land sales	-	-	-	-	2,947,828	-	2,947,828
Transfers in	-	952,332	-	1,319,516	135,000	1,800,000	4,206,848
Transfers out	(3,547,911)	-	-	-	-	-	(3,547,911)
Total other financing sources (uses)	(3,390,796)	1,116,813	12,574,775	1,319,516	3,082,828	1,800,000	16,503,136
Net change in fund balance	249,485	(103,293)	4,081,488	(146,592)	2,759,822	898,433	7,739,343
Fund balance, beginning of year	4,193,337	498,401	3,937,798	168,845	4,237,461	1,582,033	14,617,875
Fund balance, end of year	$ 4,442,822	$ 395,108	$ 8,019,286	$ 22,253	$ 6,997,283	$ 2,480,466	$ 22,357,218

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

City of Bel Aire, Kansas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2022

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

Net change in fund balance-- total governmental funds		$ 7,739,343
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Depreciation expense	(1,561,610)	
Capital assets capitalized	4,495,095	2,933,485
In the statement of activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only any proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of capital assets sold.		(3,333,956)
Payments received on certain assets are recognized as revenue when received in the fund. However, in the statement of net position, revenue is recognized when earned.		(177,744)
Payment of pension contributions is an expenditure in the governmental funds, but reduces the net pension liability in the statement of net position. Additionally, the effect of changes in deferred inflows and deferred outflows for pensions are only recorded in the statement of activities.		(135,303)
Payment of OPEB contributions is an expenditure in the governmental funds, but reduces the total OPEB liability in the statement of net position. Additionally, the effect of changes in deferred inflows and deferred outflows for OPEB are only recorded in the statement of activities.		(3,186)
Bond and loan proceeds and premiums provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		
General obligation bonds	(3,635,000)	
Temporary Notes	(9,085,000)	
Premiums	(176,371)	(12,896,371)
Repayment of bond principal and other long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General obligation bonds	2,505,000	
Temporary notes	2,860,000	
Revenue bond - Public Building Commission	1,170,000	
Rail loan	43,636	6,578,636
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(13,922)
The amortization of bond premiums and deferred refundings affect long-term assets and liabilities on the statement of net position, but does not provide or use current financial resources to governmental funds.		(37,755)
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for this item is measured by the amount of financial resources used (essentially, the amounts actually paid). This year, the following difference was noted:		
Compensated absences earned exceeded benefits paid		(18,089)
Change in net position of governmental activities		$ 635,138

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

City of Bel Aire, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2022

	Water	Sewer	Nonmajor Proprietary Funds	Total
Assets:				
Current assets:				
Cash, including investments	$ 2,439,521	$ 3,243,879	$ 697,048	$ 6,380,448
Receivables, net	240,538	241,735	40,384	522,657
Total current assets	2,680,059	3,485,614	737,432	6,903,105
Noncurrent assets:				
Capital assets:				
Land and construction in progress	1,380,617	1,487,805	-	2,868,422
Other capital assets, net of depreciation	8,228,666	11,736,439	-	19,965,105
Total noncurrent assets	9,609,283	13,224,244	-	22,833,527
Total assets	12,289,342	16,709,858	737,432	29,736,632
Deferred outflows of resources:				
Pension related items	110,711	89,550	-	200,261
Liabilities:				
Current liabilities:				
Accounts payable	49,208	44,126	39,255	132,589
Accrued payroll	17,505	27,136	-	44,641
Revolving loan - current	41,713	26,047	-	67,760
Compensated absences	2,995	3,616	-	6,611
Total current liabilities	111,421	100,925	39,255	251,601
Noncurrent liabilities:				
Revolving loan	482,406	295,855	-	778,261
Net pension liability	260,953	211,075	-	472,028
Compensated absences	7,928	3,164	-	11,092
Total noncurrent liabilities	751,287	510,094	-	1,261,381
Total liabilities	862,708	611,019	39,255	1,512,982
Deferred inflows of resources:				
Pension related items	468	379	-	847
Net position:				
Investment in capital assets	9,085,164	12,902,342	-	21,987,506
Unrestricted	2,451,713	3,285,668	698,177	6,435,558
Total net position	$ 11,536,877	$ 16,188,010	$ 698,177	$ 28,423,064

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

City of Bel Aire, Kansas

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	Water	Sewer	Nonmajor Proprietary Funds	Total
Operating revenues:				
Charges for services	$ 3,654,188	$ 3,076,582	$ 699,329	$ 7,430,099
Operating expenses:				
Personnel	378,375	372,210	-	750,585
Contractual services	166,758	188,204	492,337	847,299
Water purchases	636,228	10,955	-	647,183
Operations and maintenance - CCUA	457,566	446,074	-	903,640
Debt service - CCUA	605,515	706,819	-	1,312,334
Payment in lieu of franchise fees	100,000	100,000	-	200,000
Other operating expenses	1,054,316	600,023		1,654,339
Depreciation	372,646	502,053	-	874,699
Total operating expenses	3,771,404	2,926,338	492,337	7,190,079
Operating income	(117,216)	150,244	206,992	240,020
Nonoperating revenues and expenses:				
Interest and other	45,611	32,299	-	77,910
Capital contributions	931,992	1,172,967	-	2,104,959
Total nonoperating revenue	977,603	1,205,266	-	2,182,869
Income before transfers	860,387	1,355,510	206,992	2,422,889
Transfers out	(259,632)	(299,305)	(100,000)	(658,937)
Change in net position	600,755	1,056,205	106,992	1,763,952
Net position, beginning of year	10,936,122	15,131,805	591,185	26,659,112
Net position, end of year	$ 11,536,877	$ 16,188,010	$ 698,177	$ 28,423,064

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

City of Bel Aire, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	Water	Sewer	Nonmajor Proprietary Funds	Total
Cash flows from operating activities:				
Cash received from customers	$ 3,622,944	$ 3,041,276	$ 695,355	$ 7,359,575
Payments to suppliers for goods and services	(3,010,035)	(2,031,204)	(489,714)	(5,530,953)
Payments to employees for salaries and benefits	(338,148)	(378,753)	-	(716,901)
Net cash flow from operating activities	274,761	631,319	205,641	1,111,721
Cash flows from non-capital financing activities:				
Transfers to other funds	(259,632)	(299,305)	(100,000)	(658,937)
Net cash flow from non-capital financing activities	(259,632)	(299,305)	(100,000)	(658,937)
Cash flows from capital and related financing activities:				
Revolving loan payments	(39,748)	(24,475)	-	(64,223)
Acquisition of capital assets	(3,300)	(40,801)	-	(44,101)
Net cash flow from capital and related financing activities	(43,048)	(65,276)	-	(108,324)
Cash flows from investing activities:				
Interest on investments	45,611	32,299	-	77,910
Net cash flow from investing activities	45,611	32,299	-	77,910
Net increase in cash and cash equivalents	17,692	299,037	105,641	422,370
Cash and cash equivalents, beginning of the year	2,421,829	2,944,842	591,407	5,958,078
Cash and cash equivalents, end of the year	$ 2,439,521	$ 3,243,879	$ 697,048	$ 6,380,448
Reconciliation of operating income to net cash flow from operating activities:				
Operating income	$ (117,216)	$ 150,244	$ 206,992	$ 240,020
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	372,646	502,053	-	874,699
Change in net pension liability	137,764	88,013	-	225,777
Change in deferred outflows - pensions	(60,575)	(39,467)	-	(100,042)
Change in deferred inflows - pensions	(44,391)	(44,434)	-	(88,825)
Change in accounts receivable	(31,244)	(35,306)	(3,974)	(70,524)
Change in accounts payable	10,348	20,871	2,623	33,842
Change in accrued liabilities	7,429	(10,655)	-	(3,226)
Net cash flow from operating activities	$ 274,761	$ 631,319	$ 205,641	$ 1,111,721
Schedule of non-cash capital and related financing activities:				
Contributions of capital assets	$ 931,992	$ 1,172,967	$ -	$ 2,104,959

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

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

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

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

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

Separate audited financial statements are not prepared for the PBC.

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

B. Basis of Presentation

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

Government-wide Financial Statements

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements

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

The major governmental funds of the City are described below:

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

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

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

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

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

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

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

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the City are included on the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the budget year for which they are levied. Special assessments are recognized when levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer funds are charges to customers for sales and services. Operating expenses include the cost of sales and service, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

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

1. Deposits and Investments

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Investments are reported at fair value based on quoted market prices.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

At December 31, 2022, investments consisted of funds invested in the Kansas Municipal Investment Pool (KMIP). The KMIP is an external investment pool not SEC (Securities and Exchange Commission) registered, which is regulated by the state and is valued at cost.

2. Receivables

Property tax receivable - In accordance with governing state statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are recorded as taxes receivable with a corresponding amount recorded as deferred inflows of resources on the balance sheets of the appropriate funds. It is not practical to apportion delinquent taxes held by the County Treasurer as of December 31, 2022. Estimated delinquencies are insignificant and have not been recorded.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City's special assessment taxes are levied over a 15 to 20-year term of the bonds and the annual installments are due and payable with annual ad valorem property taxes. Liens may be foreclosed against the property benefited by the special assessments when delinquent assessments are two years in arrears. At December 31, 2022, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the Bond and Interest Fund with a corresponding amount recorded as deferred inflows of resources in the fund financial statements.

Real estate mortgage note receivable - The note receivable is from the sale of the previous City Hall. The note was entered into on June 1, 2004, for $495,000, with an initial interest rate of 4.5%, for a period not to exceed 24.5 years. At December 31, 2022, the note balance was $178,444.

3. Property Held for Resale

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

4. Capital Assets and Depreciation

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Accrued Compensated Absences

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

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

6. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

7. Pensions

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

For purposes of measuring the collective net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. Fund Equity

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

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

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

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

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

9. Deferred Inflows of Resources/Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has three items that qualify for reporting in this category in the government-wide statement of net position, deferred outflows for pensions, deferred outflows for OPEB and deferred charges on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See Note IV. E. and IV. F. for more information on the deferred outflows for pensions and OPEB, respectively.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of items, unavailable revenue, deferred revenue, deferred inflows for pensions and deferred inflows for OPEB that qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred revenues are reported in both the government-wide statement of net position and the governmental funds balance sheet for property tax receivable.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Land Project

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

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

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

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

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

Management deemed that the current estimated fair value of the project was not in excess of the remaining unrecovered costs and recorded an impairment expense of $1,393,153. Unrecovered costs, as adjusted for impairment, at December 31, 2022, amounted to $3,108,025.

The industrial park portion of the land project was financed with Public Building Commission bonds and the amount outstanding at December 31, 2022 was $12,295,000, also see Note III. C.

11. Net Position

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Estimates

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

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

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

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

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

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

At December 31, 2022, the City's deposits were fully covered by federal depository insurance or collateralized by securities held by the City's agent in the City's name.

At December 31, 2022, the City had invested $26,831,986 in the state's municipal investment pool not SEC (Securities and Exchange Commission) registered. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas Legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the state pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The investment in the municipal investment pools is valued at cost.

Credit Risk and Concentration of Credit Risk. Kansas law limits the types of investments that can be made by the City, which inherently reduces its credit risk. Credit risk is the risk that the issuer or other counterparty to an investment will be unable to fulfill its obligations to the holder of the investment. This risk can be measured by the assignment of a rating by a nationally recognized statistical rating organization. On December 31, 2022, 100% of the City's investments, $26,831,986, were invested in the Kansas Municipal Investment Pool, which is not rated.

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

Deposits and investments at December 31, 2022 appear in the financial statements as summarized below:

Carrying amount of deposits	$ 2,037,844
Carrying amount of investments	26,831,986
Total	$ 28,869,830

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

B. Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance January 1, 2022	Increases	Decreases	Transfer	Balance December 31, 2022
Governmental activities:					
Capital assets, not being depreciated:					
Land and improvements					
Land Project	$ 4,724,108	$ --	$ 3,333,956	$ --	$ 1,390,152
Parks, recreation, etc.	3,421,063	--	--	--	3,421,063
City Hall	400,752	--	--	--	400,752
Other	573,986	--	--	--	573,986
Construction in process	6,879,172	3,835,422	7,866,634	--	2,847,960
Total capital assets, not being depreciated	15,999,081	3,835,422	11,200,590	--	8,633,913
Capital assets, being depreciated					
Infrastructure	44,870,575	8,097,272	--	--	52,967,847
City Hall	2,950,273	--	--	--	2,950,273
Swimming pool	854,756	--	--	--	854,756
Other structures and equipment	3,683,417	429,035	--	--	4,112,452
Total capital assets, being depreciated	52,359,021	8,526,307	--	--	60,885,328
Less accumulated depreciation					
Infrastructure	16,883,789	1,237,557	--	--	18,121,346
City Hall	1,169,430	66,381	--	--	1,235,811
Swimming pool	410,287	25,643	--	--	435,930
Other structures and equipment	2,556,791	232,029	--	--	2,788,820
Total accumulated depreciation	21,020,297	1,561,610	--	--	22,581,907
Total capital assets, being depreciated, net	31,338,724	6,964,697	--	--	38,303,421
Governmental activities capital assets, net	$ 47,337,805	$ 10,800,119	$ 11,200,590	$ --	$ 46,937,334

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

Governmental activities:	
Administration, mayor and council	$ 13,714
Police	81,192
Capital improvement program	78,456
Community development	1,313,106
Parks, grounds, recreation, pool, etc.	75,142
Total depreciation expense	$ 1,561,610

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

	Balance January 1, 2022	Increases	Decreases	Transfer	Balance December 31, 2022
Business-type activities:					
Capital assets, not being depreciated:					
Land and improvements	$ 534,040	$ --	$ --	$ --	$ 534,040
Construction in process	2,990,953	2,061,959	2,718,530	--	2,334,382
Total capital assets, not being depreciated	3,524,993	2,061,959	2,718,530	--	2,868,422
Capital assets, being depreciated					
Plant and equipment	28,828,566	2,805,631	--	--	31,634,197
Less accumulated depreciation	10,794,393	874,699	--	--	11,669,092
Total capital assets, being depreciated, net	18,034,173	1,930,932	--	--	19,965,105
Proprietary activities capital assets, net	$ 21,559,166	$ 3,992,891	$ 2,718,530	$ --	$ 22,833,527
Depreciation expense					$ 874,699

C. Long-term debt

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due within one year
Governmental Activities:					
General obligation bonds	$ 31,495,000	$ 3,635,000	$ 2,505,000	$ 32,625,000	$ 2,245,000
Temporary notes	17,890,000	9,085,000	2,860,000	24,115,000	5,180,000
Revenue bonds - PBC	15,925,000	--	1,170,000	14,755,000	1,195,000
Rail loan	164,353	--	43,636	120,717	44,517
Premiums/discounts	1,798,880	176,371	144,474	1,830,777	--
Net pension liability	1,027,685	1,179,086	269,264	1,937,507	--
Total OPEB liability	234,268	18,352	215,086	37,534	--
Compensated absences	79,440	118,600	100,511	97,529	31,776
Total Governmental Activities	$ 68,614,626	$ 14,212,409	$ 7,307,971	$ 75,519,064	$ 8,696,293
Business-type Activities:					
Revolving loans	$ 910,244	$ --	$ 64,223	$ 846,021	$ 67,760
Net pension liability	246,251	287,256	61,479	472,028	--
Compensated absences	16,529	19,417	18,243	17,703	6,611
Total Business-type Activities	$ 1,173,024	$ 306,673	$ 143,945	$ 1,335,752	$ 74,371

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

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

General Obligation Bonds and Notes

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

General obligation bonds outstanding at December 31, 2022 are as follows:

	Interest Rates	Original Issue	Maturity Date	Outstanding December 31, 2022
Series 2014A	2.000% - 3.750%	$ 1,100,000	$ 10/1/2034	$ 715,000
Series 2015A	2.000% - 2.500%	5,390,000	11/1/2027	1,545,000
Series 2015B	1.500% - 3.250%	575,000	11/1/2027	200,000
Series 2015D	2.000% - 3.500%	3,960,000	11/1/2036	2,945,000
Series 2015E	1.500% - 5.000%	220,000	11/1/2036	165,000
Series 2016A	2.000% - 4.000%	2,820,000	11/1/2037	2,080,000
Series 2017A	3.000% - 3.125%	5,545,000	11/1/2038	4,550,000
Series 2019A	2.000% - 3.000%	6,060,000	11/1/2040	5,585,000
Series 2019B	2.000% - 2.550%	1,430,000	11/1/2029	1,030,000
Series 2020B	1.400% - 2.000%	3,650,000	11/1/2041	3,090,000
Series 2021A	2.000% - 4.000%	5,135,000	11/1/2034	4,740,000
Series 2021C	2.125% - 4.000%	2,440,000	11/1/2041	2,345,000
Series 2022A	4.000% - 4.125%	3,635,000	11/1/2043	3,635,000
Total		$ 41,960,000		$ 32,625,000

Temporary notes outstanding at December 31, 2022 are as follows:

	Interest Rates	Original Issue	Maturity Date	Outstanding December 31, 2022
Series 2020A	1.250%	$ 1,985,000	12/1/2023	$ 1,985,000
Series 2020C	0.420%	3,195,000	12/1/2023	3,195,000
Series 2021B	0.375%	9,850,000	12/1/2024	9,850,000
Series 2022B	3.000%	9,085,000	12/1/2025	9,085,000
Total		$ 24,115,000		$ 24,115,000

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

The annual debt service requirements to amortize the general obligation bonds and temporary notes outstanding as of December 31, 2022 are as follows:

	Governmental Activities			
	General Obligation Bonds		Temporary Notes	
Year	Principal	Interest	Principal	Interest
2023	$ 2,245,000	$ 967,922	$ 5,180,000	$ 396,172
2024	2,415,000	892,629	9,850,000	309,488
2025	2,485,000	824,098	9,085,000	272,550
2026	2,535,000	751,155	--	--
2027	2,470,000	676,293	--	--
2028 – 2032	9,725,000	2,390,311	--	--
2033 – 2037	6,735,000	1,133,441	--	--
2038 – 2042	3,760,000	313,053	--	--
2043 – 2047	255,000	10,518	--	--
Total	$ 32,625,000	$ 7,959,420	$ 24,115,000	$ 978,210

City of Bel Aire Public Building Commission

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

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

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

The outstanding revenue bonds are as follows:

Purpose	Interest Rate	Original Issue	Maturity Date	Amount
Revenue Refunding Bonds - Series 2014A	2.000% - 4.000%	$ 3,050,000	2/1/2030	$ 1,820,000
Taxable Revenue Refunding Bonds - Series 2014B	2.000% - 4.600%	1,120,000	2/1/2030	640,000
Taxable Revenue Refunding Bonds - Series 2021	2.000% - 2.220%	13,195,000	5/1/2034	12,295,000
Total		$ 17,365,000		$ 14,755,000

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

	PBC Bonds		
Year	Principal	Interest	Total
2023	$ 1,195,000	$ 334,038	$ 1,529,038
2024	1,225,000	304,344	1,529,344
2025	1,245,000	273,950	1,518,950
2026	1,265,000	243,000	1,508,000
2027	1,300,000	211,200	1,511,200
2028 – 2032	6,260,000	574,125	6,834,125
2033 - 2037	2,265,000	49,545	2,314,545
Total	$ 14,755,000	$ 1,990,202	$ 16,745,202

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

Pledged Revenues

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

Issue	Revenue Pledged	Amount of Pledge	Term of Commitment	Percent of Revenue Pledged	Principal and Interest for 2022	Pledged Revenues Recognized in 2022
Governmental Activities						
2021A	Land sales for industrial use	$ 13,867,645	Through 2034	100%	$ 1,158,310	$ --
2014A	City hall rent and pool operations	$ 2,125,800	Through 2030	100%	$ 265,650	$ 46,086
2014B	Grey water sales	$ 751,756	Through 2030	100%	$ 107,978	$ 59,397

Conduit Debt

From time to time, the City has sponsored the issuance of Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership for the acquired facilities transfers to the private-sector entity served by the bond issuance. The City, state nor any political subdivision thereof is obligated in any manner for repayment of the bonds. The total amount outstanding at December 31, 2022 was $77,904,377.

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

Revolving Loans

The City entered into a loan agreement with the Kansas Department of Health and Environment for a project to reroute certain waterlines and replace existing user meters. The maximum amount of the loan is not to exceed $858,942. Principal and interest payments commenced August 1, 2014 at 2.16% interest. At December 31, 2022, the balance of this loan was $524,119.

The City entered into a loan agreement with the Kansas Department of Health and Environment for a project to provide for various improvements to the sanitary sewer system including manhole rehabilitation, replacement of several sewer lines, upgrade to wastewater pumping station and SCADA system. The maximum amount of the loan is not to exceed $535,980. Principal and interest payments commenced September 1, 2014 at 2.12% interest. At December 31, 2022, the balance of this loan was $321,902.

Annual debt service requirements as of December 31, 2022 are as follows:

	Business-type Activities			
	Water Fund		Sewer Fund	
Year	Principal	Interest	Principal	Interest
2023	$ 41,713	$ 9,556	$ 26,047	$ 6,151
2024	42,619	8,797	26,602	5,662
2025	43,545	8,022	27,169	5,162
2026	44,491	7,229	27,748	4,651
2027	45,457	6,419	28,339	4,129
2028 - 2032	242,527	19,324	151,017	12,424
2033 - 2037	63,767	1,417	34,980	910
Total	$ 524,119	$ 60,764	$ 321,902	$ 39,089

Rail Loan

The City entered into a loan agreement with the Kansas Department of Transportation for a project to build a railroad spur in the Sunflower Commerce Park. The maximum amount of the loan is not to exceed $421,358. Payments commence upon the completion of the railroad spur at 2% interest. At December 31, 2022, the balance of this loan was $120,717. Annual debt service requirements as of December 31, 2022 are as follows:

Year	Principal	Interest	Total
2023	$ 44,517	$ 2,008	$ 46,525
2024	45,416	1,109	46,525
2025	30,784	231	31,015
Total	$ 120,717	$ 3,348	$ 124,065

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

D. Interfund Transfers

A summary of interfund transfers by fund type for the year ended December 31, 2022 is as follows:

	Transfer to:						
	Capital Improvements	Equipment Reserve	Bond and Interest	Land Bank	PBC	Special Street and Highway	Total
Transfer from:							
General	$ 1,400,000	$ 100,000	$ 593,395	$ 135,000	$ 1,319,516	$ --	$ 3,547,911
Solid Waste	--	--	--	--	--	100,000	100,000
Water	--	100,000	159,632	--	--	--	259,632
Sewer	--	100,000	199,305	--	--	--	299,305
Total	$ 1,400,000	$ 300,000	$ 952,332	$ 135,000	$ 1,319,516	$ 100,000	$ 4,206,848

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

Additionally, the Capital Projects Fund constructed assets in the amount of $931,992 and $1,172,967 to the Water and Sewer Funds, respectively. This activity is shown as an expenditure from the Capital Projects Fund and capital contribution revenue to the Water and Sewer Funds, in the fund financial statements. However, this activity is shown within transfers in the government-wide financial statements.

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

E. Fund Balances

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

	General	Bond and Interest	Capital Projects	Public Building Commission	Land Bank	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable	$ 178,444	$ --	$ --	$ --	$ 1,717,873	$ --	$ 1,896,317
Restricted for:							
Bond and Interest	--	395,108	--	--	--	--	395,108
Land Bank	--	--	--	--	5,279,410	--	5,279,410
Capital projects	--	--	8,019,286		--	275,615	8,294,901
Public Building Commission	--	--	--	22,253	--	--	22,253
Drug forfeiture	--	--	--	--	--	3,653	3,653
Assigned to:							
Capital projects	--	--	--	--	--	1,726,522	1,726,522
Equipment Reserve	--	--	--	--	--	474,676	474,676
Unassigned	4,264,378	--	--	--	--	--	4,264,378
Total fund balance	$ 4,442,822	$ 395,108	$ 8,019,286	$ 22,253	$ 6,997,283	$ 2,480,466	$ 22,357,218

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

IV. OTHER INFORMATION (CONTINUED)

C. Construction Commitments

The City had outstanding construction commitments for various capital projects and improvements at December 31, 2022 as follows:

Project	Project costs to date	Approved project amount
Woodlawn Construction	$ 1,540,530	$ 2,498,705
Woodlawn Water Utility Relocation	675,567	225,000
Woodlawn Sewer Utility Construction	288,242	600,000
Rock Spring 4th Addition Phase 1	555,965	1,748,000
Chapel Landing Phase 2	742,953	1,894,000
Skyview 2nd Phase 2	452,151	941,000
Cedar Pass Phase 1	188,729	2,709,000
Bristol Hollows Phase 2	107,158	984,000
Chapel Landing Homestead	367,709	1,838,000
Chapel Landing Phase 5	61,393	1,310,700
Elk Creek 3rd	385	443,301
Homestead	136,071	236,000
53rd & Oliver/Woodlawn	65,489	94,500
	$ 5,182,342	$ 15,522,206

D. Commitments to Chisholm Creek Utility Authority

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

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

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

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

IV. OTHER INFORMATION (CONTINUED)

to all debt service payments. Provisions of the revenue bond rate covenant were complied with for 2022.

At year-end, the Authority had revenue bonds and a land contract outstanding in the principal and interest amount of $22,792,542. The debt is more fully described in the audited financial statements of the Authority. Debt administration is handled by the Bank of New York and Security Bank of Kansas City, excluding the land contract.

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

Bel Aire's scheduled share of payments due to the Authority for currently issued revenue bonds and interest as of December 31, 2022 are as follows:

Year	Interest and Principal
2023	2,062,258
2024	2,057,394
2025	2,064,532
2026	2,022,876
2027	2,011,744
2028 and thereafter	12,573,738
Total	$ 22,792,542

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

IV. OTHER INFORMATION (CONTINUED)

E. Pension and Other Post-Employment Benefit Plans

Defined Benefit Plans

General Information about the Pension Plan

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

Benefits provided. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. Member employees with ten or more years of credited service, may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points".

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. The accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump-sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current member employees and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

IV. OTHER INFORMATION (CONTINUED)

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.90% for KPERS for the fiscal year ended December 31, 2022.

Contributions to the pension plan from the City were $221,292 for KPERS for the year ended December 31, 2022.

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

Although KPERS administers one cost sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each group of the plan. The City participates in the local (KPERS) group.

At December 31, 2022, the City reported a liability of $2,409,535 for KPERS for its proportionate share of the KPERS' collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2022, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2021 which was rolled forward to June 30, 2022. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS, relative to the total employer and nonemployer contributions of the KPERS for the fiscal year ended June 30, 2022. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2022, the City's proportion and change from its proportion measured as of June 30, 2022 were as follows:

	Net pension liability as of December 31, 2022				
	Governmental Activities	Business-Type Activities	Total	Proportion as of June 30, 2022	Increase in proportion from June 30, 2021
KPERS (local)	$ 1,937,507	$ 472,028	$ 2,409,535	0.121%	0.015%

IV. OTHER INFORMATION (CONTINUED)

For the year ended December 31, 2022, the City recognized pension expense of $395,502 for KPERS. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Governmental Activities	Business - Type Activities	Governmental Activities	Business - Type Activities
Difference between expected and actual experience	$ 73,285	$ 17,854	$ 3,472	$ 847
Net difference between projected and actual earnings on pension plan investments	164,010	39,957	--	--
Changes in proportionate share	183,233	44,640	--	--
Changes in assumptions	309,699	75,451	--	--
City contributions subsequent to measurement date	91,771	22,359	--	--
Total	$ 821,998	$ 200,261	$ 3,472	$ 847

The $114,130 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) to pension expense as follows:

	Deferred Outflows (Inflows) of Resources	
Year ended December 31:	Governmental Activities	Business-Type Activities
2023	$ 207,675	$ 50,595
2024	191,036	46,542
2025	108,510	26,436
2026	208,091	50,696
2027	11,443	2,786
	$ 726,755	$ 177,055

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

IV. OTHER INFORMATION (CONTINUED)

Actuarial cost method	Entry age normal
Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.50% to 12.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.00%

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of an actuarial experience study conducted for the three-year period beginning January 1, 2016. The experience study is dated January 7, 2020.

The actuarial assumptions changes adopted by the pension plan for all groups based on the experience study included a decrease in the investment return assumption which was lowered from 7.25% to 7.00%.

For the KPERS Group the interest crediting rate assumption for KPERS 3 members was lowered from 6.25% to 6.00% and the annuity interest rate assumption for KPERS 3 members was lowered from 5.75% to 5.00%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study dated January 7, 2020, a provided by KPERS' investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equities	23.5%	5.20%
Non-US equities	23.5%	6.40%
Fixed income	11%	1.55%
Yield driven	8%	4.70%
Real return	11%	3.25%
Private real estate	11%	4.45%
Private equity	8%	9.50%
Short-term investments	4%	0.25%
	100.0%	

IV. OTHER INFORMATION (CONTINUED)

Discount rate. The discount rate used by KPERS to measure the total pension liability at June 30, 2022 was 7.00%. The discount rate used to measure the total pension liability at the prior measurement date of June 30, 2021 was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS' Board of Trustees for this group may not increase by more than the statutory cap. The statutory cap for the state fiscal year 2022 was 1.2%. The local employers are currently contributing the full actuarial contribution rate. The expected employer actuarial contribution rate was modeled for future years, assuming all actuarial assumptions are met in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the City's proportionate share of the collective net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's KPERS proportionate share of the net pension liability	$ 3,461,367	$ 2,409,535	$ 1,533,196
	$ 3,461,367	$ 2,409,535	$ 1,533,196

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

Defined Contribution Plan 457 plan

The City established a defined contribution plan for certain employees. The plan is administered by the ICMA Retirement Corporation, and any changes to the plan's provisions or the contribution requirements are determined by the governing body of the City. The contribution percentage is 7% and there is no match. The contributions by the City for 2022 were $27,009.

F. Other Post Employment Benefits

COBRA

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

IV. OTHER INFORMATION (CONTINUED)

KPERS Death and Disability OPEB Plan

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

Benefits provided:

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

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

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

IV. OTHER INFORMATION (CONTINUED)

Employees covered by benefit terms. At December 31, 2022, the following employees were covered by the benefit terms:

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

Total OPEB Liability

The City's total OPEB liability of $37,534 was measured as of June 30, 2022 and was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise noted:

Price inflation	2.75%
Payroll growth	3.00%
Salary increases, including inflation	3.50 to 10%, including price inflation
Discount rate	3.54%
Healthcare cost trend rates	Not applicable for the coverage in this plan
Retiree share of benefit cost	Not applicable for the coverage in this plan

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

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

The actuarial assumptions used in the June 30, 2022 valuation were based on an actuarial experience study for the period January 1, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2021 KPERS pension valuation.

	Total OPEB Liability
Balance at fiscal year-end 12/31/21	$ 234,268
Changes for the year:	
Service cost	8,764
Interest	5,086
Effect of economic/demographic gains or losses	(179,541)
Effect of assumptions changes or inputs	(15,878)
Benefit payments	(15,165)
Net changes	(196,734)
Balance at fiscal year-end 12/31/22	$ 37,534

IV. OTHER INFORMATION (CONTINUED)

Changes in the Total OPEB Liability

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period and demographic assumption updates based on the most recent KPERS experience study. The discount rate decreased from 2.16% on June 30, 2021 to 3.54% on June 30, 2022.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	$ 39,577	$ 37,534	$ 35,431

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

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

For the year ended December 31, 2022, the City recognized OPEB expense of $10,769. At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 131,488	$ 170,799
Changes in assumptions	15,587	15,448
Benefit payments subsequent to the measurement date	7,583	--
Total	$ 154,658	$ 186,247

The $7,583 benefit payments made subsequent to the measurement date will be recognized as a reduction in the total OPEB liability for the year ended December 31, 2022. The remaining amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

IV. OTHER INFORMATION (CONTINUED)

	Deferred (Inflows) & Outflows of Resources
Year ended December 31:	
2023	$ (742)
2024	(742)
2025	(742)
2026	(672)
2027	(344)
Thereafter	(35,930)
	$ (39,172)

G. Concentrations

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

H. Tax Abatements

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

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

The City enters into property tax abatement agreements with local businesses under the state Economic Development Opportunity Act of 2006. Under the Act, localities may grant property tax abatements of a maximum of ten years at up to 100% of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City. See further information regarding IRB's, including the amount outstanding at December 31, 2022, at Footnote III.C. - Conduit Debt.

The County Appraiser determines the full value of the property, noting the value that has been exempted through the program. The County Treasurer computes the taxes due on the appraised value only on the taxable portion of the property. For the fiscal year ended December 31, 2022, all of the buildings associated with tax abatements were still under construction; therefore, the City abated property taxes totaling $352,903 under this program. These agreements also include performance measurements that the business must achieve. If the performance measurements are not met, the tax abatement will be removed, and the business will have to pay their full property taxes.

IV. OTHER INFORMATION (CONTINUED)

I. Pending Governmental Accounting Standards

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

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

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

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

IV. OTHER INFORMATION (CONTINUED)

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

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

J. Subsequent Events

On July 6, 2021, the City issued $5,135,000 of General Obligation Refunding Bonds, Series 2021A with a stated maturity of November 1, 2034 with interest rates ranging from 2.00%-4.00% and $9,850,000 of General obligation Temporary Notes, Series 2021B with a stated maturity of December 1, 2024 with an interest rate of 0.375%.

REQUIRED SUPPLEMENTARY INFORMATION

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

For the City, this information includes:

- A budgetary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budget Basis - General Fund
- A budgetary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budget Basis - Land Bank
- Defined Benefit Pension Plans - Share of the Collective Net Pension Liability Kansas Public Employee Retirement System Last Ten Fiscal Years
- Defined Benefit Pension Plans - Schedule of City's Contributions Kansas Public Employees Retirement System Last Seven Ten Fiscal Years
- Other Post Employment Plans - Schedule of Changes in the City's Death & Disability Total OPEB Liability and Related Ratios Last Six Fiscal Years

Budgetary Comparison Schedule

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

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis
General Fund
Year ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Taxes and shared revenue:				
Ad valorem tax	$ 3,172,680	$ 3,397,681	$ 3,336,694	$ (60,987)
Delinquent tax	25,000	10,000	17,466	7,466
Motor vehicle tax	424,820	466,332	474,480	8,148
Sales tax	1,466,014	1,631,479	1,805,999	174,520
Franchise tax	791,958	759,645	808,745	49,100
Court fines	130,437	137,194	120,936	(16,258)
Licenses, permits and fees	262,000	602,600	865,947	263,347
Recreation fees	93,750	93,750	119,918	26,168
Rents and note collections	45,675	45,675	47,545	1,870
Intergovernmental	72,194	72,194	64,205	(7,989)
Interest	10,000	10,000	25,622	15,622
Other	38,500	24,500	181,279	156,779
Total revenues	6,533,028	7,251,050	7,868,836	617,786
Expenditures:				
City Administration:				
Personnel services	672,058	734,800	761,692	26,892
Contractual services	60,450	59,000	17,761	(41,239)
Operating expenses	24,000	30,500	26,343	(4,157)
Capital outlay	10,000	10,000	-	(10,000)
Community Development:				
Personnel services	161,851	263,600	243,881	(19,719)
Contractual services	23,600	24,856	32,557	7,701
Operating expenses	13,300	20,800	30,953	10,153
Law and Municipal Court:				
Personnel services	67,861	80,100	75,575	(4,525)
Contractual services	63,670	60,387	48,390	(11,997)
Operating expenses	4,800	6,800	3,854	(2,946)
Parks and Grounds:				
Personnel services	109,094	104,880	109,041	4,161
Contractual services	63,717	63,717	58,461	(5,256)
Operating expenses	32,355	37,355	37,705	350
Capital outlay	12,500	12,500	14,838	2,338
Police:				
Personnel services	1,218,570	1,147,500	1,148,780	1,280
Contractual services	104,624	97,184	100,520	3,336
Operating expenses	101,200	112,600	88,733	(23,867)
Capital outlay	-	-	16,249	16,249
Recreation:				
Personnel services	253,564	268,257	259,051	(9,206)
Contractual services	73,693	64,782	59,876	(4,906)
Operating expenses	53,200	53,200	46,755	(6,445)
Senior Center:				
Personnel services	24,041	18,000	18,000	-
Contractual services	5,419	5,419	4,706	(713)
Operating expenses	9,550	9,550	3,644	(5,906)

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis
General Fund
Year ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Mayor and Council:				
Personnel services	22,757	22,657	22,026	(631)
Contractual services	26,079	25,579	24,668	(911)
Operating expenses	26,500	33,800	42,275	8,475
Central Park Pool:				
Personnel services	28,300	27,657	25,214	(2,443)
Contractual services	10,900	10,900	9,904	(996)
Operating expenses	12,000	12,000	9,014	(2,986)
Economic Development:				
Personnel services	192,311	183,441	184,451	1,010
Contractual services	16,237	16,074	10,738	(5,336)
Operating expenses	30,200	30,200	32,588	2,388
Capital outlay	3	-	-	-
Nondepartmental:				
Personnel services	30,000	30,000	1,093	(28,907)
Contractual services	171,700	196,700	60,793	(135,907)
Operating expenses	31,600	15,800	281,588	265,788
Capital outlay	50,000	55,000	-	(55,000)
Transfer out	3,371,833	3,752,869	3,547,911	(204,958)
Land project	45,000	153,000	138,510	(14,490)
Total expenditures	7,228,537	7,851,464	7,598,138	(253,326)
Net change in fund balance	$ (695,509)	$ (600,414)	270,698	$ 871,112
Fund balance, beginning of year			3,527,813	
Fund balance, end of year			$ 3,798,511	
Explanation of difference between budgetary and GAAP fund balance:				
Accrued revenues			644,311	
GAAP fund balance at end of year			$ 4,442,822	

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - Budget Basis
Land Bank
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Final Budget Over/ (Under)	
	Original	Final			
Revenues:					
Residential lot sales	$ -	$ -	$ 2,050,786	$ 2,050,786	
Commercial lot sales	-	-	1,797,042	1,797,042	
Interest	100	100	23,934	23,834	
Miscellaneous	-	-	16,721	16,721	
Transfer in	200,000	200,000	135,000	(65,000)	
Total revenues	200,100	200,100	4,023,483	3,823,383	
Expenditures:					
Land bank subjected to budget:					
Special assessments	237,500	237,500	131,444	(106,056)	
Contractual services	-	-	351	351	
Total land bank subjected to budget	237,500	237,500	131,795	(105,705)	
Land bank not subjected to budget:					
Special assessments	-	-	3,406	3,406	**
Contractual services	-	-	228,460	228,460	**
Total land bank not subjected to budget	-	-	231,866	231,866	
Total expenditures	237,500	237,500	363,661	126,161	
Net change in fund balance	$ 200,100	$ 200,100	3,659,822	$ 3,459,722	
Fund balance, beginning of year			1,619,588		
Fund balance, end of year			$ 5,279,410		
Explanation of difference between budgetary and GAAP fund balance:					
Property held for resale			1,717,873		
GAAP fund balance at end of year			$ 6,997,283		

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

CITY OF BEL AIRE, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2022

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
City's proportionate share of the collective net pension liability	0.121%	0.106%	0.104%	0.098%	0.096%	0.090%	0.087%	0.076%	0.076%	0.070%
City's proportionate share of the net pension liability	$ 2,409,535	$ 1,273,936	$ 1,799,776	$ 1,369,673	$ 1,331,099	$ 1,298,316	$ 1,353,388	$ 1,002,884	$ 931,409	$ 1,065,989
City's covered payroll^	$ 2,438,123	$ 2,065,726	$ 1,932,044	$ 1,786,806	$ 1,594,160	$ 1,477,171	$ 1,450,432	$ 1,257,280	$ 1,208,004	$ 1,128,446
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	99%	62%	93%	77%	83%	88%	93%	80%	77%	94%
Plan fiduciary net position as a percentage of the total pension liability	69.75%	76.40%	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%

GASB 68 requires presentation of ten years.

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

CITY OF BEL AIRE, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2022

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 221,292	$ 197,781	$ 168,081	$ 166,245	$ 145,716	$ 133,898	$ 138,160	$ 130,342	$ 107,294	$ 97,298
Contributions in relation to the contractually required contribution	(221,292)	(197,781)	(168,081)	(166,245)	(145,716)	(133,898)	(138,160)	(130,342)	(107,294)	(97,298)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll ^	$2,496,991	$2,240,888	$ 1,998,715	$ 1,870,020	$ 1,736,656	$ 1,569,560	$ 1,337,466	$ 1,374,918	$ 1,107,270	$ 1,106,921
Contributions as a percentage of covered payroll	8.86%	8.83%	8.41%	8.89%	8.39%	8.53%	10.33%	9.48%	9.69%	8.79%

GASB 68 requires presentation of ten years.

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

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

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

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

Changes in assumptions for KPERS. As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2016 and include:

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.

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

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

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

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

December 31, 2021, assumption changes included the following:
- For all groups, the investment rate of return assumption decreased from 7.25% to 7.00%.
- Interest crediting rate assumption for KPERS 3 members was lowered from 6.25% to 6.00%.
- Annuity interest rate assumption for KPERS 3 members was lowered from 5.75% to 5.00%.

CITY OF BEL AIRE, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2022

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

Last Six Fiscal Years*

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

* GASB 75 requires presentation of ten years. As of December 31, 2022, only six years of information is available
There are no assets accumulated in the trust to pay related benefits.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period:
- The discount rate increased from 2.85% on June 30, 2016 to 3.58% on June 30, 2017.
- The discount rate increased from 3.58% on June 30, 2017 to 3.87% on June 30, 2018.
- The discount rate decreased from 3.87% on June 30, 2018 to 3.50% on June 30, 2019.
- The discount rate decreased from 3.50% on June 30, 2019 to 2.21% on June 30, 2020.
- The discount rate decreased from 2.21% on June 30, 2020 to 2.16% on June 30, 2021.
- The discount rate decreased from 2.16% on June 30, 2021 to 3.54% on June 30, 2022.

SUPPLEMENTARY INFORMATION

City of Bel Aire, Kansas

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2022

	Special Revenue Funds				Capital Project Funds		
	Special Street and Highway	Local Drug Forfeiture	State Drug Forfeiture	Federal Forfeiture	Capital Improvement	Equipment Reserve	**Total Nonmajor Governmental Funds**
Assets:							
Cash, including investments	$ 272,718	$ 880	$ 1,552	$ 1,221	$ 3,280,896	$ 474,676	$ 4,031,943
Receivables	7,589	-	-	-	-	-	7,589
Total assets	$ 280,307	$ 880	$ 1,552	$ 1,221	$ 3,280,896	$ 474,676	$ 4,039,532
Liabilities							
Accounts and retainage payable	$ 2,640	$ -	$ -	$ -	$ 287,147	$ -	$ 289,787
Accrued liabilities	2,052	-	-	-	-	-	2,052
Unearned grant revenue	-	-	-	-	1,267,227	-	1,267,227
Total liabilities	4,692	-	-	-	1,554,374	-	1,559,066
Fund balance:							
Restricted	275,615	880	1,552	1,221	-	-	279,268
Assigned	-	-	-	-	1,726,522	474,676	2,201,198
Total fund balance	275,615	880	1,552	1,221	1,726,522	474,676	2,480,466
Total liabilities, deferred inflows of resources and fund balance	$ 280,307	$ 880	$ 1,552	$ 1,221	$ 3,280,896	$ 474,676	$ 4,039,532

City of Bel Aire, Kansas

Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the Year Ended December 31, 2022

	Special Revenue Funds				Capital Project Funds		
	Special Street and Highway	Local Drug Forfeiture	State Drug Forfeiture	Federal Forfeiture	Capital Improvement	Equipment Reserve	**Total Nonmajor Governmental Funds**
Revenues:							
Taxes and shared revenues	$ 330,246	$ -	$ -	$ -	$ -	$ -	$ 330,246
Miscellaneous	-	-	-	-	28,322	22,220	50,542
Total revenues	330,246	-	-	-	28,322	22,220	380,788
Expenditures:							
Streets and highways	393,483	-	-	-	-	-	393,483
Capital outlay	-	-	-	-	453,240	435,632	888,872
Total expenditures	393,483	-	-	-	453,240	435,632	1,282,355
Excess of revenues over (under) expenditures	(63,237)	-	-	-	(424,918)	(413,412)	(901,567)
Other financing sources (uses):							
Transfers in	100,000	-	-	-	1,400,000	300,000	1,800,000
Total other financing sources (uses)	100,000	-	-	-	1,400,000	300,000	1,800,000
Net change in fund balance	36,763	-	-	-	975,082	(113,412)	898,433
Fund balance, beginning of year	238,852	880	1,552	1,221	751,440	588,088	1,582,033
Fund balance, end of year	$ 275,615	$ 880	$ 1,552	$ 1,221	$ 1,726,522	$ 474,676	$ 2,480,466

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Governmental Fund - Budget and Actual (Budget Basis)
Bond and Interest Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Special assessments	$ 2,459,484	$ 2,459,484	$ 2,152,492	$ (306,992)
Delinquent tax	35,000	35,000	32,477	(2,523)
Interest	300	300	23,974	23,674
Bond proceeds	-	-	164,481	164,481
Transfer in	1,148,324	1,148,324	952,332	(195,992)
Total revenues	3,643,108	3,643,108	3,325,756	(317,352)
Expenditures:				
Principal payments	2,555,000	2,555,000	2,505,000	(50,000)
Interest expense	947,823	947,823	924,049	(23,774)
Total expenditures	3,502,823	3,502,823	3,429,049	(73,774)
Net change in fund balance	$ 140,285	$ 140,285	(103,293)	$ (243,578)
Fund balance, beginning of year			498,401	
Fund balance, end of year			$ 395,108	

City of Bel Aire, Kansas
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Governmental Fund - Actual (Budget Basis)
Capital Projects Fund
For the Year Ended December 31, 2022

	Actual Amounts Budgetary Basis
Revenues:	
Bond proceeds	$ 9,085,000
Bond premiums	176,371
Capital contributions	572,659
Interest	68,041
Refunding proceeds	3,313,404
Total revenues	13,215,475
Expenditures:	
Cost of issuance	189,405
Rock Spring	4,085,350
Chapel Landing	448,695
Bristol Hollows	16,080
Prestwick	562,562
Deer Run	20,000
Skyview	778,577
Temporary note and bond principal	2,903,636
Temporary note and bond interest	129,682
Total expenditures	9,133,987
Net change in fund balance	4,081,488
Fund balance, beginning of year	3,937,798
Fund balance, end of year	$ 8,019,286

City of Bel Aire, Kansas
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Governmental Fund - Actual (Budget Basis)
Public Building Commission
For the Year Ended December 31, 2022

	Actual Amounts Budgetary Basis
Revenues:	
Industrial land sales	$ 63,591
Transfer in	1,319,516
Total revenues	1,383,107
Expenditures:	
Fees	2,458
Bond principal	1,170,000
Bond interest	357,241
Total expenditures	1,529,699
Net change in fund balance	(146,592)
Fund balance, beginning of year	168,845
Fund balance, end of year	$ 22,253

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Governmental Fund - Budget and Actual (Budget Basis)
Special Street and Highway Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Taxes and Shared Revenue:				
State gas tax	$ 213,430	$ 213,430	$ 228,748	$ 15,318
County gas tax	92,730	92,730	101,498	8,768
Transfer in	100,000	100,000	100,000	-
Total revenues	406,160	406,160	430,246	24,086
Expenditures:				
Personnel services	85,803	85,803	84,285	(1,518)
Contractual services	118,567	118,567	125,219	6,652
Operating expense	142,050	142,050	158,770	16,720
Capital outlay	55,000	55,000	25,209	(29,791)
Total expenditures	401,420	401,420	393,483	(7,937)
Net change in fund balance	$ 4,740	$ 4,740	36,763	$ 32,023
Fund balance, beginning of year			238,852	
Fund balance, end of year			$ 275,615	

City of Bel Aire, Kansas
Combining Balance Sheet
Nonmajor Enterprise Funds
December 31, 2022

	Solid Waste	Stormwater	Total Nonmajor Enterprise
Assets:			
Cash, including investments	$ 303,400	$ 393,648	$ 697,048
Accounts receivable	40,384	-	40,384
Total assets	343,784	393,648	737,432
Liabilities:			
Accounts payable	39,255	-	39,255
Total liabilities	39,255	-	39,255
Net position:			
Unrestricted	304,529	393,648	698,177
Total net position	$ 304,529	$ 393,648	$ 698,177

City of Bel Aire, Kansas
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
December 31, 2022

	Solid Waste	Stormwater	**Total Nonmajor Enterprise**
Operating revenues:			
Utility income	$ 608,885	$ 90,444	$ 699,329
Total operating revenues	608,885	90,444	699,329
Operating expenses:			
Contractual services	486,584	5,753	492,337
Total operating expenses	486,584	5,753	492,337
Operating income (loss)	122,301	84,691	206,992
Non-operating revenues (expenses):			
Transfers out	(100,000)	-	(100,000)
Change in net position	22,301	84,691	106,992
Net position, beginning of year	282,228	308,957	591,185
Net position, end of year	$ 304,529	$ 393,648	$ 698,177

City of Bel Aire, Kansas
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended December 31, 2022

	Solid Waste	Stormwater	Total
Cash flows from operating activities:			
Cash received from customers	$ 604,911	$ 90,444	$ 695,355
Payments to suppliers for goods and services	(483,961)	(5,753)	(489,714)
Net cash flow from operating activities	120,950	84,691	205,641
Cash flows from non-capital financing activities:			
Transfers to other funds	(100,000)	-	(100,000)
Net cash flow from non-capital financing activities	(100,000)	-	(100,000)
Net increase in cash and cash equivalents	20,950	84,691	105,641
Cash and cash equivalents, beginning of the year	282,450	308,957	591,407
Cash and cash equivalents, end of the year	$ 303,400	$ 393,648	$ 697,048
Reconciliation of operating income to net cash flow from operating activities:			
Operating income	$ 122,301	$ 84,691	$ 206,992
Adjustments to reconcile operating income to net cash provided by operating activities:			
Change in accounts receivable	(3,974)	-	(3,974)
Change in accounts payable	2,623	-	2,623
Net cash flow from operating activities	$ 120,950	$ 84,691	$ 205,641

City of Bel Aire, Kansas
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Enterprise Funds - Budget and Actual (Budget Basis)
Water Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Utility income	$ 2,763,000	$ 3,192,000	$ 3,616,510	$ 424,510
Interest income	1,500	4,500	22,123	17,623
Miscellaneous	10,000	10,000	23,488	13,488
Total revenues	2,774,500	3,206,500	3,662,121	455,621
Expenditures:				
Personnel services	351,635	342,034	342,142	108
Contractual services	1,852,075	2,012,816	1,866,067	(146,749)
Commodities	311,550	413,050	1,157,616	744,566
Capital outlay	-	600,000	-	(600,000)
Debt service	51,714	51,714	39,748	(11,966)
Transfer out	259,632	259,632	259,632	-
Total expenditures	2,826,606	3,679,246	3,665,205	(14,041)
Net change in fund balance	$ (52,106)	$ (472,746)	(3,084)	$ 469,662
Fund balance, beginning of year			2,411,459	
Fund balance, end of year			$ 2,408,375	

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Enterprise Funds - Budget and Actual (Budget Basis)
Sewer Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Utility income	$ 2,535,135	$ 2,815,135	$ 3,041,276	$ 226,141
Interest income	300	10,000	32,299	22,299
Total revenues	2,535,435	2,825,135	3,073,575	248,440
Expenditures:				
Personnel services	351,635	371,451	370,359	(1,092)
Contractual services	1,462,508	1,568,200	1,352,052	(216,148)
Commodities	298,500	401,000	740,824	339,824
Capital outlay	-	631,793	-	(631,793)
Debt service	31,689	31,689	24,475	(7,214)
Transfer out	299,305	299,305	299,305	-
Total expenditures	2,443,637	3,303,438	2,787,015	(516,423)
Net change in fund balance	$ 91,798	$ (478,303)	286,560	$ 764,863
Fund balance, beginning of year			2,886,057	
Fund balance, end of year			$ 3,172,617	

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Enterprise Funds - Budget and Actual (Budget Basis)
Solid Waste Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Utility income	$ 561,000	$ 561,000	$ 604,911	$ 43,911
Total revenues	561,000	561,000	604,911	43,911
Expenditures:				
Contractual services	534,193	534,193	486,584	(47,609)
Transfers out	100,000	100,000	100,000	-
Total expenditures	634,193	634,193	586,584	(47,609)
Net change in fund balance	$ (73,193)	$ (73,193)	18,327	$ 91,520
Fund balance, beginning of year			245,818	
Fund balance, end of year			$ 264,145	

City of Bel Aire, Kansas

Schedule of Revenues, Expenditures and Changes in
Fund Balance - Enterprise Funds - Budget and Actual (Budget Basis)
Stormwater Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Over/ (Under)
	Original	Final		
Revenues:				
Utility income	$ 85,600	$ 85,600	$ 90,444	$ 4,844
Total revenues	85,600	85,600	90,444	4,844
Expenditures:				
Contractual services	5,000	5,000	5,753	753
Capital outlay	239,711	239,711	-	(239,711)
Total expenditures	244,711	244,711	5,753	(238,958)
Net change in fund balance	$ (159,111)	$ (159,111)	84,691	$ 243,802
Fund balance, beginning of year			308,957	
Fund balance, end of year			$ 393,648	