

CITY OF ARKANSAS CITY, KANSAS

Financial Statements

For the Year Ended December 31, 2022

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CITY OF ARKANSAS CITY, KANSAS
 Financial Statements
 For the Year Ended December 31, 2022
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INDEPENDENT AUDITOR'S REPORT

Mayor and City Commissioners
City of Arkansas City, Kansas

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Basis for Adverse and Unmodified Opinions

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

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Responsibilities of Management for the Financial Statement

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

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

Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and the summary of receipts and disbursements-agency (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Matter

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Arkansas City, Kansas as of and for the year ended December 31, 2021 (not presented herein), and have issued our report thereon dated April 6, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 basic financial statement and our accompanying report are not presented herein but are available in electronic form from the web site of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/oar/municipalservices>. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2022 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2021 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2021 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2021, on the basis of accounting described in Note 1.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

March 27, 2023

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

Funds	Beginning	Prior Year	Receipts	Expenditures	Ending	Add:	Ending
	Unencumbered	Cancelled			Unencumbered	Encumbrances	
	Cash Balance	Encumbrances			Cash Balance	and Accounts Payable	Cash Balance
General Funds:							
General Fund	\$ 1,754,667	\$ -	\$ 11,382,065	\$ 10,796,834	\$ 2,339,898	\$ 555,894	\$ 2,895,792
Special Purpose Funds:							
Special Recreation and Parks Fund	35,913	-	13,412	8,173	41,152	-	41,152
Special Street and Highway Fund	777,885	-	858,333	1,138,514	497,704	3,679	501,383
Tourism Fund	36,408	-	148,104	125,590	58,922	-	58,922
Special Alcohol Fund	94,225	-	14,763	27,847	81,141	1,709	82,850
Library Fund	-	-	399,465	399,465	-	-	-
Land Bank Fund	8,786	-	9,240	1,075	16,951	-	16,951
Healthcare Sales Tax Fund	-	-	2,103,194	2,103,194	-	178,275	178,275
Unpledged Healthcare Sales Tax Fund	211,885	-	283,608	495,493	-	-	-
CID Sales Tax Fund	-	-	71,079	71,079	-	-	-
Special Law Enforcement Trust Fund	3,540	-	-	-	3,540	-	3,540
Equipment Reserve Fund	200,946	-	-	16,200	184,746	-	184,746
Capital Improvements Reserve Fund	1,779,553	-	4,472,838	3,429,266	2,823,125	360,000	3,183,125
Municipalities Fighting Addiction Fund	-	-	2,853	-	2,853	-	2,853
Bond and Interest Funds:							
Bond and Interest Fund	113,108	-	6,531,201	6,535,925	108,384	-	108,384
Business Funds:							
Water Utility Fund	3,010,973	46,770	4,983,519	4,780,356	3,260,906	484,728	3,745,634
Sewer Utility Fund	3,398,382	-	7,898,442	9,046,816	2,250,008	3,575,425	5,825,433
Sanitation Utility Fund	1,439,710	-	1,545,151	1,605,812	1,379,049	65,720	1,444,769
Stormwater Utility Fund	374,859	-	246,214	187,638	433,435	7,050	440,485
Total Reporting Entity [Excluding Agency Funds]	\$ 13,240,840	\$ 46,770	\$ 40,963,481	\$ 40,769,277	\$ 13,481,814	\$ 5,232,480	\$ 18,714,294

Composition of Cash:		
RCB Bank	Checking	\$ 17,661,662
Union State Bank	Checking	72,160
The Stock Exchange Bank	Certificates of Deposit	500,000
Community National Bank	Certificates of Deposit	500,000
	Petty Cash	1,625
	Total Cash	18,735,447
	Less: Agency Funds per Schedule 3	<u>[21,153]</u>
	Total Reporting Entity [Excluding Agency Funds]	\$ 18,714,294

CITY OF ARKANSAS CITY, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - Summary of Significant Accounting Policies

The City of Arkansas City, Kansas, (the City) is incorporated as a City of the second class, under the provisions of K.S.A. 13-101 et seq. The City operates under a Commission-City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water and sewer, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The financial statement and schedules of the City of Arkansas City, Kansas have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from generally accepted accounting principles.

Financial Reporting Entity

The City of Arkansas City, Kansas (the City) is a municipal corporation governed by an elected five-member commission. This financial statement presents the City of Arkansas City, Kansas.

Related Municipal Entity. A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

Arkansas City Public Library - The City of Arkansas City Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Separate audited financial statements are available at the Library.

South Central Kansas Regional Medical Center - The Medical Center Board of Trustees operates the City's hospital. The hospital can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. Separate audited financial statements are available at the Medical Center.

Arkansas City Public Building Commission - The City of Arkansas City Public Building Commission was created to oversee the construction of the Regional Medical Center facility. Acquisition or disposition of real property or bond issuances must be approved by the City. The City is acting as the fiduciary agent for the Commission. Separate financial statements are not prepared by the Commission.

Strother Field Airport and Industrial Park - The City has adopted Ordinance No. 98-11-3793 providing for an interlocal cooperation agreement between the City of Arkansas City, the City of Winfield and Strother Field to provide financing of water systems improvements at Strother Field. The agreement provides for \$500,000 in G.O. bonds to be issued by the City of Winfield to finance the improvements. If Strother Field defaults on the bond issue, the cities of Arkansas City and Winfield would each be responsible for 50% of the remaining liability. The agreement acknowledges that the obligations of Arkansas City are subject to K.S.A. 10-1101 et seq., and as such, Arkansas City is obligated only to the extent that it has funds actually on hand in its treasury at the time for such purpose. In 2022, the City adopted Ordinance No. 2022-04-3476 providing for the issuance of \$4.47 million in G.O. bonds issued by the City for public building improvements at the Airport. The Strother Field Airport and Industrial Park joint venture have had an audit of their financial statements completed separately.

Arkansas City/Winfield Recycling Center - The cities of Arkansas City and Winfield, Kansas entered into an interlocal agreement to jointly purchase and operate a recycling center. Records are maintained by the City of Winfield; both cities share equally in the costs and recycling revenues. Separate financial information can be obtained from the Center.

CITY OF ARKANSAS CITY, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation - Regulatory Basis of Accounting

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

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

Reimbursed Expense

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as cash receipts. In the financial statement and budget schedule comparisons presented in this report, reimbursements and refunds are recorded as cash receipts. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st 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 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 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. As of December 31 of each year, such taxes become a lien on the property.

Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as cash receipts in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as cash receipts in the bond and interest fund. Further, state statutes require levying additional general ad valorem property taxes in the City bond and interest fund to finance delinquent special assessments receivable.

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Arkansas City, Kansas, for the year of 2022:

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

CITY OF ARKANSAS CITY, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

Agency Fund - funds used to report assets held by the City in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Budgetary Information

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

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. The original budget was amended for the Water Utility, Sanitation Utility, Library, Bond and Interest, Healthcare Sales Tax Fund, Municipalities Fighting Addiction Fund, Unpledged Healthcare Sales Tax Fund, and CID Sales Tax funds during the year ended December 31, 2022.

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

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

A legal operating budget is not required for the following special purpose and business funds:

- Special Law Enforcement Trust Fund
- Equipment Reserve Fund
- Capital Improvements Reserve Fund

CITY OF ARKANSAS CITY, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

NOTE 2 - Deposits and Investments

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

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

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

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured as of December 31, 2022.

As of December 31, 2022, the City's carrying amount of deposits was \$18,735,447 and the bank balance was \$18,938,121. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$822,160 was covered by federal depository insurance and the balance of \$18,115,961 was collateralized with pledged securities held by the pledging financial institutions' agents in the City's name.

NOTE 3 - Interfund Transfers

Operating transfers were as follows during the year ended December 31, 2022:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory Authority</u>
Water Utility	General	\$ 400,000	K.S.A. 12-825d
Sewer Utility	General	550,000	K.S.A. 12-825d
Sanitation Utility	General	200,000	K.S.A. 12-825d
Sewer Utility	Stormwater Utility	50,000	K.S.A. 12-825d
Water Utility	Bond & Interest	1,490,250	K.S.A. 12-825d
Bond and Interest	Capital Improvements Reserve	4,455,000	K.S.A. 12-1,118
		<u>\$7,145,250</u>	

NOTE 4 - Defined Benefit Pension Plan

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

CITY OF ARKANSAS CITY, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 4 - Defined Benefit Pension Plan (Continued)

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. 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, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.90% for KPERS and 22.99% for KP&F for the fiscal year ended December 31, 2022. Contributions to the pension plan from the City were \$284,580 for KPERS and \$683,546 for KP&F for the year ended December 31, 2022.

Net Pension Liability. As of December 31, 2022, the City's proportionate share of the collective net pension liability reported by KPERS was \$3,000,396 and \$6,724,839 for KP&F. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

NOTE 5 - Other Long-Term Obligations from Operations

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

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

Compensated Absences. It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits.

Vacation Leave. All employees shall accrue vacation leave each pay period according to their position and months of continuous full-time employment with the City as summarized by the following table:

CITY OF ARKANSAS CITY, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 5 - Other Long-Term Obligations from Operations (Continued)

Non - Fire/EMS personnel			Fire/EMS personnel		
Months of Continuous Full-time Employment	Vacation Hours Accrued Per year	Maximum Accrual Hours	Months of Continuous Full-time Employment	Vacation Hours Accrued Per year	Maximum Accrual Hours
0 - 59	80	160	0 - 59	112	224
60 - 119	120	240	60 - 119	168	336
120 - 179	160	320	120 - 179	224	448
180 +	200	400	180 +	280	560

Sick Leave. All full-time employees, except fire/EMS personnel, shall accrue paid sick leave at a rate of 4 hours per pay period. Fire/EMS personnel shall accrue 5.25 hours per pay period.

Employees hired prior to April 1, 2020, may accumulate sick leave to a maximum of 960 hours. Employees hired on or after April 1, 2020, may accumulate sick leave to a maximum of 720 hours.

Accumulated Leave Payout. All regular full-time employees separating from City employment that have given and satisfactorily completed an appropriate 14-day notice period will receive payment for all accumulated accrued and unused vacation, and depending upon the employee's length of service with the City, a percentage of their accrued unused sick leave as follows:

	Months of Continuous Full-time Employment				
	0 - 47	48 - 95	96 - 143	144 - 191	192 +
Sick Leave Payout %	0%	25%	50%	75%	100%

For employees hired prior to April 1, 2020, the maximum sick leave hours any employee can be paid out is 480 hours. For employees hired on or after April 1, 2020, the maximum sick leave hours any employee can be paid out is 360 hours.

Compensatory Time. All employees who are eligible, except firefighters, can elect to receive compensatory time off at a rate of not less than one and one-half hours for each overtime hour worked in lieu of cash overtime compensation. All eligible City employees, except police, may accrue up to twenty-four hours of compensatory time. Police personnel may accumulate up to sixty hours of compensatory time.

Banked Holiday Time. All non-exempt police, wastewater treatment plant, water treatment facility, and fire/emergency medical services personnel may accumulate one hour for every hour worked on an official City holiday, up to eight hours (12 hours for fire/EMS). Police, wastewater treatment plant and water treatment facility personnel shall not accumulate in excess of 24 hours. Fire/EMS personnel shall not accumulate in excess of 48 hours.

Personal Business Day Leave. All full-time employees after two months of continuous employment will accrue 8 hours of personal business day leave, then each January 1st thereafter shall be awarded an additional 8 hours of personal business day leave. Personal business day leave must be used within the calendar year and may not be accumulated.

The City determines a liability for compensated absences when the following conditions are met:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

CITY OF ARKANSAS CITY, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 5 - Other Long-Term Obligations from Operations (Continued)

In accordance with the above criteria, the City has accrued a liability for annual leave, sick time, compensatory time, and banked holiday time, which has been earned, but not taken, by City employees. The estimated liability as of December 31, 2022, was \$454,555 for annual leave, \$448,532 for sick leave and \$16,299 for banked holiday time.

NOTE 6 - Long-Term Debt

The following table summarizes changes in the City's long-term liabilities during the year ended December 31, 2022:

<u>Type of Issue</u>	Beginning Principal <u>Outstanding</u>	Additions to Principal	Reductions of Principal	Ending Principal <u>Outstanding</u>	<u>Interest Paid</u>
General Obligation Bonds	\$ 20,205,000	\$ 4,470,000	\$ 1,595,000	\$ 23,080,000	\$ 470,925
Revenue Bonds	16,855,000	-	440,000	16,415,000	626,163
Revolving Loans	-	4,584,367	-	4,584,367	7,057
Finance Leases	546,521	523,802	221,799	848,524	17,855
Total	<u>\$ 37,606,521</u>	<u>\$ 9,578,169</u>	<u>\$ 2,256,799</u>	<u>\$ 44,927,891</u>	<u>\$ 1,122,000</u>

General Obligation Bonds. The follow table details the City's outstanding general obligation bonds:

<u>General Obligation Bonds</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Paid with taxes and utility revenues					
Series 2020	1.00% - 3.00%	\$ 18,610,000	\$ 21,840,000	10/13/20	08/01/36
Series 2022	3.59%	<u>4,470,000</u>	<u>4,470,000</u>	05/03/22	09/01/37
		<u>\$ 23,080,000</u>	<u>\$ 26,310,000</u>		

On May 3, 2023, the City issued Taxable General Obligation Bonds, Series 2022, in the amount of \$4,470,000. The bonds carry an interest rate of 3.59% and mature on September 1, 2037. Proceeds from the bonds will be used for public building improvements at the Strother Airport.

Annual debt service requirements to maturity on the general obligation bonds are as follows:

Year ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,830,000	\$ 635,697	\$ 2,465,697
2024	1,935,000	526,836	2,461,836
2025	1,420,000	471,195	1,891,195
2026	1,450,000	427,045	1,877,045
2027	1,500,000	381,741	1,881,741
2028 - 2032	8,080,000	1,339,283	9,419,283
2033 - 2036	<u>6,865,000</u>	<u>405,995</u>	<u>7,270,995</u>
Total	<u>\$ 23,080,000</u>	<u>\$ 4,187,792</u>	<u>\$ 27,267,792</u>

Revenue Bonds. The follow table details the City's outstanding revenue bonds:

<u>Revenue Bonds</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Paid with taxes					
Public Building Commission	3.00% - 5.00%	<u>\$ 16,415,000</u>	<u>\$ 17,630,000</u>	07/23/19	09/01/44

CITY OF ARKANSAS CITY, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 6 - Long-Term Debt (Continued)

On July 23, 2019, the Arkansas City Public Building Commission issued Refunding Revenue Bonds, Series 2019, in the amount of \$17,630,000. The bonds were issued to refund the Commission's outstanding Series 2009 Revenue Bonds. The refunded bonds were originally issued to finance the costs to construct, furnish and equip an acute care hospital known as the South-Central Kansas Regional Medical Center. The Public Building Commission will continue to lease the land and the medical center constructed thereon to the City and the City will continue to sublease the project to the Board of Trustees of the Medical Center.

As part of the 2019 revenue bond issue, the City approved a 1% sales tax. The City has pledged to appropriate 95% of the revenues derived from the sales tax to the Bond's Trustee for debt service payments. The City has accounted for these transactions in the Healthcare Sales Tax and Unpledged Healthcare Sales Tax funds. Any amount appropriated to the Trustee in excess of the scheduled debt service is held by the Trustee in an escrow account invested in U.S. Government Securities and reserved for future debt service payments. The City does not have control over this escrow account, and therefore, the City's financial statements do not include the escrow balance. As of December 31, 2022, the balance of this escrow account was \$4,756,827.

Annual debt service requirements to maturity for the revenue bonds are as follows:

Year ending December 31,	Principal	Interest	Total
2023	\$ 460,000	\$ 608,563	\$ 1,068,563
2024	480,000	585,563	1,065,563
2025	505,000	561,563	1,066,563
2026	530,000	536,313	1,066,313
2027	560,000	509,813	1,069,813
2028 - 2032	3,225,000	2,121,213	5,346,213
2033 - 2037	3,960,000	1,422,363	5,382,363
2038 - 2042	4,630,000	762,456	5,392,456
2043 - 2044	2,065,000	97,344	2,162,344
Total	<u>\$ 16,415,000</u>	<u>\$ 7,205,191</u>	<u>\$ 23,620,191</u>

Finance Leases. The follow table details the City's outstanding finance lease obligations:

<u>Finance Leases</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Paid with taxes					
2013 Pumper Truck	2.82%	\$ 32,988	\$ 587,667	08/01/13	02/01/23
2019 Pumper Truck	3.55%	391,371	620,775	01/28/19	08/01/28
2021 Street Sweeper	3.55%	127,500	127,500	03/16/22	02/01/25
2022 Copiers	0.00%	45,657	53,714	03/23/22	03/23/27
2022 Body Worn Cameras	0.00%	96,000	150,000	08/16/22	08/16/27
2022 Enterprise Vehicles	0.00%	155,008	210,496	03/17/22	09/30/27
		<u>\$ 848,524</u>	<u>\$ 1,750,152</u>		

CITY OF ARKANSAS CITY, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 6 - Long-Term Debt (Continued)

Annual debt service requirements to maturity for the capital leases are as follows:

Year ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 220,485	\$ 16,328	\$ 236,813
2024	167,571	12,931	180,502
2025	170,595	9,907	180,502
2026	129,615	6,788	136,403
2027	89,341	4,395	93,736
2028	70,917	1,915	72,832
Total	<u>\$ 848,524</u>	<u>\$ 52,264</u>	<u>\$ 900,788</u>

Revolving Loan. The following table details the City's outstanding revolving loans:

<u>Revolving Loans</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Paid with utility revenues					
Water Pollution Loan #C20-1812-01	1.31%	<u>\$ 4,584,367</u>	<u>\$ 9,500,000</u>	12/9/2021	3/1/2043

On December 9, 2021, the City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) to finance the cost of wastewater treatment plant improvements. The loan is for a maximum principal of \$9,500,000, carries a gross interest rate of 1.31%, and is payable in semi-annual installments. Annual debt service requirements to maturity are not available as the loan was not finalized as of December 31, 2022.

NOTE 7 - Economic Development Bonds

The City has entered into various agreements to induce businesses to locate or expand operations in Arkansas City, Kansas. In connection therewith, the City has issued industrial revenue bonds (IRB's), which require the businesses to make lease payments to trust accounts sufficient to pay debt service on the IRB's. The City is under no obligation to pay the IRB debt, which is to be paid from the lease payments made by the related businesses. As of December 31, 2022, there were three industrial revenue bond issues with principal balances due totaling \$15,977,318.

NOTE 8 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

The City has been unable to obtain workers' compensation insurance at a cost it considers to be economically justifiable. For this reason, the City has joined together with other cities in the State to participate in Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members. The City pays annual premium to KMIT for its workers' compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

CITY OF ARKANSAS CITY, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 9 - Capital Projects

The following is a summary of capital project authorizations and expenditures to date:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Expenditures Through 12/31/2022</u>	<u>Estimated Completion</u>
Wilson Park Site Improvements	\$ 600,000	\$ 568,106	2022
Westar Hike/Bike Trail	1,275,745	353,005	2023
WWTP Upgrades	12,085,118	8,587,176	2023
North Pressure Zone High Service Pump Station	848,567	792,594	2023
Madison Avenue CCLIP Summit to 8th St	482,075	23,288	2023
KS to Radio Ln Mill/Overlay	910,000	777,177	2022
15th Street Bridge Replacement	451,491	29,280	2023
Sanitary Sewer Replacement (5th Ave to Adams)	46,400	15,560	2023
Truck Stop	26,178	26,178	2023
WWTP Admin Building	283,856	283,856	2022
2022 GO Taxable Bond - Strother Field	4,470,000	3,123,709	2023
CDBG Community Block Grant	300,000	12,250	2023

NOTE 10 - Subsequent Events

On January 3, 2023, the City entered into a loan agreement with the South Central Kansas Regional Medical Center for \$1,000,000. The loan agreement calls for the City to pay four equal payments of \$250,000 to the Medical Center by February 17, 2023. The Medical Center will repay the City during the Summer of 2023.

NOTE 11 - Statutory Violation

Actual exceeded budgetary expenditures in the CID Sales Tax Fund, which is a violation of K.S.A.79-2935.

SCHEDULE 1

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

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance- Over [Under]</u>
General Funds:					
General Fund	\$ 11,711,410	\$ -	\$ 11,711,410	\$ 10,796,834	\$ [914,576]
Special Purpose Funds:					
Special Recreation and Parks Fund	42,214	-	42,214	8,173	[34,041]
Special Street and Highway Fund	1,991,000	-	1,991,000	1,138,514	[852,486]
Tourism Fund	154,135	-	154,135	125,590	[28,545]
Special Alcohol Fund	111,282	-	111,282	27,847	[83,435]
Library Fund	461,700	-	461,700	399,465	[62,235]
Land Bank Fund	4,486	-	4,486	1,075	[3,411]
Healthcare Sales Tax Fund	2,139,000	-	2,139,000	2,103,194	[35,806]
Unpledged Healthcare Sales Tax Fund	538,085	-	538,085	495,493	[42,592]
CID Sales Tax Fund	71,000	-	71,000	71,079	79
Municipalities Fighting Addiction Fund	5,000	-	5,000	-	[5,000]
Bond and Interest Funds:					
Bond and Interest Fund	6,621,025	-	6,621,025	6,535,925	[85,100]
Business Funds:					
Water Utility Fund	4,921,530	-	4,921,530	4,780,356	[141,174]
Sewer Utility Fund	15,112,810	-	15,112,810	9,046,816	[6,065,994]
Sanitation Utility Fund	1,820,877	-	1,820,877	1,605,812	[215,065]
Stormwater Utility Fund	342,577	-	342,577	187,638	[154,939]

See independent auditor's report on the financial statements.

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

	Prior Year <u>Actual</u>	Current Year		Variance- Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenue:				
Ad valorem property tax	\$ 3,233,585	\$ 3,186,634	\$ 3,248,210	\$ [61,576]
Delinquent tax	173,392	126,723	115,000	11,723
Motor vehicle tax	431,262	460,961	491,618	[30,657]
Recreational vehicle tax	3,981	4,110	11,297	[7,187]
16/20M truck tax	7,674	9,446	4,525	4,921
Neighborhood revitalization	[86,855]	[82,765]	[95,000]	12,235
Compensating use tax	368,502	467,958	315,000	152,958
Sales tax	1,836,649	1,918,336	1,650,000	268,336
Franchise tax	1,220,180	1,443,118	1,117,000	326,118
Special assessments	44,629	44,449	28,000	16,449
Intergovernmental				
Local alcoholic liquor tax	12,918	13,412	9,600	3,812
Federal grant	80,749	83,113	39,000	44,113
State grant	22,654	22,670	22,575	95
Licenses and permits				
Licenses, permits and fees	75,613	189,123	100,100	89,023
Charges and services				
Cemetery permits/deeds	25,195	19,465	21,500	[2,035]
Rural fire contracts	386,596	438,643	365,000	73,643
County ambulance fees	195,130	195,130	180,000	15,130
Other ambulance fees	536,298	561,165	600,000	[38,835]
Fines, forfeitures and penalties				
Fines	380,767	357,500	378,650	[21,150]
Use of money and property				
Interest	3,593	20,005	4,000	16,005
Sale of assets	113,508	56,482	-	56,482
Rental income	45,528	54,983	25,400	29,583
Other receipts				
Donations	10,982	20,832	5,000	15,832
Reimbursed expense	183,072	190,133	85,000	105,133
Lease proceeds	-	396,302	71,400	324,902
Miscellaneous	10,720	34,137	11,500	22,637
Operating transfers from				
Water Utility Fund	250,000	400,000	400,000	-
Sewer Utility Fund	300,000	550,000	550,000	-
Sanitation Utility Fund	-	200,000	200,000	-
Total Receipts	<u>9,866,322</u>	<u>11,382,065</u>	<u>\$ 9,954,375</u>	<u>\$ 1,427,690</u>

See independent auditor's report on the financial statements.

SCHEDULE 2 - 1 (Continued)

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

	Prior Year <u>Actual</u>	Current Year		Variance- Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Expenditures				
General administrative services				
Personal services	\$ 799,645	\$ 846,936	\$ 886,681	\$ [39,745]
Contractual services	403,933	387,479	392,230	[4,751]
Commodities	33,607	36,524	48,950	[12,426]
Capital outlay	<u>14,639</u>	<u>275,641</u>	<u>23,500</u>	<u>252,141</u>
Total general administrative services	<u>1,251,824</u>	<u>1,546,580</u>	<u>1,351,361</u>	<u>195,219</u>
Municipal court/legal				
Personal services	87,902	75,696	96,860	[21,164]
Contractual services	151,122	154,758	146,700	8,058
Commodities	2,192	3,724	1,750	1,974
Capital outlay	<u>3,106</u>	<u>4,198</u>	<u>4,500</u>	<u>[302]</u>
Total municipal court/legal	<u>244,322</u>	<u>238,376</u>	<u>249,810</u>	<u>[11,434]</u>
Neighborhood services				
Personal services	247,614	285,252	298,297	[13,045]
Contractual services	46,864	24,350	36,860	[12,510]
Commodities	32,280	41,435	65,680	[24,245]
Capital outlay	1,737	35,458	23,000	12,458
Fleet management lease	<u>-</u>	<u>5,704</u>	<u>12,600</u>	<u>[6,896]</u>
Total neighborhood services	<u>328,495</u>	<u>392,199</u>	<u>436,437</u>	<u>[44,238]</u>
Fire/EMT services				
Personal services	2,287,797	2,534,870	2,668,036	[133,166]
Contractual services	116,726	84,107	56,600	27,507
Commodities	207,553	103,672	131,300	[27,628]
Capital outlay	460,424	100,684	84,000	16,684
Debt service	140,017	140,017	152,600	[12,583]
Fleet management lease	<u>-</u>	<u>20,764</u>	<u>-</u>	<u>20,764</u>
Total fire/EMT services	<u>3,212,517</u>	<u>2,984,114</u>	<u>3,092,536</u>	<u>[108,422]</u>
Law enforcement				
Personal services	2,631,713	2,727,036	2,964,054	[237,018]
Contractual services	131,743	124,094	133,000	[8,906]
Commodities	117,838	153,277	133,050	20,227
Capital outlay	188,685	292,893	166,500	126,393
Fleet management lease	<u>-</u>	<u>9,776</u>	<u>8,400</u>	<u>1,376</u>
Total law enforcement	<u>3,069,979</u>	<u>3,307,076</u>	<u>3,405,004</u>	<u>[97,928]</u>

See independent auditor's report on the financial statements.

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

	Prior Year	Current Year		Variance- Over [Under]
		Actual	Budget	
Expenditures - Continued				
Parks and facilities				
Personal services	\$ 570,101	\$ 636,911	\$ 599,117	\$ 37,794
Contractual services	146,172	139,191	170,548	[31,357]
Commodities	129,963	162,188	196,450	[34,262]
Capital outlay	140,335	87,400	89,000	[1,600]
Capital outlay	-	17,158	37,800	[20,642]
Total parks and facilities	<u>986,571</u>	<u>1,042,848</u>	<u>1,092,915</u>	<u>[50,067]</u>
Public works/streets				
Personal services	429,674	486,347	463,952	22,395
Contractual services	269,041	247,531	294,300	[46,769]
Commodities	55,910	76,844	82,550	[5,706]
Capital outlay	<u>1,150</u>	<u>724</u>	<u>2,000</u>	<u>[1,276]</u>
Total public works/streets	<u>755,775</u>	<u>811,446</u>	<u>842,802</u>	<u>[31,356]</u>
Northwest Community Center				
Personal services	47,759	51,193	50,094	1,099
Contractual services	8,995	9,709	8,500	1,209
Commodities	3,440	7,029	4,000	3,029
Capital outlay	<u>433</u>	<u>-</u>	<u>500</u>	<u>[500]</u>
Total Northwest Community Center	<u>60,627</u>	<u>67,931</u>	<u>63,094</u>	<u>4,837</u>
Senior center				
Personal services	194,817	188,039	220,001	[31,962]
Contractual services	27,118	31,016	30,900	116
Commodities	<u>16,271</u>	<u>16,013</u>	<u>20,000</u>	<u>[3,987]</u>
Total senior center	<u>238,206</u>	<u>235,068</u>	<u>270,901</u>	<u>[35,833]</u>
EMS				
Personal services	-	8,522	8,000	522
Contractual services	-	69,470	103,100	[33,630]
Commodities	-	92,580	262,950	[170,370]
Fleet management lease	-	<u>624</u>	<u>500</u>	<u>124</u>
Total senior center	<u>-</u>	<u>171,196</u>	<u>374,550</u>	<u>[203,354]</u>
Emergency Reserve	-	-	<u>532,000</u>	<u>[532,000]</u>
Total Expenditures	<u>10,148,316</u>	<u>10,796,834</u>	<u>\$ 11,711,410</u>	<u>\$ [914,576]</u>
Receipts Over [Under] Expenditures	[281,994]	585,231		
Unencumbered Cash, Beginning	<u>2,036,661</u>	<u>1,754,667</u>		
Unencumbered Cash, Ending	<u>\$ 1,754,667</u>	<u>\$ 2,339,898</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2 - 2

CITY OF ARKANSAS CITY, KANSAS
 Special Recreation and Parks Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and shared receipts				
Local alcoholic liquor tax	\$ 12,918	\$ 13,412	\$ 9,600	\$ 3,812
Total Receipts	<u>12,918</u>	<u>13,412</u>	<u>\$ 9,600</u>	<u>\$ 3,812</u>
Expenditures				
Culture and recreation				
Contractual services	9,119	-	\$ -	\$ 8,173
Commodities	<u>3,500</u>	<u>8,173</u>	<u>42,214</u>	<u>[42,214]</u>
Total Expenditures	<u>12,619</u>	<u>8,173</u>	<u>\$ 42,214</u>	<u>\$ [34,041]</u>
Receipts Over [Under] Expenditures	299	5,239		
Unencumbered Cash, Beginning	<u>35,614</u>	<u>35,913</u>		
Unencumbered Cash, Ending	<u>\$ 35,913</u>	<u>\$ 41,152</u>		

See independent auditor's report on the financial statements.

CITY OF ARKANSAS CITY, KANSAS
Special Street and Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and shared receipts				
Highway gas tax	\$ 337,818	\$ 318,357	\$ 300,070	\$ 18,287
County gas tax	56,468	50,331	45,250	5,081
Intergovernmental				
KDOT federal exchange funds	128,786	362,145	1,033,000	[670,855]
Other receipts				
Reimbursed expense	20,192	-	-	-
Lease proceeds	-	127,500	-	127,500
Sale of materials	33,150	-	-	-
Total Receipts	<u>576,414</u>	<u>858,333</u>	<u>\$ 1,378,320</u>	<u>\$ [519,987]</u>
Expenditures				
General government				
Contractual services	140,107	725,242	\$ 35,000	\$ 690,242
Commodities	201,561	156,561	201,000	[44,439]
Capital outlay	242,343	256,711	1,755,000	[1,498,289]
Total Expenditures	<u>584,011</u>	<u>1,138,514</u>	<u>\$ 1,991,000</u>	<u>\$ [852,486]</u>
Receipts Over [Under] Expenditures	[7,597]	[280,181]		
Unencumbered Cash, Beginning	<u>785,482</u>	<u>777,885</u>		
Unencumbered Cash, Ending	<u>\$ 777,885</u>	<u>\$ 497,704</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2 - 4

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

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and shared receipts				
State guest tax	\$ 127,489	\$ 138,115	\$ 130,000	\$ 8,115
Other receipts				
Donations	<u>5,004</u>	<u>9,989</u>	<u>-</u>	<u>9,989</u>
Total Receipts	<u>132,493</u>	<u>148,104</u>	<u>\$ 130,000</u>	<u>\$ 18,104</u>
Expenditures				
Culture and recreation				
Contractual services	<u>124,365</u>	<u>125,590</u>	<u>\$ 154,135</u>	<u>\$ [28,545]</u>
Total Expenditures	<u>124,365</u>	<u>125,590</u>	<u>\$ 154,135</u>	<u>\$ [28,545]</u>
Receipts Over [Under] Expenditures	8,128	22,514		
Unencumbered Cash, Beginning	<u>28,280</u>	<u>36,408</u>		
Unencumbered Cash, Ending	<u>\$ 36,408</u>	<u>\$ 58,922</u>		

See independent auditor's report on the financial statements.

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

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and shared receipts				
Local alcoholic liquor tax	\$ 12,919	\$ 13,413	\$ 9,601	\$ 3,812
Other receipts				
Donations	<u>700</u>	<u>1,350</u>	<u>-</u>	<u>1,350</u>
Total Receipts	<u>13,619</u>	<u>14,763</u>	<u>\$ 9,601</u>	<u>\$ 5,162</u>
Expenditures				
Culture and recreation				
Contractual services	1,000	7,800	\$ 1,000	\$ 6,800
Commodities	<u>11,876</u>	<u>20,047</u>	<u>110,282</u>	<u>[90,235]</u>
Total Expenditures	<u>12,876</u>	<u>27,847</u>	<u>\$ 111,282</u>	<u>\$ [83,435]</u>
Receipts Over [Under] Expenditures	743	[13,084]		
Unencumbered Cash, Beginning	<u>93,482</u>	<u>94,225</u>		
Unencumbered Cash, Ending	<u>\$ 94,225</u>	<u>\$ 81,141</u>		

See independent auditor's report on the financial statements.

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

	Prior Year <u>Actual</u>	Current Year		Variance- Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and shared receipts				
Ad valorem property tax	\$ 331,457	\$ 345,940	\$ 412,692	\$ [66,752]
Delinquent tax	20,041	13,856	12,000	1,856
Motor vehicle tax	48,796	47,251	50,386	[3,135]
Recreational vehicle tax	451	421	1,158	[737]
16/20M truck tax	868	987	464	523
Neighborhood revitalization	<u>[8,903]</u>	<u>[8,990]</u>	<u>[15,000]</u>	<u>6,010</u>
Total Receipts	<u>392,710</u>	<u>399,465</u>	<u>\$ 461,700</u>	<u>\$ [62,235]</u>
Expenditures				
Culture and recreation				
Appropriation to library board	<u>392,710</u>	<u>399,465</u>	<u>\$ 461,700</u>	<u>\$ [62,235]</u>
Total Expenditures	<u>392,710</u>	<u>399,465</u>	<u>\$ 461,700</u>	<u>\$ [62,235]</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

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

	Prior Year <u>Actual</u>	Current Year		Variance- Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Use of money and property				
Rental income	\$ -	\$ -	\$ 1,000	\$ [1,000]
Sale of assets	<u>8,000</u>	<u>9,240</u>	<u>2,500</u>	<u>6,740</u>
Total Receipts	<u>8,000</u>	<u>9,240</u>	<u>\$ 3,500</u>	<u>\$ 5,740</u>
Expenditures				
General government				
Contractual	<u>200</u>	<u>1,075</u>	<u>\$ 4,486</u>	<u>\$ [3,411]</u>
Total Expenditures	<u>200</u>	<u>1,075</u>	<u>\$ 4,486</u>	<u>\$ [3,411]</u>
Receipts Over [Under] Expenditures	7,800	8,165		
Unencumbered Cash, Beginning	<u>986</u>	<u>8,786</u>		
Unencumbered Cash, Ending	<u>\$ 8,786</u>	<u>\$ 16,951</u>		

See independent auditor's report on the financial statements.

CITY OF ARKANSAS CITY, KANSAS
 Healthcare Sales Tax Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenue:				
Sales tax	\$ 1,744,817	\$ 1,822,419	\$ 1,900,000	\$ [77,581]
Use tax	<u>147,400</u>	<u>280,775</u>	<u>239,000</u>	<u>41,775</u>
Total Receipts	<u>1,892,217</u>	<u>2,103,194</u>	<u>\$ 2,139,000</u>	<u>\$ [35,806]</u>
Expenditures				
Debt Service				
Principal	425,000	440,000	\$ 440,000	\$ -
Interest	638,913	626,163	626,163	-
Appropriations to trustee	<u>828,304</u>	<u>1,037,031</u>	<u>1,072,837</u>	<u>[35,806]</u>
Total Expenditures	<u>1,892,217</u>	<u>2,103,194</u>	<u>\$ 2,139,000</u>	<u>\$ [35,806]</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

CITY OF ARKANSAS CITY, KANSAS
 Unpledged Healthcare Sales Tax Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenue:				
Sales tax	\$ 91,833	\$ 95,917	\$ 130,000	\$ [34,083]
Use tax	221,101	187,183	196,000	[8,817]
Use of money and property				
Interest	<u>129</u>	<u>508</u>	<u>200</u>	<u>308</u>
Total Receipts	<u>313,063</u>	<u>283,608</u>	<u>\$ 326,200</u>	<u>\$ [42,592]</u>
Expenditures				
Healthcare appropriations	287,704	489,493	\$ 532,085	\$ [42,592]
Miscellaneous	<u>3,000</u>	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total Expenditures	<u>290,704</u>	<u>495,493</u>	<u>\$ 538,085</u>	<u>\$ [42,592]</u>
Receipts Over [Under] Expenditures	22,359	[211,885]		
Unencumbered Cash, Beginning	<u>189,526</u>	<u>211,885</u>		
Unencumbered Cash, Ending	<u>\$ 211,885</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

CITY OF ARKANSAS CITY, KANSAS
 CID Sales Tax Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and shared receipts				
Sales tax	\$ 63,750	\$ 71,079	\$ 71,000	\$ 79
Total Receipts	<u>63,750</u>	<u>71,079</u>	<u>\$ 71,000</u>	<u>\$ 79</u>
Expenditures				
Appropriations	<u>63,750</u>	<u>71,079</u>	\$ 71,000	\$ 79
Total Expenditures	<u>63,750</u>	<u>71,079</u>	<u>\$ 71,000</u>	<u>\$ 79</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

CITY OF ARKANSAS CITY, KANSAS
 Special Law Enforcement Trust Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Years Ended December 31, 2022 and 2021

	<u>2021</u>	<u>2022</u>
Receipts		
Other receipts		
Donations	\$ 611	\$ -
Total Receipts	<u>611</u>	<u>-</u>
Expenditures		
Capital improvements		
Contractual services	8,215	-
Capital outlay	<u>-</u>	<u>-</u>
Total Expenditures	<u>8,215</u>	<u>-</u>
Receipts Over [Under] Expenditures	[7,604]	-
Unencumbered Cash, Beginning	<u>11,144</u>	<u>3,540</u>
Unencumbered Cash, Ending	<u>\$ 3,540</u>	<u>\$ 3,540</u>

* - This fund is not required to be budgeted.

SCHEDULE 2 - 12

CITY OF ARKANSAS CITY, KANSAS
 Equipment Reserve Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Years Ended December 31, 2022 and 2021

	<u>2021</u>	<u>2022</u>
Receipts		
Operating transfers from General Fund	\$ -	\$ -
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Capital improvements		
Capital outlay	-	16,200
Total Expenditures	<u>-</u>	<u>16,200</u>
Receipts Over [Under] Expenditures	-	[16,200]
Unencumbered Cash, Beginning	<u>200,946</u>	<u>200,946</u>
Unencumbered Cash, Ending	<u>\$ 200,946</u>	<u>\$ 184,746</u>

* - This fund is not required to be budgeted.

CITY OF ARKANSAS CITY, KANSAS
 Capital Improvements Reserve Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Years Ended December 31, 2022 and 2021

	<u>2021</u>	<u>2022</u>
Receipts		
Use of money and property		
Interest	\$ 1,284	\$ 17,838
Other receipts		
Donations	299,788	-
Reimbursed expense	300,000	-
Operating transfers from		
Bond and Interest Fund	-	4,455,000
Total Receipts	<u>601,072</u>	<u>4,472,838</u>
Expenditures		
General government		
Contractual services	-	3,123,709
Commodities	917	-
Capital outlay	<u>576,917</u>	<u>305,557</u>
Total Expenditures	<u>577,834</u>	<u>3,429,266</u>
Receipts Over [Under] Expenditures	23,238	1,043,572
Unencumbered Cash, Beginning	1,470,323	1,779,553
Prior Year Cancelled Encumbrances	<u>285,992</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 1,779,553</u>	<u>\$ 2,823,125</u>

* - This fund is not required to be budgeted.

CITY OF ARKANSAS CITY, KANSAS
Municipalities Fighting Addiction Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and shared receipts				
Sales tax	\$ -	\$ 2,853	\$ 5,000	\$ [2,147]
Total Receipts	<u>-</u>	<u>2,853</u>	<u>\$ 5,000</u>	<u>\$ [2,147]</u>
Expenditures				
Appropriations	-	-	\$ 5,000	\$ [5,000]
Total Expenditures	<u>-</u>	<u>-</u>	<u>\$ 5,000</u>	<u>\$ [5,000]</u>
Receipts Over [Under] Expenditures	-	2,853		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 2,853</u>		

See independent auditor's report on the financial statements.

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

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and shared receipts				
Ad valorem property tax	\$ 302,885	\$ 518,733	\$ 529,974	\$ [11,241]
Delinquent tax	40,013	21,091	35,000	[13,909]
Motor vehicle tax	89,003	43,179	46,048	[2,869]
Recreational vehicle tax	822	385	1,058	[673]
16/20M truck tax	1,579	1,085	424	661
Neighborhood revitalization	[8,136]	[13,522]	[25,000]	11,478
Operating transfers from				
Water Utility	-	1,490,250	1,490,250	-
Debt proceeds				
Sale of bonds	-	4,470,000	4,455,000	15,000
Total Receipts	<u>426,166</u>	<u>6,531,201</u>	<u>\$ 6,532,754</u>	<u>\$ [1,553]</u>
Expenditures				
Debt service				
Principal	515,000	1,595,000	\$ 1,595,000	\$ -
Interest	52,080	470,925	471,025	[100]
Cost of issuance	-	15,000	-	15,000
Operating transfers to				
Capital Improvements Reserve Fund	-	4,455,000	4,455,000	-
Cash basis reserve	-	-	100,000	[100,000]
Total Expenditures	<u>567,080</u>	<u>6,535,925</u>	<u>\$ 6,621,025</u>	<u>\$ [85,100]</u>
Receipts Over [Under] Expenditures	[140,914]	[4,724]		
Unencumbered Cash, Beginning	<u>254,022</u>	<u>113,108</u>		
Unencumbered Cash, Ending	<u>\$ 113,108</u>	<u>\$ 108,384</u>		

See independent auditor's report on the financial statements.

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

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges for services				
Water receipts	\$ 4,524,363	\$ 4,800,300	\$ 4,900,000	\$ [99,700]
Connection fees	73,552	68,506	70,000	[1,494]
Use of money and property				
Interest	3,759	21,699	14,000	7,699
Other receipts				
Bad debt collection	502	259	-	259
Penalties	27,529	36,849	32,000	4,849
Reimbursed expense	2,193	6,018	5,500	518
Sale of assets	-	11,760	13,400	[1,640]
Miscellaneous	43,530	38,128	37,000	1,128
Total Receipts	<u>4,675,428</u>	<u>4,983,519</u>	<u>\$ 5,071,900</u>	<u>\$ [88,381]</u>
Expenditures				
Treatment				
Personal services	202,992	224,765	\$ 243,483	\$ [18,718]
Contractual services	525,417	936,628	656,200	280,428
Commodities	496,235	556,419	633,900	[77,481]
Capital outlay	777,860	-	-	-
Fleet management lease	-	33,603	33,600	3
Total treatment	<u>2,002,504</u>	<u>1,751,415</u>	<u>1,567,183</u>	<u>184,232</u>
Distribution				
Personal services	537,611	564,584	594,997	[30,413]
Contractual services	140,555	103,152	125,300	[22,148]
Commodities	178,451	270,275	529,000	[258,725]
Capital outlay	1,271,067	23,277	46,000	[22,723]
Total distribution	<u>2,127,684</u>	<u>961,288</u>	<u>1,295,297</u>	<u>[334,009]</u>
Administration				
Personal services	11,812	11,828	12,800	[972]
Contractual services	85,479	93,104	87,300	5,804
Commodities	27,383	28,968	32,200	[3,232]
Capital outlay	31,899	43,503	36,500	7,003
Total administration	<u>156,573</u>	<u>177,403</u>	<u>168,800</u>	<u>8,603</u>
Debt service				
Principal	1,120,000	-	-	-
Interest	364,665	-	-	-
Total debt service	<u>1,484,665</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating transfers to				
General Fund	250,000	1,890,250	1,890,250	-
Total Expenditures	<u>6,021,426</u>	<u>4,780,356</u>	<u>\$ 4,921,530</u>	<u>\$ [141,174]</u>
Receipts Over [Under] Expenditures	[1,345,998]	203,163		
Unencumbered Cash, Beginning	4,077,294	3,010,973		
Prior Year Cancelled Encumbrances	<u>279,677</u>	<u>46,770</u>		
Unencumbered Cash, Ending	<u>\$ 3,010,973</u>	<u>\$ 3,260,906</u>		

See independent auditor's report on the financial statements.

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

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges for services				
Wastewater receipts	\$ 2,026,383	\$ 2,336,121	\$ 2,000,000	\$ 336,121
Use of money and property				
Interest	4,048	25,388	3,500	21,888
Sale of assets	46	-	-	-
Other receipts				
Penalties	20,520	21,531	20,000	1,531
Reimbursed expense	-	495	-	495
Federal grant	890,398	890,398	-	890,398
Miscellaneous	26,970	40,142	5,500	34,642
Loan proceeds	-	4,584,367	12,009,700	[7,425,333]
Total Receipts	<u>2,968,365</u>	<u>7,898,442</u>	<u>\$ 14,038,700</u>	<u>\$ [6,140,258]</u>
Expenditures				
Treatment				
Personal services	395,770	440,773	\$ 431,874	\$ 8,899
Contractual services	151,658	178,694	165,160	13,534
Commodities	72,231	130,437	124,000	6,437
Capital outlay	2,223,152	7,390,858	13,004,000	[5,613,142]
Total treatment	<u>2,842,811</u>	<u>8,140,762</u>	<u>13,725,034</u>	<u>[5,584,272]</u>
Collections				
Personal services	96,993	111,538	187,576	[76,038]
Contractual services	80,556	8,765	40,750	[31,985]
Commodities	64,614	84,106	64,150	19,956
Capital outlay	24,076	-	410,000	[410,000]
Total collections	<u>266,239</u>	<u>204,409</u>	<u>702,476</u>	<u>[498,067]</u>
Administration				
Personal services	7,087	7,097	7,300	[203]
Contractual services	31,732	39,295	36,500	2,795
Commodities	17,039	17,917	21,000	[3,083]
Capital outlay	21,163	30,279	20,500	9,779
Total administration	<u>77,021</u>	<u>94,588</u>	<u>85,300</u>	<u>9,288</u>
Debt service				
Interest	-	7,057	-	7,057
Total debt service	<u>-</u>	<u>7,057</u>	<u>-</u>	<u>7,057</u>
Operating transfers to				
General Fund	300,000	550,000	550,000	-
Stormwater Utility Fund	50,000	50,000	50,000	-
Total Expenditures	<u>3,536,071</u>	<u>9,046,816</u>	<u>\$ 15,112,810</u>	<u>\$ [6,065,994]</u>
Receipts Over [Under] Expenditures	[567,706]	[1,148,374]		
Unencumbered Cash, Beginning	3,920,208	3,398,382		
Prior Year Cancelled Encumbrances	45,880	-		
Unencumbered Cash, Ending	<u>\$ 3,398,382</u>	<u>\$ 2,250,008</u>		

See independent auditor's report on the financial statements.

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

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges for services				
Sanitation fees	\$ 1,491,895	\$ 1,471,660	\$ 1,500,000	\$ [28,340]
Service fees	15,494	49,276	45,000	4,276
Use of money and property				
Interest	1,057	8,347	6,000	2,347
Sale of assets	29,755	696	1,000	[304]
Other receipts				
Penalties	13,779	14,598	14,000	598
Miscellaneous	5,306	574	-	574
Total Receipts	<u>1,557,286</u>	<u>1,545,151</u>	<u>\$ 1,566,000</u>	<u>\$ [20,849]</u>
Expenditures				
General utility services				
Personal services	645,099	687,664	\$ 794,203	\$ [106,539]
Contractual services	343,967	380,644	417,850	[37,206]
Commodities	152,541	166,493	202,550	[36,057]
Capital outlay	549	99,093	129,000	[29,907]
Total general utility services	<u>1,142,156</u>	<u>1,333,894</u>	<u>1,543,603</u>	<u>[209,709]</u>
Administration				
Personal services	20,450	10,730	19,349	[8,619]
Contractual services	15,955	27,919	25,925	1,994
Commodities	10,900	12,434	13,000	[566]
Capital outlay	14,151	20,835	19,000	1,835
Total administration	<u>61,456</u>	<u>71,918</u>	<u>77,274</u>	<u>[5,356]</u>
Operating transfers to General Fund	-	200,000	200,000	-
Total Expenditures	<u>1,203,612</u>	<u>1,605,812</u>	<u>\$ 1,820,877</u>	<u>\$ [215,065]</u>
Receipts Over [Under] Expenditures	353,674	[60,661]		
Unencumbered Cash, Beginning	<u>1,086,036</u>	<u>1,439,710</u>		
Unencumbered Cash, Ending	<u>\$ 1,439,710</u>	<u>\$ 1,379,049</u>		

See independent auditor's report on the financial statements.

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

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges for services				
Stormwater receipts	\$ 188,905	\$ 188,846	\$ 187,000	\$ 1,846
Use of money and property				
Interest	253	5,360	250	5,110
Other receipts				
Penalties	1,923	1,997	2,000	[3]
Miscellaneous	6	11	-	11
Operating transfers from				
Sewer Utility Fund	50,000	50,000	50,000	-
Total Receipts	<u>241,087</u>	<u>246,214</u>	<u>\$ 239,250</u>	<u>\$ 6,964</u>
Expenditures				
General utility services				
Personal services	131,372	142,611	\$ 181,277	\$ [38,666]
Contractual services	1,670	700	2,000	[1,300]
Commodities	24,837	4,427	23,300	[18,873]
Capital outlay	-	39,900	136,000	[96,100]
Total Expenditures	<u>157,879</u>	<u>187,638</u>	<u>\$ 342,577</u>	<u>\$ [154,939]</u>
Receipts Over [Under] Expenditures	83,208	58,576		
Unencumbered Cash, Beginning	<u>291,651</u>	<u>374,859</u>		
Unencumbered Cash, Ending	<u>\$ 374,859</u>	<u>\$ 433,435</u>		

See independent auditor's report on the financial statements.

SCHEDULE 3

CITY OF ARKANSAS CITY, KANSAS
 Agency Funds
 Summary of Receipts and Disbursements
 Regulatory Basis
 For the Year Ended December 31, 2022

<u>Fund</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
Municipal Court	\$ 13,979	\$ 55,401	\$ 48,227	\$ 21,153
	<u>\$ 13,979</u>	<u>\$ 55,401</u>	<u>\$ 48,227</u>	<u>\$ 21,153</u>

See independent auditor's report on the financial statements.

CITY OF ARKANSAS CITY, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Passed Through Kansas Department of Commerce: Community Development Block Grants/Entitlement Grants	14.228	\$ 406,800
Total U.S. Department Housing and Urban Development		<u>406,800</u>
<u>U.S. Department of Justice</u>		
Bulletproof Vest Partnership Program	16.607	1,758
Public Safety Partnership and Community Policing Program	16.710	48,628
Passed Through Crime Victims Compensation Board: Equitable Sharing Program	16.922	<u>500</u>
Total U.S. Department of Justice		<u>50,886</u>
<u>U.S. Department of Health and Human Services</u>		
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	<u>17,512</u>
Total U.S. Department of Health and Human Services		<u>17,512</u>
<u>U.S. Department of the Treasury</u>		
Passed Through Kansas Governor's Office: Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination) Cluster: Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>436,968</u>
Total Coronavirus State and Local Fiscal Recovery Funds (Alternative Compliance Examination) Cluster		<u>436,968</u>
Total U.S. Department of the Treasury		<u>436,968</u>
<u>U.S. Department of Transportation</u>		
Passed Through Kansas Department of Transportation: Highway Safety Cluster: State and Community Highway Safety	20.600	<u>1,784</u>
Total Highway Safety Cluster		<u>1,784</u>
Total U.S. Department of Transportation		<u>1,784</u>
Total Expenditures of Federal Awards		<u>\$ 913,950</u>

The accompanying notes are an integral part of this schedule.

CITY OF ARKANSAS CITY, KANSAS
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

1. Organization

The City of Arkansas City, Kansas, (the City), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The City elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at December 31, 2022.

5. Outstanding Loans

The City did not have any outstanding loans under any federal grants as of December 31, 2022.

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the Schedule of Expenditures of Federal Awards.

CITY OF ARKANSAS CITY, KANSAS
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

	<u>Unmodified (Regulatory Basis)</u>	
Type of auditor's report issued:	<u>Adverse (GAAP)</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ X _____ None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	_____ X _____ No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ X _____ None reported
Type of auditor's report issued on compliance for major programs:	_____ <u>Unmodified</u> _____	
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance?	_____ Yes	_____ X _____ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	_____ <u>\$750,000</u> _____
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Auditee qualified as low-risk auditee?	_____ Yes _____ X _____ No
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CITY OF ARKANSAS CITY, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2022

Section II - Financial Statement Findings

Current Year Findings

None Noted.

Prior Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted.

Prior Year Findings

None Noted.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

Mayor and City Commissioners
City of Arkansas City, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statements of the City of Arkansas City, Kansas (the 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, and have issued our report thereon dated March 27, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

March 27, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Mayor and City Commissioners
City of Arkansas City, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Arkansas City, Kansas (the City), with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirement referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grants agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion of the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgement and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 Example Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies, and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City as of and for the year ended December 31, 2022, and have issued our report thereon dated March 27, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

March 27, 2023