

ANNUAL FINANCIAL REPORT

City of Leavenworth, Kansas
For the Year Ended December 31, 2021

City of Leavenworth, Kansas

Annual Financial Report

Year Ended
December 31, 2021

Prepared by:
Roberta Beier
Director of Finance

City of Leavenworth, Kansas

Annual Financial Report

Year Ended December 31, 2021

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Introductory Section



June 30, 2022

To the City Commission and the
Citizens of the City of Leavenworth:

We are pleased to present the Annual Financial Report (AFR) of the City of Leavenworth, Kansas (the City) for the year ended December 31, 2021. Kansas statutes require the City to issue an annual report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. The AFR is prepared in accordance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB), accounting principles generally accepted (GAAP) in the United States of America, and audited in accordance with auditing standards generally accepted (GAAS) in the United States of America.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Hood and Associates CPAs, PC. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City's financial statements for the fiscal year ended December 31, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls, and compliance with legal requirements, with special emphasis on internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in the Single Audit section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Leavenworth, Kansas was established in 1854 and incorporated by the first Kansas territorial legislature in 1855. The City is a legally constituted city of the First Class and the county seat of Leavenworth County. It sits on the west bank of the Missouri River approximately 28 miles northwest of Kansas City, Missouri and 45 miles northeast of Topeka, Kansas. The City has a population of 36,062 and covers an area of approximately 23.5 square miles.

The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body.

The City has operated under the commission–manager form of government since 1969. Policy-making and legislative authority are vested in the City Commission, which consists of five Commissioners. The City Commission is responsible for passing ordinances, adopting the annual budget and capital improvements program, appointing committees, and hiring the City Manager. City Commissioners are elected at large and on a non–partisan basis. Every two years, three Commissioners are elected; the two Commissioners with the highest vote totals receive four year terms while the Commissioner with the third highest vote total receives a two year term. Each year, a Mayor is selected by a majority vote of the Commissioners. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, overseeing the day–to–day operations of the City, and appointing the heads of the City's departments.

The City's financial reporting entity includes all funds of the primary government (the City of Leavenworth) and of its component unit—the Public Library. A component unit is a legally separate entity for which the primary government is financially accountable. Additional information on this legally separate entity can be found in Note 1.A in the notes to the financial statements.

The City provides a full range of services, including:

- Public safety: police and fire protection, animal control, and parking enforcement.
- Public works: sewer, refuse, stormwater management, building inspection, airport, and the construction and maintenance of streets, bridges and other infrastructure.
- Housing and urban redevelopment: planning and zoning, code enforcement, rental coordinator, and a range of housing and community development programs supported by federal grants.
- Community and economic development: business recruitment, retention, and expansion incentives; innovations for entrepreneurs and veterans; and local transportation enhancements
- Culture and recreation: parks, recreation, community center, and performing arts.
- General governmental and administrative services.

The annual budget serves as the foundation for the City's financial planning and control. Applicable Kansas statutes require that annual budgets be legally published and adopted for all funds (including Proprietary Funds) unless exempted by a specific statute. Statutory exemptions currently exist for all Capital Project Funds, Fiduciary Funds, certain Special Revenue Funds and certain Proprietary Funds. Applicable Kansas statutes require the use of an encumbrance system as a management control technique to assist in controlling expenditures.

The statutes provide for the following sequence and timetable in adoption of budgets:

(a) Preparation of the budget for the succeeding calendar year on or before September 1 of each year.

(b) Publication of proposed budget on or before September 10 of each year.

(c) A minimum of 10 days' notice of public hearing, published in local newspaper, on or before September 10 of each year.

(d) Adoption of the final budget on or before September 20 of each year.

Budgets are prepared by fund, department, and activity. City management may make transfers of appropriations at the department and activity level of a fund without seeking the approval of the governing body; however, management cannot amend the total budget of a fund without approval of the governing body. The legal level of budgetary control is the fund level and is the level at which the governing body must approve any over expenditures of appropriations or transfers of appropriated amounts. Kansas statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Such statutes permit original fund expenditure budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of public hearing to amend the expenditure budget of a fund. Ten days after publication, a public hearing is held and the City Commission may amend the expenditure budget of the fund at that time.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local economy

The City of Leavenworth is known nationally as the home of the Leavenworth Federal Penitentiary. Several other federal institutions, including Fort Leavenworth, the Command and General Staff College of the U.S. Army, and the U.S. Disciplinary Barracks make the City an important site for governmental and military purposes. These federal institutions provide employment for nearly 1,720 civilians. The Veterans Administration—which operates a full service medical center and employs approximately 700 civilians—is another federal agency that has a significant presence in the City.

2021 is defined by the COVID-19 pandemic recovery. The City facilities were open after being closed to the public for a portion of 2020. Through the pandemic, the City maintained a strong economy and with the assistance of CAREs Act funding to offset the cost of the pandemic, the City was able to offer assistance to the general public by providing funding to local nonprofit community organizations and small businesses.

The City still maintains an almost recession–proof economy, and local indicators suggest continued stability. Over recent years, population and tax base trends indicate moderate but steady growth and the City's median family income and housing values remain above those of the state as a whole. This economic stability is primarily due to the presence of the federal institutions and several large private sector firms including Hallmark Cards, Cereal Ingredients, Cubic Defense Applications Group, and Armed Forces Insurance Corporation.

Long-term financial planning

The City Commission recently approved a five-year capital improvements program (2022–2026) that contains in excess of $32.5 million in identified projects. The following table identifies the spending requirements by category:

Infrastructure	
Streets	$12,823,000
Bridges	120,000
Other Infrastructure	294,000
Sidewalks, curbs, gutters	1,543,000
Sewer and stormwater	3,206,000
Equipment	4,251,000
Economic development	2,343,000
Buildings	6,208,000
Parks	1,804,000

To the extent possible, these projects are funded on a pay-as-you-go basis with City and Countywide sales tax proceeds or other operating sources. In fact, $20,700,000 of identified projects are funded in this manner.

Finally, approximately $11,800,000 of identified projects are or will be funded with long-term capital financing or short-term capital leases. It is expected that the debt service associated with bonds issued to finance these projects will have a minimal impact on the City's mill levy rates for the next five years because they are funded by revenues other than property taxes.

Budgetary Initiatives

With the unknown impact of COVID-19 on the future economy, the City evaluated the prior recession and the effects of 9/11 to identify the possible outcome of this event. It was determined that these events were too different and unrelated to form a basis for the coming budget.

Prior to the 2022 budget process, assessed valuations increased from $228,946,404 to $243,717,259 which enabled the City to reduce its total mill levy (including the library pass-thru) by .66 mills. Sales tax revenues were estimated to increase approximately 4% over 2021 sales tax revenues. The City implemented a tiered approach to capital outlay in order to meet the City's most pressing needs in the short term while planning to complete additional projects as the economic outlook becomes clearer.

Additionally, the Commission approved storm water impact fee continues to have a major impact on addressing issues in residential areas as well as addressing infrastructure replacement projects.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation award for its 2021 budget. The City presented its 2022 budget to the Government Finance Officers Association for review for this award for the fourth straight year. In order to be awarded this certificate, a budget must satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as a policy document, financial plan, operations guide, and communications device.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Leavenworth for its annual financial report in the fiscal year ended December 31, 2020. This was the 27th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Our appreciation is extended to the Mayor and City Commission for their unfailing support for maintaining the highest standard of professionalism in the management of the City's finances. We would also like to acknowledge the staff of the Finance Department and City Clerk's Office for their assistance during the preparation of this report. Finally, we would like to recognize the accounting firm of Hood and Associates CPAs, PC for their assistance in the preparation of this report.



Paul Kramer
City Manager

Leavenworth, Kansas

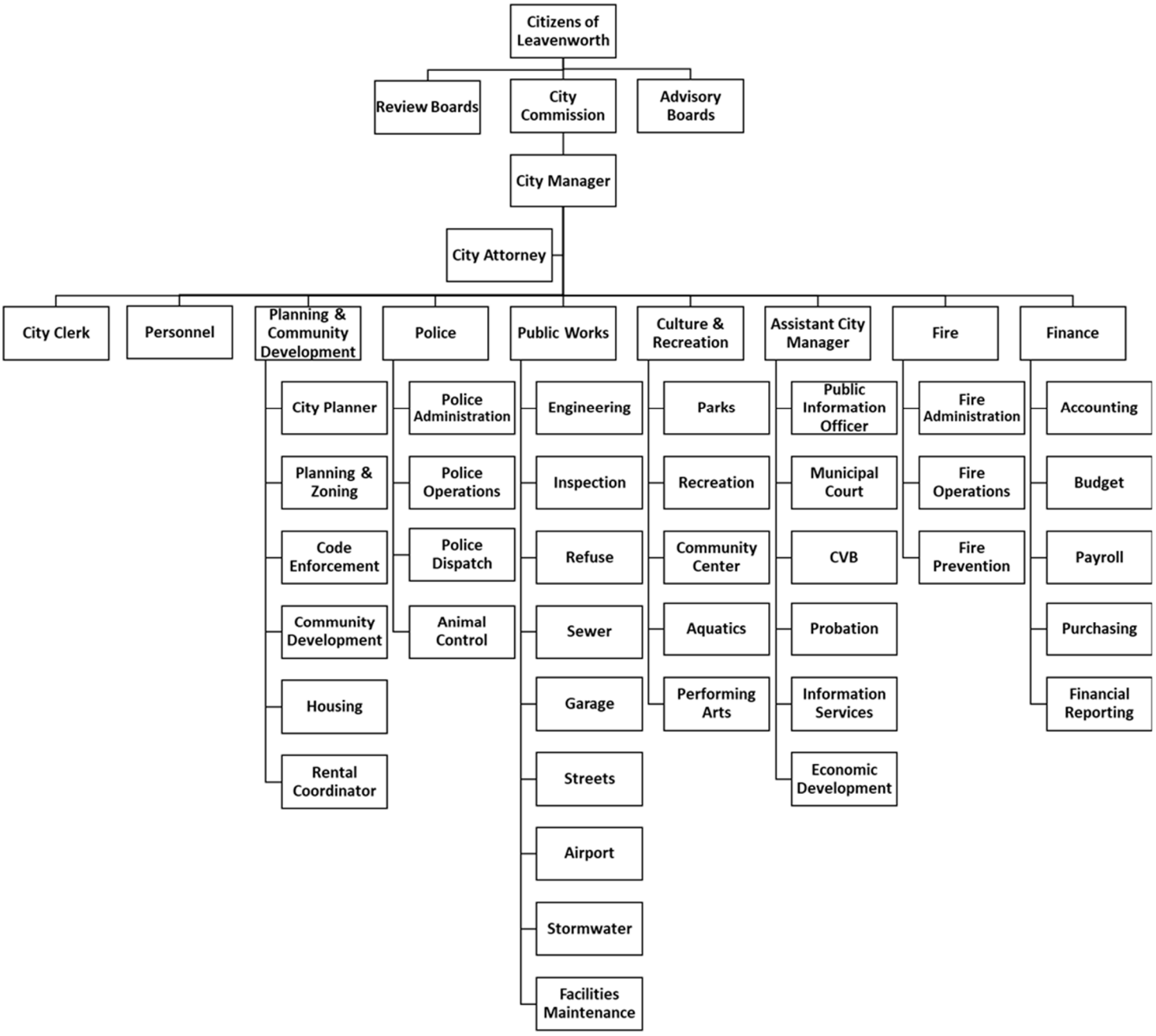
List of Elected and Appointed Officials

December 31, 2021

Elected Officials	Position	Term Expires
Camalla Leonhard	Mayor	2023
Jermaine Wilson	Mayor Pro Tem	2025
Nancy Bauder	Commissioner	2023
Ed Hingula	Commissioner	2023
Griff Martin	Commissioner	2025

Appointed Officials	Position	Length of Service
Paul Kramer	City Manager	12 years
David Waters	City Attorney	4 years
Penny Holler	Assistant City Manager	1 year
Melissa Bower	Public Information Officer	9 years
Lona Lanter	Human Resources Directors	18 years
Sarah Bodensteiner	City Clerk	6 years
Ruby Maline	Finance Director	6 years
Steve Grant	Director of Parks & Community Activities	19 years
Brian Faust	Director of Public Works	1 year
Pat Kitchens	Police Chief	14 years
Gary Birch	Fire Chief	8 years
Julie Hurley	Director of Community Development	7 years

City of Leavenworth Organization Chart
Organizational Chart
December 31, 2021



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Leavenworth
Kansas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

Financial Section

HOOD AND ASSOCIATES CPAs, PC

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Commission
City of Leavenworth, Kansas

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Leavenworth Kansas (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Leavenworth Public Library, a discretely presented component unit, which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit is based solely on the report of the other auditors.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of discretely presented component unit were not audited in accordance with *Government Auditing Standards.*

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 generally accepted auditing standards, Kansas Municipal Audit and Accounting Guide, and Government Auditing Standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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.

Hood and Associates CPAs PC

Overland Park, Kansas
June 30, 2022

Management's Discussion and Analysis

As management of the City of Leavenworth, Kansas, (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, the basic financial statements, and accompanying notes to the financial statements.

Financial Highlights

- The City's bond rating in 2021 was Aa2.

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $46,361,790 *(net position*). During 2021, the City issued recognized $11,970,000 in bonds payable to redeem $7,835,000 in temporary notes payable and to call and redeem $3,250,000 in bonds payable. The balance of $872,000 plus bond premiums (net of bond issuances costs and interest paid on redeemed bonds) of $799,099 financed infrastructure projects. The City also issued $1,400,000 of temporary notes payable for infrastructure projects. Additionally, the City received its first of two tranches of ARPA funding in the amount of $4,274,532. The City has an unrestricted net position deficit of ($4,856,150).

- The City's total net position increased $3,737,824 or 8.8 percent, during the fiscal year.

- As of December 31, 2021, the City's governmental funds reported combined ending fund balances of $25,111,562, an increase of $9,848,270 over the prior year.

- At the end of the current fiscal year, the fund balance of the General Fund was $8,984,162, or 47 percent of total General Fund expenditures. The City Commission's adopted Reserve Policy requires two months of expenditures (16.67%) as fund balance.

- The City's total bonded debt increased $5,320,000 during the current fiscal year. General obligation bonds totaling $11,970,000 were issued for governmental activities to provide for general infrastructure improvements and to refund other bonds in order to take advantage of lower interest rates. $6,650,000 of previously existing bonded debt for both governmental and business-type activities was retired during the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, housing and urban redevelopment, and community and economic development. The business-type activities of the City include a Sewer Fund, a Storm Water Fund, and a Refuse Fund.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Public Library for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

Complete financial statements for the Leavenworth Public Library are available from their offices at 417 Spruce Street, Leavenworth, Kansas 66048.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twenty-two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, ARPA Fund, and the Capital Projects Funds, all of which are considered to be major funds. Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual funds data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for the General and Debt Service Funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with these budgets.

The only type of **proprietary fund** the City maintains is the enterprise fund type. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sewer, Storm Water, and Refuse operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Storm Water, and Refuse Funds. The Sewer Fund is considered to be a major fund of the City.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

In addition to the basic financial statements and accompanying notes, this report also presents certain ***required supplementary information*** concerning the City's progress in funding its obligations to provide pension and postemployment benefits to certain of its employees and budgetary comparison information for the General Fund and ARPA Fund.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by $46,361,790 at the close of the current fiscal year.

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Leavenworth's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 37,179,637	$ 31,087,538	$ 9,027,587	$ 7,632,563	$ 46,207,224	$ 38,720,101
Capital assets	57,491,093	58,965,377	14,016,587	13,934,960	71,507,680	72,900,337
Total assets	94,670,730	90,052,915	23,044,174	21,567,523	117,714,904	111,620,438
Total deferred outflows of resources	5,071,316	5,686,531	324,599	384,532	5,395,915	6,071,063
Long-term debt	50,367,349	47,703,962	7,255,713	8,656,634	57,623,062	56,360,596
Other liabilities	5,776,195	9,909,294	224,814	207,426	6,001,009	10,116,720
Total liabilities	56,143,544	57,613,256	7,480,527	8,864,060	63,624,071	66,477,316
Total deferred inflows of resources	12,760,080	8,587,720	364,878	92,499	13,124,958	8,680,219
Net position:						
Net investment in capital assets	36,019,843	41,755,377	8,046,587	9,006,370	44,066,430	50,761,747
Restricted	7,151,510	6,259,773	-	-	7,151,510	6,259,773
Unrestricted	(12,332,931)	(18,476,680)	7,476,781	3,989,126	(4,856,150)	(14,487,554)
Total net position	$ 30,838,422	$ 29,538,470	$ 15,523,368	$ 12,995,496	$ 46,361,790	$ 42,533,966

An additional portion of the City's net position, $7,151,510, represents resources that are subject to external restrictions on how they may be used.

The City's change in net position related to 2021 activities increased $3,827,824 from the prior year. The reasons for this change are discussed in the following sections for governmental activities and business-type activities.

Governmental activities

The 2021 governmental activities increased the City's net position $1,299,952. Key elements of the increase in the current year are as follows:

- Total revenues decreased by $3,198,395 in 2021. This is because the City received $6,757,039 in CARES Act money in 2020. In 2021, the City received $4,274,532 of American Rescue Plan Act (ARPA) money, of which $1,145,290 was recognized as revenue in 2021. Per the grant guidelines, the balance of $3,129,242 was recorded as unearned revenue and will be recognized as revenue in the year in which the funds are utilized.

- Revenue from all taxes, including property taxes and sales taxes, increased $2,260,946 during the year. $404,240 of increased property taxes resulted from an increase in assessed valuations and a 0.08 (1/4 of 1 percent) increase in the mill levy. Compensating Use Tax increased $304,472, which follows a multi-year positive trend as consumers continue to increase their use of online shopping. Sales tax increased by $614,463, which also follows a multi-year positive trend. The City began experiencing a recovery from the COVID pandemic which contributed to a $148,570 increase in franchise taxes, a $38,547 increase in liquor taxes, a $117,450 increase in motor fuel taxes, and a $245,127 increase in transient guest taxes.

- The City of Leavenworth resumed all of its services in 2021, after shutting down several services in 2020 due to the pandemic. This resulted in an 18% increase in City license and permit fees totaling $72,427. Parks and Recreation fees increased by $142,955 (92%). These fees include swimming pool fees, park fees, concession sales, and room rentals. Interest earnings decreased by $92,401 due to low interest rates in 2021.

- The restoration of City services in 2021 resulted in a $821,809 increase in total expenses. Because of position vacancies, salaries and related expenses increased by only $65,363 (0.3%) even though City employees received an average 2.5% salary increase. Utility expenses increased by $484,444 (25%). This was largely due to the extreme cold weather event in February 2021, which had a significant impact on the price of natural gas. As part of the City's effort to enhance economic development and remove blight, the City pays for the demolition of blighted and unsafe properties. The cost of demolitions increased by $158,865 (93%) because the City demolished a particularly large building in 2021. As City activities resumed, more travel occurred. At the same time, fuel prices began to increase in 2021. This resulted in a $252,044 (51%) increase in gasoline, diesel fuel, oil and other lubricants, and vehicle tires and batteries. The City provides plastic trash bags to all of its residents. The increase in oil prices also impacted the cost of the City supplied trash bags which increased in cost by $28,974 (20%).

City of Leavenworth's Statements of Activities

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	$ 3,936,565	$ 3,176,474	$ 8,602,020	$ 8,354,974	$ 12,538,585	$ 11,531,448
Operating grants and contributions	4,317,301	10,919,423	-	-	4,317,301	10,919,423
Capital grants and contributions	1,273,355	723,868	338,465	194,459	1,611,820	918,327
General revenues:						
Property taxes	6,685,687	6,371,982	-	-	6,685,687	6,371,982
Sales taxes	16,830,857	15,340,357	-	-	16,830,857	15,340,357
Other taxes	4,231,786	3,775,045	-	-	4,231,786	3,775,045
Miscellaneous	716,714	800,713	-	-	716,714	800,713
Gain on sale of capital assets	49,158	39,555	-	-	49,158	39,555
Unrestricted investment earnings	47,112	139,513	7,786	223,428	54,898	362,941
	38,088,535	41,286,930	8,948,271	8,772,861	47,036,806	50,059,791
Expenses:						
General government	6,663,152	5,287,720	-	-	6,663,152	5,287,720
Public safety	12,158,406	14,002,745	-	-	12,158,406	14,002,745
Public works	7,483,771	7,418,335	-	-	7,483,771	7,418,335
Culture and recreation	3,018,811	2,739,289	-	-	3,018,811	2,739,289
Housing and urban redevelopment	3,451,547	2,922,574	-	-	3,451,547	2,922,574
Community and economic	2,934,105	2,618,787	-	-	2,934,105	2,618,787
Unallocated depreciation expense	171,079	185,277	-	-	171,079	185,277
Interest on long term debt	821,614	795,949	-	-	821,614	795,949
Sewer	-	-	4,218,047	4,715,060	4,218,047	4,715,060
Storm water	-	-	261,591	780,261	261,591	780,261
Refuse	-	-	2,026,859	1,921,485	2,026,859	1,921,485
Total expenses	36,702,485	35,970,676	6,506,497	7,416,806	43,208,982	43,387,482
Change in net position before transfers	1,386,050	5,316,254	2,441,774	1,356,055	3,827,824	6,672,309
Transfers	(86,098)	(7,883)	86,098	7,883	-	-
Change in net position	1,299,952	5,308,371	2,527,872	1,363,938	3,827,824	6,672,309
Net position, beginning	29,538,470	24,230,099	12,995,496	11,631,558	42,533,966	35,861,657
Net position, ending	$ 30,838,422	$ 29,538,470	$ 15,523,368	$ 12,995,496	$ 46,361,790	$ 42,533,966

Business-type activities

The 2021 Business-type activities increased the City's net position $2,527,872. Key elements of this increase are as follows:

- Sewer Fund revenue increased $97,295, from the prior year due primarily to a 3% increase in the sewer utility rate initiated at the beginning of the year. This rate increase was enacted to accommodate normal inflationary cost increases and capital outlay. The City recognized an increase in revenues of $55,029 related to Fort Leavenworth. The Fort resumed classes for the Training Center and the International Officers that were cancelled during the pandemic.

- The Sewer Fund expenses decreased by $497,013, largely due to a $408,825 decrease in depreciation expense. The Sewer Fund ended the year with an increase in net position of $892,162. This was due to the 3% rate increase, mentioned above, and the decrease in depreciation expense.

- In 2018, the Commission implemented a storm water impact fee that became effective for 2019. The fee provides a funding mechanism to pay for deferred maintenance on the City's storm drainage system. The first priority is to address issues that cause problems on residential properties. The City hired a GIS technician to assist in the implementation of this program. The storm water impact fee generated $1,285,074 in revenues for 2021. Program expenses for 2021 were $258,976 and capital expenses were $1,544,609. The Storm Water fund increased the City's net position by $1,337,671.

- The Refuse Fund increased the City's net position by $298,039. Refuse Fund rates remained at the 2020 level. Refuse Fund landfill fees increased because the City was short staffed and took refuse to the Leavenworth Solid Waste Transfer Station instead of the Johnson County Landfill.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $25,111,592, an increase of $9,848,270 over the prior year. Of this amount $8,955,317 constitutes *unassigned fund balance,* which is available for spending at the City's discretion. The remainder of the fund balance is either *restricted*, *committed*, or *assigned* to indicate that it is 1) restricted for particular purposes ($12,600,474), 2) committed for particular purposes ($1,010,578), or 3) assigned for particular purposes ($2,545,193). The increase in unassigned fund balance is attributed to retiring of $7,800,000 in Bond Anticipation Notes with long-term General Obligation Bonds.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the General Fund was $8,984,162. Of this amount, $8,955,317 is unassigned fund balance, which is available for spending at the City's discretion. The $28,845 of total fund balance is assigned to reflect amounts intended to be used by the City for the liquidation of an encumbrance.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 46.9 percent of total General Fund expenditures, while total fund balance represents 47.0 percent of total General Fund expenditures.

The fund balance of the City's General Fund increased $488,275 to $8,984,162 during the current fiscal year. Revenue from property, sales, franchise, and special assessment taxes increased $1,174,288 from the prior year and total expenses decreased $25,818 for reasons that are highlighted in the analysis of governmental activities. Transfers to other funds decreased by $2,878,941. This is because in 2020 the City transferred: $1,000,000 to subsidize nonprofit organizations and small businesses to aid in the mitigation of COVID-19 and $1,878,941 to the project fund to help cover facility expenditures needed to help mitigate the spread of COVID-19.

The Debt Service Fund had a restricted fund balance of $419,059, at the end of the current year, which is $57,586 higher than the prior year. Revenue increased $112,936. In the Debt Service Fund, the City issued $2,935,000 in new General Obligation Bonds and retired $5,895,000 in outstanding General Obligation Bond principal. Interest expense decreased by $59,127 and Bond issuance costs increased by $19,073.

At the end of the year, the fund balance of the Capital Projects Fund was $3,526,926, an increase of $6,748,798 from the prior year. This was largely due to the decrease in liabilities of $7,419,748 because bond anticipation notes were refunded by general obligation bonds.

The City received its first of two tranches of ARPA funding in the amount of $4,274,532. The City expended $1,145,290 in 2021. The balance of $3,129,242 is reported as unearned revenue and will be recognized as revenue in the year in which the funds are utilized.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position of the Sewer Fund at the end of the year was $2,586,153, the Storm Water Fund unrestricted net position was $4,069,347 and the Refuse Fund was $821,281. In comparison with the prior year, the unrestricted net position for the Sewer Fund increased $892,162, the unrestricted net position of the Storm Water Fund increased $1,138,755, and the unrestricted net position of the Refuse Fund increased $298,039. Factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's final General Fund budget did not differ from the original budget. During the year, revenues were $324,908 more than budgetary estimates due to:

- Revenue from tax sources were $888,726 more than budgetary expectations. Ad valorem taxes were lower by $73,432. For transparency purposes, total ad valorem taxes were budgeted, including refunds to NRA districts and TIF districts. A corresponding expense related to these revenues was also budgeted. Delinquent tax collections were lower by $26,010. Motor Vehicle property taxes exceeded expectations by $51,700.

- Sales tax revenues in the General Fund were higher than budgeted by $1,129,934. Franchise tax revenues were lower than expectations by $192,562.

- Intergovernmental revenues were lower than expectations by $16,459.

- Revenue from licenses and permits were $27,975 higher than budgetary expectations as inspections and remodeling permits increased during the pandemic recovery.

- Revenue from charges for services were $232,713 lower than budgetary expectations due to activities not yet recovering to pre-pandemic levels.

- Revenue from fines and forfeitures were $166,710 below budgetary expectations due to decreased revenue from Municipal Court fines.

- Miscellaneous revenue was $69,658 below budgetary expectations and investment income was lower than expectations by $106,253 due to historically low interest rates on investments.

During the year, expenditures were $3,000,887 less than budgetary estimates due to:

- General Government expenditures were $89,664 above budgetary expectations due to: personnel decreases of $54,834 due to turnover; $15,065 decrease in postage, an increase in IT expenses related to software maintenance of $35,920, an increase in other operating expenses of $132,961 due to fees paid for the late submission of 2018 ACA reports, an increase in demolitions of $25,114, a decrease in liability insurance of $40,800, and a $12,709 decrease in commercial travel and registrations for training and conferences.

- Public Safety expenditures were $242,237 less than anticipated due to personnel costs being below budget by $71,521, utility expenses were lower by $15,005, veterinary serviced were higher by $21,433, prisoner care expenses were lower by $38,308, and operating transfer were lower by $103,630. Operating transfers were lower because mid-year the City set up a special revenue fund for the cell phone tax that supports 911 services. Monthly receipts of this tax are now deposited directly into the 911 Fund rather than being deposited into the General Fund and transferred out.

- Culture and recreation expenditures were $2,031 over budgetary expectations due to various reasons.

- The Community and Economic Development function was $6,087 higher than budgeted.

- Public works expenditures were $323,410 below budgetary expectations. Personnel expenditures were $374,364 lower than anticipated due to employee vacancies; insurance was over budget by $10,653, and vehicle repairs and maintenance were over budget by $48,359.

Transfers to other funds were $356,462 under budgetary expectations during the year because there were not any transfers out of the General Fund due to the first tranche of the ARPA dollars received in 2021. ARPA funds, per the grant guidelines, were transferred from the ARPA Fund to cover operating expenses in the Recreation and other Funds that had revenue shortfalls in 2020 due to the COVID pandemic.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounts to $71,507,680 (net of accumulated depreciation). The Commission approved revisions to the City's capital asset policy which redefined the threshhold for capitalizing asset purchases. The new policy establishes the GFOA recommended $5,000 minimum for capitalizing assets.

Major capital asset events during the current fiscal year included the following:

- Total additions to infrastructure for projects such as sidewalks and pavement management totaled $9,969,409. Construction in progress for such projects as of the close of the fiscal year was $460,639, as several of the projects that were in progress at the end of the previous year were completed, including the improvements to Thornton Street.

- New public safety equipment including gas detection systems for the fire department and two police vehicles

- Repairs to the exterior of City Hall

- Playground equipment at Dougherty Park

- Improvements to the sanitary sewer system at 4th and Olive and major repairs to the clarifiers at the sewer plant

Additional information on the City of Leavenworth's capital assets can be found in Notes 1.G and 4.B in the Notes to the Basic Financial Statements.

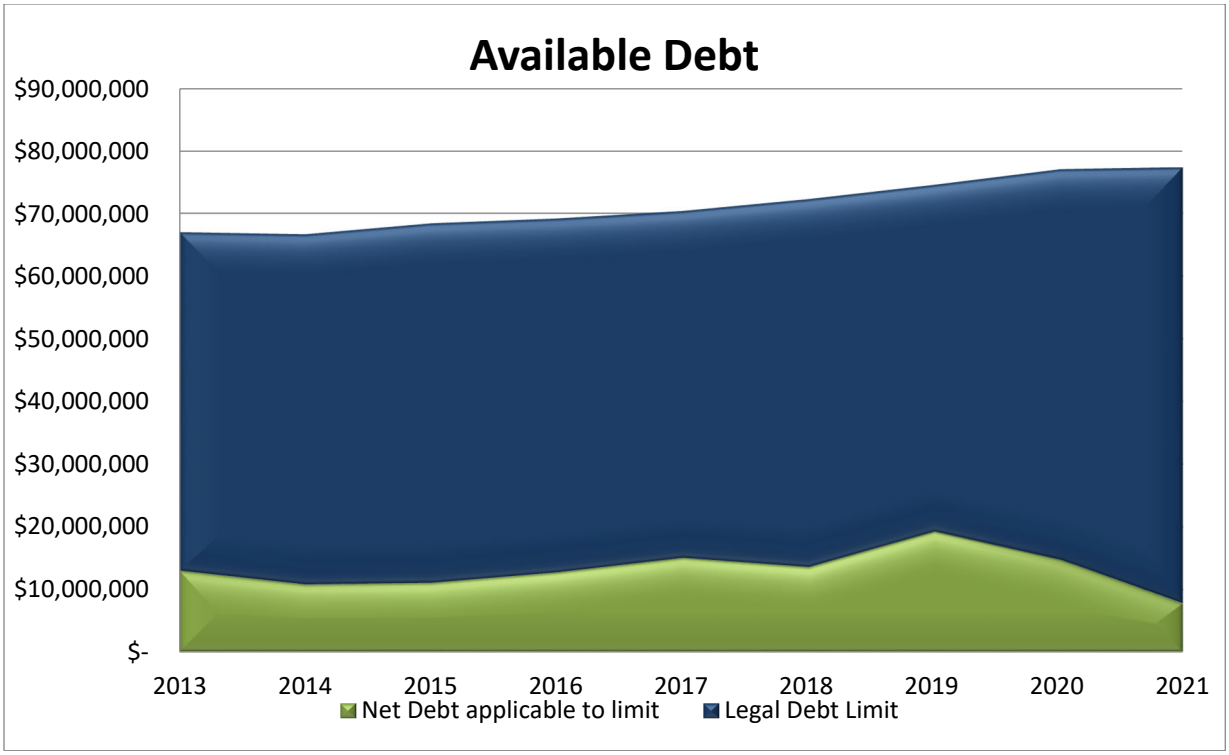
Long-term debt

At the end of the year, the City had total bonded debt outstanding of $30,040,000, all of which is debt backed by the full faith and credit of the City. Of this amount, $24,070,000 relates to governmental activities while $5,970,000 relates to business-type activities.

The City's total bonded debt increased $5,320,000 during the current fiscal year. General obligation bonds totaling $11,970,000 were issued for governmental activities to provide permanent financing for general infrastructure of $9,035,000, and $2,935,000 was issued to refund current bonds. During the year, $6,650,000 of previously existing debt for governmental and business-type activities was retired.

The City maintains an "Aa2" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 30 percent of its total equalized assessed valuation. The current debt limit for the City is $77,297,635, which is significantly in excess of the City's outstanding general obligation debt.



The increase in legal debt limit is due to an increased in total equalized assessed valuation. The decrease in net debt applicable to limit is due to the retirement of debt that was subject to the debt limit.

Additional information on the City's long-term debt can be found in Notes 1.J. and 4.D in the Notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The most pressing issue facing the City while preparing the 2021 budget was the COVID-19 pandemic. The pandemic had significant economic impacts across the country, to which the City was not immune. Therefore, it was challenging to set the 2021 operating budget before there was any indication of how the economy would respond over the next 6-18 months as the country began to recover from the pandemic. The City Commission decided to keep the mill levy relatively flat, with just a .004 increase in the mill. There was a 4% increase in assessed values, which increased budgeted ad valorem taxes, and sales tax revenues were budgeted to remain flat, reflecting the uncertainty of the times.

The Neighborhood Revitalization Area (NRA) tax refunds were approximately $113,000. TIF related property tax refunds are anticipated to be $910,574.

It was anticipated that the local sales and use tax and the City's portion of County Wide sales and use tax would remain flat in 2021; however, the end result was a 4.3% increase for local sales tax and 7.73% for County Wide sales tax and a 6.3% increase in Compensating Use Tax.

Franchise revenues were budgeted to decrease by $195,290 in 2021, however 2021 actuals came in higher than 2020 actuals by $67,418.

During 2022, current economic development activities and a new housing addition currently under construction will have a direct impact on the 2022 budget. The full economic impact cannot be quantified at present.

The City's estimated 2022 assessed valuations increased by 12.4%. The 2022 assessed valuations are the baseline for the 2023 budget. However, approximately .75% is related to the NRA and TIF Districts; therefore, budget projections for 2023 are based on a net 11.65% increase in assessed valuations.

During 2021 Kansas Legislature passed KSA 79-2988 which repealed the tax lid law and became effective for the 2022 budget. While it repealed the tax lid law, it imposed other restrictions on property tax levies. KSA 79-2988 requires the Counties to issue notices to property owners of what the revenue neutral rate will be for the coming year. If local governments do not intend to adjust the mill levies to the revenue neutral rate, they are required to hold a public hearing in which members of the public can provide input. This public hearing must be held prior to the public hearing that is held to adopt the budget and a notice of the public hearing must be published 10 days before the public hearing. The City plans a 1 mill reduction for 2023; however, that will not be enough to meet the revenue neutral rate. Therefore, the City will hold a public hearing in August 2021 for the purpose of notifying the public that we will exceed the revenue neutral rate. KSA 79-2988 also alters the timeline that budgets are due to the County Clerks if local governments plan to exceed the revenue neutral rate.

In 2018, the Commission approved a Storm Water impact fee for the City to address deferred maintenance of the storm water system. It generated $1,285,000 with which to address the identified projects. The 2022 budget kept the Refuse rates flat and Sewer rates were increased 2.0% to keep pace with increased repair and maintenance of the sewer infrastructure. The 2023 budget will not include a rate increase for either of these funds.

The 2022 budget was created based on City Commission established goals and priorities and minimizing the impact of the COVID-19 pandemic. The 2023 budget is based on City Commission goals and priorities.

The 2022 compensation plan for employees will include a 2.75% COLA allocated at mid-year. Health insurance benefits rates increased by 4% for 2022. The 2023 compensation plan for employees includes complete implementation of the compensation plan established in 2018 and a 5% COLA. It includes additional increases for uniformed police officers and firefighters. The 2023 budget includes an estimated 8% increase in health care costs.

In summary, the approved 2022 budget levies a lower mill levy than was established in the 2021 budget for City operations. The 2022 budgeted mill is at 31.141 mills. The 2023 budget is estimated to be 30.141.

The Bureau of Prisons has announced its intent to construct a new medium-security prison on federally owned property beginning in 2022. While the project is estimated to be approximately $360,000,000, the long-term financial impact on the City has yet to be determined.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 100 North 5th Street, Leavenworth, Kansas, 66048.

City of Leavenworth, Kansas
Statement of Net Position
December 31, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
ASSETS				
Cash and cash equivalents	$ 25,297,158	$ 7,069,216	$ 32,366,374	$ 943,733
Cash in escrow	537,402	-	537,402	-
Deposits restricted for tenant deposit refunds	32,426	-	32,426	-
Receivables (net of uncollectibles)				
Property tax	6,346,965	-	6,346,965	1,323,646
Special assessment tax	204,282	-	204,282	-
Sales tax	3,013,073	-	3,013,073	-
Due from other governments	77,094	-	77,094	-
Accounts receivable	410,837	1,958,371	2,369,208	-
Assets held for resale	1,260,400	-	1,260,400	-
Capital assets (net of accumulated depreciation)				
Land	2,796,179	58,634	2,854,813	-
Buildings	5,772,028	1,767,420	7,539,448	-
Improvements other than buildings	6,551,889	4,594,991	11,146,880	-
Machinery and equipment	4,940,969	1,222,704	6,163,673	805,463
Infrastructure	37,370,853	5,971,374	43,342,227	-
Construction in progress	59,175	401,464	460,639	-
Total assets	94,670,730	23,044,174	117,714,904	3,072,842
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related	565,417	52,865	618,282	380
Pension related	4,505,899	271,734	4,777,633	96,695
Total deferred outflows of resources	5,071,316	324,599	5,395,915	97,075
LIABILITIES				
Accounts payable	411,876	158,493	570,369	15,010
Unearned revenues	3,207,586	-	3,207,586	-
Other liabilities	79,586	-	79,586	4
Accrued compensation	385,355	37,283	422,638	-
Accrued interest payable	259,367	29,038	288,405	-
Tenant deposits	32,425	-	32,425	-
Bond anticipation notes payable	1,400,000	-	1,400,000	-
Long-term liabilities:				
Due within one year	3,465,417	952,196	4,417,613	-
Due in more than one year	46,901,932	6,303,517	53,205,449	375,513
Total liabilities	56,143,544	7,480,527	63,624,071	390,527
DEFERRED INFLOWS OF RESOURCES				
OPEB related	2,010,141	99,127	2,109,268	7,680
Pension related	4,402,974	265,751	4,668,725	173,317
Property taxies levied for a subsequent period	6,346,965	-	6,346,965	1,323,646
Total deferred inflows of resources	12,760,080	364,878	13,124,958	1,504,643
NET POSITION				
Net investment in capital assets	36,019,843	8,046,587	44,066,430	805,463
Restricted for:				
Tax increment financing	1,291,973	-	1,291,973	-
Street maintenance	290,483	-	290,483	-
Law enforcement	165,923	-	165,923	-
Recreation programs	548,715	-	548,715	-
Housing services	1,014,660	-	1,014,660	-
Community development	74,350	-	74,350	-
General obligation debt	419,059	-	419,059	-
Probation	102,028	-	102,028	-
Economic development	2,645,488	-	2,645,488	-
Tourism and convention activities	598,831	-	598,831	-
Unrestricted (deficit)	(12,332,931)	7,476,781	(4,856,150)	469,284
Total net position	$ 30,838,422	$ 15,523,368	$ 46,361,790	$ 1,274,747

City of Leavenworth, Kansas
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position Primary Government: Governmental Activities	Net (Expense) Revenue and Change in Net Position Primary Government: Business-Type Activities	Net (Expense) Revenue and Change in Net Position Primary Government: Tota	Component Unit: Library
Primary government:								
Governmental activities								
General government	$ 6,663,152	$ 2,124,774	$ 1,277,074	$ -	$ (3,261,304)	$ -	$ (3,261,304)	$ -
Public safety	12,158,406	143,187	4,297	25,907	(11,985,015)	-	(11,985,015)	-
Public works	7,483,771	799,569	109,755	1,247,448	(5,326,999)	-	(5,326,999)	-
Culture and recreation	3,018,811	347,354	65,892	-	(2,605,565)	-	(2,605,565)	-
Housing and urban redevelopment	3,451,547	495,821	2,304,686	-	(651,040)	-	(651,040)	-
Community and economic development	2,934,105	25,860	555,597	-	(2,352,648)	-	(2,352,648)	-
Unallocated depreciation expense	171,079	-	-	-	(171,079)	-	(171,079)	-
Interest on long term debt	821,614	-	-	-	(821,614)	-	(821,614)	-
Total governmental activities	36,702,485	3,936,565	4,317,301	1,273,355	(27,175,264)	-	(27,175,264)	-
Business-type activities:								
Sewer	4,218,047	4,994,686	-	110,375	-	887,014	887,014	-
Stormwater	261,591	1,285,074	-	228,090	-	1,251,573	1,251,573	-
Refuse	2,026,859	2,322,260	-	-	-	295,401	295,401	-
Total business-type activities	6,506,497	8,602,020	-	338,465	-	2,433,988	2,433,988	-
Total primary government	$ 43,208,982	$ 12,538,585	$ 4,317,301	$ 1,611,820	(27,175,264)	2,433,988	(24,741,276)	-
Component unit:								
Library	1,289,415	7,587	23,591	-	-	-	-	(1,258,237)
Total component unit	$ 1,289,415	$ 7,587	$ 23,591	$ -	-	-	-	(1,258,237)
General revenues:								
Taxes:								
Property taxes					6,167,165	-	6,167,165	1,262,442
Tax increment property taxes					518,522	-	518,522	-
Sales taxes					13,424,961	-	13,424,961	-
Tax increment sales taxes					3,405,896	-	3,405,896	-
Franchise taxes					2,748,361	-	2,748,361	-
Motor vehicle taxes					863,278	-	863,278	-
Transient guest taxes					620,147	-	620,147	-
Intergovernmental revenue not restricted to specific programs					-	-	-	89,892
Miscellaneous					716,714	7,786	724,500	3,204
Unrestricted investment earnings					47,112	-	47,112	11,538
Gain on sale of capital assets					49,158	-	49,158	-
Transfers					(86,098)	86,098	-	-
Total general revenues and transfers					28,475,216	93,884	28,569,100	1,367,076
Change in net position					1,299,952	2,527,872	3,827,824	108,839
Total net position - beginning					29,538,470	12,995,496	42,533,966	1,165,908
Total net position - ending					$ 30,838,422	$ 15,523,368	$ 46,361,790	$ 1,274,747

City of Leavenworth, Kansas
Balance Sheet
Governmental Funds
As of December 31, 2021

	General	Debt Service	Capital Projects	ARPA Fund	NonMajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 7,422,976	$ 419,059	$ 4,973,885	$ 3,129,558	$ 9,351,680	$ 25,297,158
Cash in escrow	-	-	-	-	537,402	537,402
Tenant deposits	-	-	-	-	32,426	32,426
Receivables (net of uncollectibles)						
Property tax	4,054,677	1,860,051	-	-	432,237	6,346,965
Special assessments	192,904	11,378	-	-	-	204,282
Sales tax	1,772,107	-	-	-	1,240,966	3,013,073
Accrued interest	-	-	-	-	-	-
Due from other governments	13,136	-	2,518	-	61,440	77,094
Due from other funds	53,509	-	-	-	-	53,509
Accounts receivable	391,025	-	14,020	-	5,792	410,837
Other assets	-	-	-	-	-	-
Assets held for resale	-	-	-	-	1,260,400	1,260,400
Total assets	13,900,334	2,290,488	4,990,423	3,129,558	12,922,343	37,233,146
LIABILITIES						
Liabilities:						
Accounts payable	267,091	-	63,497	316	80,972	411,876
Accrued compensation	321,914	-	-	-	63,441	385,355
Due to other funds	-	-	-	-	53,509	53,509
Bond anticipation notes payable	-	-	1,400,000	-	-	1,400,000
Other liabilities	79,586	-	-	-	-	79,586
Tenant deposits	-	-	-	-	32,425	32,425
Unearned revenues	-	-	-	3,129,242	78,344	3,207,586
Total liabilities	668,591	-	1,463,497	3,129,558	308,691	5,570,337
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	4,054,677	1,860,051	-	-	432,237	6,346,965
Unavailable revenues - special assessments	192,904	11,378	-	-	-	204,282
Total deferred inflows of resources	4,247,581	1,871,429	-	-	432,237	6,551,247
FUND BALANCES						
Restricted	-	419,059	-	-	12,181,415	12,600,474
Committed	-	-	1,010,578	-	-	1,010,578
Assigned	28,845	-	2,516,348	-	-	2,545,193
Unassigned	8,955,317	-	-	-	-	8,955,317
Total fund balances	8,984,162	419,059	3,526,926	-	12,181,415	25,111,562
Total liabilities, deferred inflows of resources, and fund balances	$ 13,900,334	$ 2,290,488	$ 4,990,423	$ 3,129,558	$ 12,922,343	$ 37,233,146

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	57,491,093
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds	204,282
Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore are not reported in the funds.	5,071,316
Long-term liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds	(50,626,716)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore are not reported in the funds.	(6,413,115)
Net position of governmental activities	$ 30,838,422

City of Leavenworth, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Debt Service	Capital Projects	ARPA Fund	Other NonMajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 16,802,360	$ 2,015,773	$ -	$ -	$ 8,859,192	$ 27,677,325
Intergovernmental	70,189	-	133,526	1,145,290	4,241,652	5,590,657
Licenses and permits	485,308	-	-	-	-	485,308
Charges for services	1,562,354	-	447,924	-	950,716	2,960,994
Fines and forfeitures	483,290	-	-	-	6,974	490,264
Investment earnings	43,747	-	2,402	-	964	47,113
Miscellaneous	140,702	-	62,688	-	460,288	663,678
Total revenues	19,587,950	2,015,773	646,540	1,145,290	14,519,786	37,915,339
EXPENDITURES						
Current:						
General government	3,775,642	-	88,047	225,908	950,969	5,040,566
Public safety	12,588,107	-	-	-	61,693	12,649,800
Public works	2,387,136	-	159,212	-	1,076,856	3,623,204
Culture and recreation	17,373	-	877	-	2,416,565	2,434,815
Housing and urban redevelopment	44,800	-	91,473	-	3,206,627	3,342,900
Community and economic development	248,272	-	-	-	2,203,356	2,451,628
Debt service:						
Principal retirement	-	5,895,000	-	-	90,000	5,985,000
Interest and fiscal charges	-	494,491	294,131	-	8,978	797,600
Capital outlay	48,759	-	2,475,708	49,801	2,189,635	4,763,903
Total expenditures	19,110,089	6,389,491	3,109,448	275,709	12,204,679	41,089,416
Excess (deficiency) of revenues over (under) expenditures	477,861	(4,373,718)	(2,462,908)	869,581	2,315,107	(3,174,077)
OTHER FINANCING SOURCES (USES)						
Insurance proceeds	10,414	-	-	-	17,566	27,980
Sale of capital assets	-	-	-	-	48,458	48,458
General obligation bonds issued	-	2,935,000	7,725,000	-	1,310,000	11,970,000
Bond premium	-	402,477	659,530	-	-	1,062,007
Transfers in	-	1,093,827	3,615,416	-	2,586,939	7,296,182
Transfers out	-	-	(2,788,240)	(869,581)	(3,724,459)	(7,382,280)
Total other financing sources (uses)	10,414	4,431,304	9,211,706	(869,581)	238,504	13,022,347
Net change in fund balances	488,275	57,586	6,748,798	-	2,553,611	9,848,270
Fund balances - beginning	8,495,887	361,473	(3,221,872)	-	9,627,804	15,263,292
Fund balances - ending	$ 8,984,162	$ 419,059	$ 3,526,926	$ -	$ 12,181,415	$ 25,111,562

City of Leavenworth, Kansas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Funds Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2021

Amounts reported for governmental activities are different because:

Net change in fund balances - total governmental funds	$	9,848,270
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		(1,474,284)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		71,001
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(7,045,265)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(99,770)
Change in net position of governmental activities	$	1,299,952

City of Leavenworth, Kansas
Statement of Net Position
Proprietary Funds
As of December 31, 2021

	Business-type Activities - Enterprise Funds			
ASSETS	**Sewer**	**Storm Water**	**Refuse**	**Total**
Current assets:				
Cash and cash equivalents	$ 2,881,158	$ 2,857,315	$ 1,330,743	$ 7,069,216
Accounts receivable	480,857	1,297,769	179,745	1,958,371
Total current assets	3,362,015	4,155,084	1,510,488	9,027,587
Noncurrent assets:				
Capital assets:				
Land	14,000	-	44,634	58,634
Buildings	17,167,364	-	6,575	17,173,939
Improvements other than buildings	12,512,479	-	37,440	12,549,919
Machinery and equipment	2,756,015	-	1,360,882	4,116,897
Infrastructure	4,738,411	2,351,838	-	7,090,249
Construction in progress	-	401,464	-	401,464
Less accumulated depreciation	(26,253,954)	(136,223)	(984,338)	(27,374,515)
Total capital assets (net of accumulated depreciation)	10,934,315	2,617,079	465,193	14,016,587
Total noncurrent assets	10,934,315	2,617,079	465,193	14,016,587
Total assets	14,296,330	6,772,163	1,975,681	23,044,174
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows -OPEB	32,079	810	19,976	52,865
Deferred outflows -pensions	154,942	3,483	113,309	271,734
Total deferred outflows of resources	187,021	4,293	133,285	324,599
LIABILITIES				
Current liabilities:				
Accounts payable	39,094	70,794	48,605	158,493
Accrued compensation	19,372	1,166	16,745	37,283
Accrued compensated absences	10,523	292	6,381	17,196
Accrued interest payable	18,530	10,508	-	29,038
Bonds payable	685,000	235,000	-	920,000
Accrued landfill closure/postclosure care costs	-	-	15,000	15,000
Total current liabilities	772,519	317,760	86,731	1,177,010
Noncurrent liabilities:				
Accrued compensated absences	65,014	1,807	39,427	106,248
Other post-employment benefits	185,986	691	81,026	267,703
Net pension liability	398,569	3,406	367,984	769,959
Bonds payable	3,075,000	1,975,000	-	5,050,000
Accrued landfill closure/postclosure care costs	-	-	109,607	109,607
Total noncurrent liabilities	3,724,569	1,980,904	598,044	6,303,517
Total liabilities	4,497,088	2,298,664	684,775	7,480,527
DEFERRED INFLOWS OF RESOURCES				
OPEB related	65,257	779	33,091	99,127
Pensions related	160,538	587	104,626	265,751
Total deferred inflows of resources	225,795	1,366	137,717	364,878
NET POSITION				
Net investment in capital assets	7,174,315	407,079	465,193	8,046,587
Unrestricted	2,586,153	4,069,347	821,281	7,476,781
Total net position	$ 9,760,468	$ 4,476,426	$ 1,286,474	$ 15,523,368

City of Leavenworth, Kansas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds			
	Sewer	**Storm Water**	**Refuse**	**Total**
Operating revenues:				
Charges for services	$ 4,994,686	$ 1,285,074	$ 2,322,260	$ 8,602,020
Miscellaneous	5,148	-	2,638	7,786
Total operating revenues	4,999,834	1,285,074	2,324,898	8,609,806
Operating expenses:				
Personnel services	968,835	52,488	661,404	1,682,727
Contractual services	1,619,052	137,710	1,053,075	2,809,837
Commodities	259,452	750	233,768	493,970
Depreciation	1,301,065	68,028	100,114	1,469,207
Total operating expenses	4,148,404	258,976	2,048,361	6,455,741
Operating income	851,430	1,026,098	276,537	2,154,065
Nonoperating revenues (expenses):				
Interest expense	(69,643)	(2,615)	-	(72,258)
Insurance proceeds	-	-	27,440	27,440
Gain (loss) on disposal of assets	-	-	(5,938)	(5,938)
Total nonoperating revenues (expenses)	(69,643)	(2,615)	21,502	(50,756)
Income before contributions and transfers	781,787	1,023,483	298,039	2,103,309
Capital contributions and transfers:				
Transfers in	-	86,098	-	86,098
Contributed capital	110,375	228,090	-	338,465
Changes in net position	892,162	1,337,671	298,039	2,527,872
Total net position - beginning	8,868,306	3,138,755	988,435	12,995,496
Total net position - ending	$ 9,760,468	$ 4,476,426	$ 1,286,474	$ 15,523,368

City of Leavenworth, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds			
	Sewer	**Storm Water**	**Refuse**	**Total**
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 5,106,785	$ 1,291,508	$ 2,408,076	$ 8,806,369
Payments to suppliers	(1,877,803)	(125,474)	(1,246,438)	(3,249,715)
Payments to employees	(998,874)	(51,556)	(668,532)	(1,718,962)
Net cash provided (used) by operating activities	2,230,108	1,114,478	493,106	3,837,692
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	86,098	-	86,098
	-	86,098	-	86,098
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(330,425)	(887,883)	-	(1,218,308)
Insurance proceeds	-	-	27,440	27,440
Principal paid on capital lease	(129,371)	-	-	(129,371)
Interest paid on capital lease	(4,578)	-	-	(4,578)
Principal paid on capital debt	(665,000)	(220,000)	-	(885,000)
Interest paid on capital debt	(84,789)	(7,470)	-	(92,259)
Net cash provided (used) by capital and related financing activities	(1,214,163)	(1,115,353)	27,440	(2,302,076)
Net increase in cash and cash equivalents	1,015,945	85,223	520,546	1,621,714
Cash and Cash equivalents, January 1	1,865,213	2,772,092	810,197	5,447,502
Cash and cash equivalents, December 31	$ 2,881,158	$ 2,857,315	$ 1,330,743	$ 7,069,216
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	$ 851,430	$ 1,026,098	$ 276,537	$ 2,154,065
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,301,065	68,028	100,114	1,469,207
(Increase) decrease in receivables	106,951	6,434	83,177	196,562
(Increase) decrease in other assets	18,092	758	11,278	30,128
(Increase) decrease in deferred outflows	36,325	500	23,108	59,933
Increase (decrease) in deferred inflows	164,721	1,849	105,809	272,379
Increase (decrease) in accounts payable	(17,391)	12,227	44,391	39,227
Increase (decrease) in accrued compensation	(1,910)	252	4,399	2,741
Increase (decrease) in compensated absences	(7,235)	892	2,926	(3,417)
Increase (decrease) in postemployment benefits	(18,405)	(804)	(14,407)	(33,616)
Increase (decrease) in net pension liability	(203,535)	(1,756)	(128,963)	(334,254)
Increase (decrease) in accrued landfill closure/postclosure care costs	-	-	(15,263)	(15,263)
Net cash provided (used) by operating activities	$ 2,230,108	$ 1,114,478	$ 493,106	$ 3,837,692
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions of capital assets	$ 109,126	$ 228,090	$ -	$ 337,216

City of Leavenworth, Kansas
Statement of Fiduciary Net Position
Fiduciary Funds
As of December 31, 2021

	Pension Trust	Custodial Fund Leavenworth Public Library
ASSETS		
Cash and cash equivalents	$ 574,302	$ -
Property tax receivable	22,619	1,071,154
Other	-	-
Total assets	596,921	1,071,154
LIABILITIES		
Accounts payable	52	-
Total liabilities	52	-
DEFERRED INFLOWS OF RESOURCES		
Property taxes	22,619	1,071,154
Total deferred inflows of resources	22,619	1,071,154
NET POSITION		
Restricted		
Pension	574,250	-
	$ 574,250	$ -

City of Leavenworth, Kansas
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2021

	Pension Trust	Custodial Fund Leavenworth Public Library
ADDITIONS		
Contributions	$ 38,506	$ -
Deposits	-	1,262,442
Interest	873	-
Total additions	39,379	1,262,442
DEDUCTIONS		
Benefits	115,489	-
Distributions	-	1,262,442
Total deductions	115,489	1,262,442
Net changes in fiduciary net position	(76,110)	-
Net position - beginning	650,360	-
Net position - ending	$ 574,250	$ -

Notes to the Basic Financial Statements

1. Summary of significant accounting policies

A. Reporting entity

The City of Leavenworth, Kansas, a city of the first class, was incorporated in 1855. The City operates under a Commission-Manager form of government. The City is governed by an elected five-member board. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the City (the primary government) and its component unit, an entity for which the City is considered to be financially accountable. The discretely presented component unit is presented in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

Discretely presented component unit

The Leavenworth Public Library (the Library) is reported as a discretely presented component unit of the City since its board is appointed by the City Commission and it imposes a financial burden on the City. Specifically, the City issued debt to construct the Library facility and continues to assume responsibility for maintenance of the Library. The Library's financial statements include the financial statements of its discretely presented component unit, the Leavenworth Library Foundation. The amounts presented for the Library are the combined total of the Library and its discretely presented component unit.

Complete financial statements for the Public Library are available from their offices at 417 Spruce Street, Leavenworth, Kansas 66048.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component unit. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which generally rely upon fees and charges for support. Likewise, the *primary government* is reported apart from the legally separate *component unit* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which expenses of a given function or activity is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and non-agency fiduciary fund financial statements. The agency funds do not have a measurement focus and use the accrual basis of accounting to report their financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

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

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Fund* accounts for capital improvements (except for those financed by proprietary funds) which are financed from the City's general obligation bonds, special assessments, and other specific receipts.

The American Rescue Plan Act (ARPA) Fund accounts for the City's allotment from the U.S. Department of the Treasury that are to be used to support the City's response and recovery from the COVID-19 public health emergency.

The City reports the following major proprietary funds:

The *Sewer Fund* accounts for all activities necessary to provide sewer services to the residents of the City.

The *Storm Water Fund* accounts for all activities necessary to maintain the storm water drainage system of the City.

The *Refuse Fund* accounts for all activities necessary to provide refuse collection and disposal services to residents of the City.

Additionally, the City reports the following fiduciary funds:

The *Pension Trust Fund* accounts for the activities of the City's Police and Fire's Pension Plans.

The *Leavenworth Public Library Fund* is a custodial fund. It is used to account for assets held by the City as an agent for the Leavenworth Public Library system.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's sewer and refuse function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term, highly-liquid investments with original maturities of six months or less from the date of acquisition.

According to the City's formal investment policy adopted by the governing body, the City may pool idle cash from all funds for the purpose of increasing income through temporary investment activities. During the year, idle cash was invested in certificates of deposit, U.S. Government obligations, and repurchase agreements. Certificates of deposit are carried at cost because they are not affected by market rate changes. The repurchase agreements are stated at cost because they are not negotiable or transferable and are not affected by market fluctuations. The City also has investments consisting of U.S. Government obligations and money market mutual funds, which are carried at fair value.

Investment earnings are allocated to the funds required to accumulate interest. Other investment earnings are allocated based on management discretion based on the average daily equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund. For the fiscal year ended December 31, 2021, investment earnings allocated to the various funds were $47,986. Of this amount, $873 is allocated to the Police and Fire Pension Trust fiduciary fund and $43,747 is allocated to the General Fund.

E. Property taxes and other receivables

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 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one half or the full balance of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due until the ensuing year. At December 31, 2021, such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies of $148,815, with a corresponding amount recorded as deferred inflows of resources on the balance sheets of the appropriate funds. Of this amount, a delinquency amount of $452 is for the fiduciary fund (Police and Fire Pension Trust) and $148,363 is for the City funds. Delinquent taxes held by the County Treasurer at December 31, 2021 are not significant.

F. Special assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City. Special assessments received prior to the issuance of general obligation bonds are recorded as revenue in the appropriate project fund. Special assessments and related interest received after the issuance of the general obligation bonds are recorded as revenue in the Debt Service Fund. Further, state statutes require levying additional general ad valorem taxes in the City's Debt Service Fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the City's Debt Service Fund. Special assessments are levied over a 10- or 20-year period, and annual installments are due and payable with annual ad valorem taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, 2021, the special assessment taxes levied are a lien on the property and the amount due in 2021 is recorded in the fund financial statements as special assessments receivable, net of anticipated delinquencies of $1,707, in the Debt Service Fund with a corresponding amount recorded as unavailable revenue.

State statutes and City ordinances allow special assessments to be levied against a property to reimburse the City for costs incurred for involuntary blight removal and lot clean up. Such special assessments are levied over a one-year period and are due and payable with annual ad valorem property taxes. At December 31, 2021, the amount due for such assessments is recorded in the fund financial statements as special assessments receivable, net of anticipated delinquencies of $28,936 in the General Fund with a corresponding amount recorded as unavailable revenue.

G. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The City defines capital assets as assets with an individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at fair value.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized.

Depreciation of all capital assets is calculated using the straight-line method over the following estimated useful lives:

Buildings	15 to 30 years
Improvements other than buildings	15 to 30 years
Machinery and equipment	5 to 15 years
Infrastructure	15 to 30 years

H. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. See Note 5 for more information on the deferred outflows of resources for the pensions and Other Post-retirement Employee Benefits (OPEB).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. One item, *unavailable revenues/deferred receivables,* is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. The governmental activities report deferred receivables from property taxes. These amounts are deferred and recognized as inflows of resources in the period that these amounts become available. The other item that qualifies for reporting as a deferred inflow of resources is related to the pensions and OPEB. See Note 5 for more information on the deferred inflows of resources for the pensions and OPEB.

I. Compensated absences and other termination payments

All permanent full-time and permanent part-time employees with 90 days of employment are eligible for vacation benefits in varying annual amounts. Employees are allowed to accumulate and carry forward 240 hours of vacation, except for fire fighters and police officers who are allowed to accumulate and carry forward 333.5 and 255 hours of vacation, respectively. Hours accumulated and not taken in excess of these amounts at December 31 of each year are lost by employees unless proper approvals are given. Sick leave benefits accrue to all full-time employees at the rate of one working day per month. There is no maximum amount of sick leave that can be accumulated. Upon resignation in good standing, an employee will receive 20% of sick leave. Upon retirement, an employee will receive 40% of sick leave.

Retirees may purchase health and dental insurance benefits through the City's group plans at 100% of the City's cost. Certain retirees are eligible for assistance with their monthly health and dental insurance premiums through a Health Benefit Account. Eligible employees are those who meet KPERS, KP&F, or Local Plan retirement criteria and who have completed a minimum of 20 years of service with the City, or who are approved for disability benefits under KPERS or KP&F.

For eligible employees, the remaining 60% of unused sick leave is converted to a cash value, which establishes the amount of the retiree's Health Benefit Account (a memorandum account). The City shall pay 50% of the retiree's actual monthly health and dental premiums on a pay-as-you-go basis from this memorandum account as long as a balance remains in the retiree's Health Benefit Account. The remaining 50% of the monthly premiums must be paid by the retiree. When the retiree's Health Benefit Account is exhausted, all City premium payments cease. Retirees may not convert the benefit into an in-lieu payment.

All employer related costs of vacation, sick leave, and retiree premium payments are accrued and recorded when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-term obligations

In the government-wide financial statements and proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method if they are material in amount.

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

K. Pensions

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

L. Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Pending Governmental Accounting Standards Board statements

At December 31, 2021, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. Due to the COVID-19 pandemic, the effective dates of certain provisions have been extended for one year and others were extended 18 months. The statements that might impact the City are as follows:

GASB Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for periods beginning after June 15, 2021. (An extension of 18 months)

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. It clarifies the definition of a conduit debt obligation and establishes a conduit debt obligation is not a liability of the issuer. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. (An extension of one year)

GASB Statement No. 92, *OMNIBUS 2020*, enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The topics addressed include leases, postemployment benefits, asset retirement obligations, fair value measurements, and derivatives. The requirements of this statement are effective for periods beginning after June 15, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, addresses the accounting and financial reporting implications of global reference rate reform regarding the use of interbank offered rate (IBOR) and London Interbank Offered Rate (LIBOR) benchmarks that will cease to exist at the end of 2021. The requirements of this statement are effective for periods ending after December 31, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves guidance by addressing various issues related to public-private and public-public partnership arrangements. It also provides guidance for availability payment arrangements, which are arrangements in which a government compensates an operator for various services over a period in an exchange or exchange-like transaction. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance for determining what qualifies as a subscription-based information technology arrangement (SBITA), establishes that SBITAs result in an intangible asset and associated subscription liability, and provides capitalization criteria for outlays other than subscription payments. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32,* requires that a Section 457 plan be classified as either a pension plan or whether it meets the definition of a pension plan, generally effective for the fiscal year beginning after June 15, 2021.

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The practice issues addressed by this Statement are as follows: Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset; and clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. The requirements of this portion of this statement are effective for periods beginning after June 15, 2022.

Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument. The requirements of this portion of this statement are effective for periods beginning after June 15, 2023.

2. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains, "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $(50,716,716) difference are as follows:

Bonds Payable	$	(24,070,000)
Bond Premiums		(1,036,250)
Accrued Interest Payable		(259,367)
Accrued Compensated Absences		(2,688,532)
Other Post-Employment Benefits		(7,243,164)
Net Pension Liability		(15,419,403)
Net adjustment to *fund balance-total governmental funds* to arrive at *net-position-governmental activities*	$	(50,716,716)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of the reconciliation explains, "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $(1,474,284) difference are as follows:

Capital outlay	$ 4,787,660
Depreciation expense	(6,261,914)
Net adjustment to *net change in fund balances – total governmental funds* to arrive at *change in net position of governmental activities*	$ (1,474,284)

Another element of that reconciliation states, "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $(7,045,265) difference are as follows:

Debt issued or incurred:	
Issuance of general obligations bonds	$ (11,970,000)
Bond premium, net of amortization	(1,036,250)
Principal repayments:	
General obligation debt	5,985,000
Change in accrued interest	(24,015)
Net adjustment to *net change in fund balances – total governmental funds* to arrive at *change in net position of governmental activities*	$ (7,045,265)

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this $(189,770) difference are as follows:

Compensated absences	$ (31,579)
Other postemployment benefits	(238,618)
Pension	(80,427)
Net adjustment to *net change in fund balances-total governmental funds* to arrive at *change in net position of governmental activities*	$ (189,770)

3. Stewardship, compliance, and accountability

A. Budgetary information

Applicable Kansas statutes require that annual budgets be legally published and adopted for all funds (including Proprietary Funds) unless exempted by a specific statute. Statutory exemptions currently exist for all Capital Project Funds, Fiduciary Funds, and certain Special Revenue Funds (the Police Seizure, Police Grants, Housing, Community Development, Special Park Gift, and Community Grant Funds).

The statutes provide for the following sequence and timetable in adoption of budgets:

(a) Preparation of the budget for the succeeding calendar year on or before August 1 of each year.

(b) Publication of proposed budget on or before August 15 of each year.

(c) A minimum of 10 days' notice of public hearing, published in local newspaper, on or before August 15 of each year.

(d) Adoption of the final budget on or before August 25 of each year.

Budgets are prepared by fund, department, and activity. City management may make transfers of appropriations at the department and activity level of a fund without seeking the approval of the governing body; however, management cannot amend the total budget of a fund without approval of the governing body. The legal level of budgetary control is the fund level and is the level at which the governing body must approve any over-expenditures of appropriations or transfers of appropriated amounts. Kansas statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Such statutes permit original fund expenditure budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of public hearing to amend the expenditure budget of a fund. Ten days after publication, a public hearing is held and the City Commission may amend the expenditure budget of the fund at that time. During the year, several budgets were amended in accordance with Kansas statutes.

Control over spending in funds that are not subject to legal budgets is maintained by use of internal spending limits established by management. Applicable Kansas statutes require the use of an encumbrance system as a management control technique to assist in controlling expenditures. For budget purposes, unencumbered cash balances are determined by deducting liabilities and encumbrances from cash.

Accordingly, the actual data presented in the budgetary comparison statements include encumbrances and, consequently, differ from the expenditure data presented in the governmental fund financial statements prepared in conformity with GAAP.

A reconciliation of the General Fund budgetary basis statement to the governmental fund statement as of December 31, 2021 is as follows:

	General Fund
Expenditures and other financing sources and uses and encumbrances (Basis of budgeting)	$ 19,138,934
Add 2020 encumbrances	3,119
Less 2021 encumbrances	(28,845)
Less 2020 encumbrances relieved	(3,119)
Expenditures and other financing sources and uses (GAAP Basis)	$ 19,110,089

B. Compliance with Kansas Statutes-Component Unit

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

4. Detailed notes on all funds

A. Deposits and investments

Deposits

Custodial credit risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City does not have a formal depository policy, but Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair value equal to 100% of the deposits and investments, less insured amounts. At December 31, 2021, the City's carrying amount of deposits was $3,473,103 and the bank balance was $4,025,603. Of the bank balance, $257,934 was covered by Federal depository insurance and $3,767,669 was covered by collateral held by the City or its agent in the City's name.

Investments

K.S.A. 9-1401 establishes the depositories, which may be used by the Library. The statute requires banks eligible to hold the Library's deposits have a main or branch bank in the County in which the Library is located and the banks provide an acceptable rate of return on deposits. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC coverage. The Library has no other policies that would further limit custodial credit risk. At December 31, 2021, the Library's deposits were not exposed to custodial credit risk.

At December 31, 2021, the City had the following investments:

	Maturities	Fair Value
Repurchase agreements	1 – 89 days	$29,500,000
Money Market Mutual Funds	< 1 year	537,402
Total investments		$30,037,402

The securities underlying the repurchase agreements are guaranteed by the U. S. Government and their fair value exceeds that of the repurchase agreements.

Credit risk

The City's investment policy parallels state statutes and allows idle funds to be invested in temporary notes issued by the governing body, certificates of deposits, time deposits, repurchase agreements and United States treasury bills or notes. Inactive funds may also be invested in the state investment pool, if local financial institutions are not willing to pay an interest rate at least equal to the weekly "investment rate", which is the equivalent yield on U.S. government securities with maturities comparable to that of the investment being offered.

Custodial credit risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments. The City has no formal policy regarding custodial credit risk. The City is not exposed to custodial credit risk.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates, but state statutes do establish a two-year limitation on investment maturities. In practice, the City does not exceed a one-year maturity when investing idle funds. The City is not exposed to significant interest rate risk.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs such as quoted prices for similar assets from external sources; Level 3 inputs are significant unobservable inputs. For the year ended December 31, 2021, money market mutual funds held by the City were valued using quoted prices in active markets (Level 1 inputs).

Discretely presented component unit

As of December 31, 2021, the Library cash and investments consisted of the following:

Cash	$ 343,733
Investments	600,000
Total	$ 943,733

	Fair Value
Certificates of deposit	$ 600,000
Total Investments	$ 600,000

B. Capital assets

Capital assets activity for the year ended December 31, 2021 was as follows:

Primary government

	Beginning Balance	Additions	Retirements	Ending Balance
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated				
Land	$ 2,865,144	$ 82,958	$ (151,923)	$ 2,796,179
Construction in progress	5,894,193	59,175	(5,894,193)	59,175
Total capital assets not being depreciated	8,759,337	142,133	(6,046,116)	2,855,354
Capital assets being depreciated				
Buildings	34,300,152	13,773	-	34,313,925
Improvements	19,421,395	255,021	-	19,676,416
Machinery and equipment	13,255,163	1,764,380	(565,949)	14,453,594
Infrastructure	106,692,481	8,641,909	-	115,334,390
IT equipment	1,339,201	22,730	(6,200)	1,355,731
Total capital asset being depreciated	175,008,392	10,697,813	(572,149)	185,134,056
Less accumulated depreciation for:				
Buildings	27,344,027	1,197,870	-	28,541,897
Improvements	12,206,489	918,038	-	13,124,527
Machinery and equipment	9,757,032	702,039	(565,949)	9,893,122
Infrastructure	74,745,448	3,218,089	-	77,963,537
IT equipment	749,356	225,878	-	975,234
Total accumulated depreciation	124,802,352	6,261,914	(565,949)	130,498,317
Total capital assets being depreciated	50,206,040	4,435,899	(6,200)	54,635,739
Governmental activities capital assets, net	$ 58,965,377	$ 4,578,032	$ (6,052,316)	$ 57,491,093

	Beginning Balance	Additions	Retirements	Ending Balance
PROPRIETARY ACTIVITIES:				
Capital assets not being depreciated				
Land	$ 174,129	$ -	$ (115,495)	$ 58,634
Construction in progress	303,285	401,464	(303,285)	401,464
Total capital assets not being depreciated	477,414	401,464	(418,780)	460,098
Capital assets being depreciated				
Buildings	17,173,939	-	-	17,173,939
Improvements	12,549,919	-	-	12,549,919
Machinery and equipment	3,929,132	247,131	(59,366)	4,116,897
Infrastructure	5,762,749	1,327,500	-	7,090,249
Total capital asset being depreciated	39,415,739	1,574,631	(59,366)	40,931,004
Less accumulated depreciation for:				
Buildings	14,937,370	469,149	-	15,406,519
Improvements	7,513,568	441,359	-	7,954,927
Machinery and equipment	2,750,813	196,266	(52,885)	2,894,194
Infrastructure	756,442	362,433	-	1,118,875
Total accumulated depreciation	25,958,193	1,469,207	(52,885)	27,374,515
Total capital assets being depreciated	13,457,546	105,424	(6,481)	13,556,489
Governmental activities capital assets, net	$ 13,934,960	$ 506,888	$ (425,261)	$ 14,016,587

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

Governmental activities:	
General government	$ 425,718
Public safety	743,350
Public works	3,511,771
Housing and urban redevelopment	214,524
Culture and recreation	1,195,472
Unallocated depreciation expense	171,079
Total depreciation expense - governmental activities	$ 6,261,914
Business-type activities:	
Sewer	$ 1,301,065
Storm water	68,028
Refuse	100,114
Total depreciation expense - business-type activities	$ 1,469,207

Construction commitments

The City has active construction projects as of December 31, 2021. The City's commitments with contractors totaled $1,025,487 at December 31, 2021.

Discretely presented component unit

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated				
Books, furniture and fixtures	$ 2,459,653	$ 201,476	$ (71,224)	$ 2,589,905
Total capital assets being depreciated	2,459,653	201,476	(71,224)	2,589,905
Less accumulated depreciation for:				
Books, furniture and fixtures	1,702,449	153,217	(71,224)	1,784,442
Library capital assets, net	$ 757,204	$ 48,259	$ -	$ 805,463

C. Interfund receivables, payables, and transfers

The composition of inter-fund balances as of December 31, 2021, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Non-major governmental	$53,509

These inter-fund balances result from the time lag between the dates that (1) transactions are recorded in the accounting system, and (2) payments between funds are made.

Interfund transfers for the year ended December 31, 2021, are as follows:

Interfund transfers:

Fund	Transfers In	Transfers Out
Major funds		
Debt Service Fund	$ 1,093,827	$ -
Capital Projects Fund	3,615,416	2,788,240
ARPA Fund	-	869,581
Storm Water Fund	86,098	-
Non-major governmental funds	2,586,939	3,724,459
Total transfers	$ 7,382,280	$ 7,382,280

Transfers are primarily used to move revenues from the fund with statutory collection authorization to the Debt Service Fund as debt service principal and interest becomes due or to the Capital Projects Fund to finance various capital projects.

D. Long-term debt

General obligation bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. During the year, general obligation bonds totaling $11,970,000 were issued for governmental activities to provide permanent financing for general infrastructure improvements.

In May 2021, the City issued its $9,035,000 Series 2021-A General Obligation Bonds. Net proceeds of the 2021-A bonds were used to redeem $395,000 of the A2018 Temporary Note, $6,040,000 of the A2019 Temporary Note, $1,320,000 of the A2020 Temporary Note, and provide funding of $1,310,000 for the purchase of the new fire truck. In June 2021, the City issued its $2,935,000 Series 2021-B General Obligations Bonds Net proceeds of the 2021-B bonds were used to refund the 2013-A and 2016-A bonds.

General obligation bonds currently outstanding are as follows:

Governmental activities	Series	Interest Rates	Maturity Date	Balance 12/31/2021
GO Refunding	2011B	1.00% - 2.60%	9/1/2022	$ 295,000
GO Refunding & Improvements	2012B	1.10% - 2.30%	9/1/2022	185,000
GO Refunding & Improvements	2013A	0.65% - 2.40%	9/1/2025	400,000
GO Refunding & Improvements	2014A	2.00% - 2.50%	9/1/2024	145,000
Computer Hardware/Software	2014B	2.25% - 3.00%	9/1/2024	160,000
Internal Improvements - Taxable	2015B	1.85% - 3.15%	9/1/2025	260,000
Equipment & Refunding	2016A	1.50% - 2.30%	9/1/2031	435,000
TIF Hotel-Taxable	2016-A	1.30% - 2.25%	9/1/2026	465,000
Business & Tech Park - Taxable	2017-A	2.75% - 4.00%	9/1/2036	4,310,000
Traffic	2017-B	2.00% - 2.75%	9/1/2027	1,035,000
Traffic	2018-A	3.00% - 3.125%	9/1/2028	1,035,000
Traffic	2019-A	3.00%	9/1/2029	1,110,000
Traffic & Refunding	2020-A	1.00% - 1.75%	9/1/2030	2,265,000
Fire Equipment & Refunding	2021-A	1.50% - 3.00%	9/1/2036	9,035,000
Refunding	2021-B	3.00% - 4.00%	9/1/2031	2,935,000
				24,070,000
Business-type activities				
Sewer System Improvements	2012A	2.00% - 2.75%	9/1/2032	205,000
GO Refunding & Sewer	2012B	1.10% - 2.30%	9/1/2025	160,000
GO Refunding & Sewer	2014A	2.00% - 2.50%	9/1/2023	320,000
GO Refunding & Sewer	2020-A	1.00% - 1.75%	9/1/2032	3,075,000
Stormwater Bonds	2020-A	1.00% - 1.75%	9/1/2030	2,210,000
				5,970,000
				$ 30,040,000

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

Governmental activities

Year	Principal	Interest	Total
2022	$ 3,095,000	$ 712,332	$ 3,807,332
2023	2,740,000	574,072	3,314,072
2024	2,645,000	497,929	3,142,929
2025	2,505,000	401,385	2,906,385
2026	2,080,000	346,640	2,426,640
2027-2031	6,970,000	985,643	7,955,643
2032-2036	4,035,000	319,877	4,354,877
	$ 24,070,000	$ 3,837,877	$ 27,907,877

Business-type activities

Year	Principal	Interest	Total
2022	$ 920,000	$ 88,950	$ 1,008,950
2023	780,000	74,777	854,777
2024	635,000	65,950	700,950
2025	640,000	59,600	699,600
2026	480,000	50,000	530,000
2027-2031	2,250,000	132,487	2,382,487
2032	265,000	4,638	269,638
	5,970,000	476,402	6,446,402
	$ 30,040,000	$ 4,314,279	$ 34,354,279

At December 31, 2021, the statutory limit on indebtedness for general obligation bonds and bond anticipation notes is $77,297,635, which, after reduction of applicable outstanding debt of $5,665,250 ($6,084,309 minus debt service fund balance of $419,059) provides a debt margin of $71,632,385. General obligation bonds of $23,955,691 for traffic way, sewer and refuse improvements and refundings issued under K.S.A. 10-427 are exempt from this calculation.

Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans.

Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Through December 31, 2021, there is one series of Industrial Revenue Bonds (IRB) outstanding, with an aggregate principal amount payable of $870,851.

Bond anticipation notes

Kansas statutes permit the issuance of bond anticipation notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. During the year, bond anticipation notes totaling $1,400,000 were issued for governmental activities to provide temporary financing for general capital improvements.

Bond anticipation notes issued for governmental activities for which all legal steps and the ability to consummate refinancing have not been met are reported as a fund liability in the fund receiving proceeds. The following bond anticipation notes are reported as liabilities at December 31, 2021:

	Series	Interest Rate	Issue Maturity Date	Balance 12/31/21
Governmental activities				
2021 Pavement Management	A2021	0.34%	12/1/2022	$ 1,400,000

Short-term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities				
Bond anticipation notes	$ 7,835,000	$ 1,400,000	$ 7,835,000	$ 1,400,000

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

Governmental activities	Beginning Balance 1/1/2021	Additions	Retired	Ending Balance 12/31/2021	Due Within One Year
General obligation bonds	$ 18,085,000	$ 11,970,000	$ 5,985,000	$ 24,070,000	$ 3,095,000
Bond premium	-	1,059,067	22,817	1,036,250	91,266
Employee compensated absences	2,656,953	335,182	303,603	2,688,532	279,151
Net pension liability	19,730,230	131,137	4,531,964	15,329,403	-
Other post-employment benefits	7,231,779	162,660	151,275	7,243,164	-
	$ 47,703,962	$ 13,658,046	$ 10,994,659	$ 50,367,349	$ 3,465,417

Business-type activities	Beginning Balance 1/1/2021	Additions	Retired	Ending Balance 12/31/2021	Due Within One Year
General obligation bonds	$ 6,855,000	$ -	$ 885,000	$ 5,970,000	$ 920,000
Capital leases	129,371	-	129,371	-	-
Employee compensated absences	126,860	20,045	23,461	123,444	17,196
Net pension liability	1,104,213	-	334,254	769,959	-
Accrued landfill closure/postclosure	139,870	-	15,263	124,607	15,000
Other post-employment benefits	301,319	5,355	38,971	267,703	-
	$ 8,656,633	$ 25,400	$ 1,426,320	$ 7,255,713	$ 952,196

For the governmental activities, compensated absences, net pension liability, and other postemployment benefits are generally liquidated by the General Fund.

Discretely presented component unit

At December 31, 2021, the Library reported a liability of $368,975 for its proportionate share of the net pension liability.

E. Fund balances/Net Position

Fund Balances

In the fund financial statements, governmental funds report the following fund balance classifications:

Non-spendable fund balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or removed only with the consent of resource providers, such as grantors, bondholders, or higher levels of government.

Committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Commission is the highest level of decision-making authority that can, by adoption of a resolution, prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned fund balance includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Commission has by resolution authorized the City Manager to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of the assignment.

Unassigned fund balance is the residual classification for the General Fund and includes all amounts not contained in the abovementioned classifications. The general fund is the only fund that reports a positive unassigned fund balance. Other governmental funds may report a negative unassigned fund balance if expenditures for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

In the circumstances when an expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Net Position Classifications

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

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

Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.

Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balances for all governmental funds as of December 31, 2021 were reported as follows:

	General	Debt Service	Capital Projects	ARPA	NonMajor Governmental	Total
Restricted for:						
Capital outlay	$ -	$ -	$ -	$ -	$ 5,448,964	$ 5,448,964
Tax increment financing	-	-	-	-	1,291,973	1,291,973
Street maintenance	-	-	-	-	290,483	290,483
Law enforcement	-	-	-	-	165,923	165,923
Tourism and conventions	-	-	-	-	598,831	598,831
Recreation programs	-	-	-	-	548,715	548,715
Housing services	-	-	-	-	1,014,660	1,014,660
Probation services	-	-	-	-	102,028	102,028
Community and economic development	-	-	-	-	2,719,838	2,719,838
General obligation debt	-	419,059	-	-	-	419,059
Total restricted fund balance	-	419,059	-	-	12,181,415	12,600,474
Committed to:						
Capital improvements	-	-	1,010,578	-	-	1,010,578
Total committed fund balance	-	-	1,010,578	-	-	1,010,578
Assigned to:						
General government	28,845	-	-	-	-	28,845
Capital improvements	-	-	2,516,348	-	-	2,516,348
Total assigned fund balance	28,845	-	2,516,348	-	-	2,545,193
Unassigned	8,955,317	-	-	-	-	8,955,317
Total fund balance	$ 8,984,162	$ 419,059	$ 3,526,926	$ -	$ 12,181,415	$ 25,111,562

The City Commission adopted a revision of the General Fund Reserve Policy to include the CIP Sales Tax Fund, the County Wide Sales Tax Fund, and for the Sewer Fund and Refuse Fund, The policy aims to ameliorate the adverse impacts of unforeseen financial events such as an economic downturn, significant unanticipated and unavoidable expenditures, or significant unanticipated and unavoidable reductions of revenue.

It is the policy of the City to maintain a General Fund budgetary basis fund balance equal to 16.67% of annual expenditures. Consistent with K.S.A. 10-1101 et al (the Kansas "cash basis law"), the budgetary basis fund balance is defined as cash less payables less encumbrances. In 2020, the Commission revised the policy to maintain an unrestricted net position of at least three months of operating expenses and 5% of net capital assets (total assets minus accumulated depreciation times 5%) for the Sewer Fund.

Further, to facilitate the creation and maintenance of the aforementioned General Fund balance policy, it is the policy of the City to annually budget a non-appropriated reserve of 4.00% of fund expenditures as authorized by K.S.A. 79-2927.

Finally, it is the policy of the City to consider the non-appropriated reserve as being unavailable for expenditures and to restrict the utilization of the reserve—as a last resort—to accommodating revenue shortfalls that cannot be overcome through budgetary revisions or emergency expenditures that cannot be deferred to future periods. The policy provides for use of unassigned reserves restricted to include debt reduction; one-time expenditures that do not increase recurring operating costs, but cannot be funded through current revenues, and will reduce future operating costs; and establishing or increasing reserves for risk management programs, equipment replacement, capital projects, emergencies, or disaster recovery.

5. Other information

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant change in insurance coverage from the previous fiscal year. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

For its workers compensation insurance, the City is a participant in the Kansas Eastern Regional Insurance Trust (KERIT), a not-for-profit public entity risk pool established by a group of city and county governmental entities in the eastern region of Kansas. As of December 31, 2021, the membership of KERIT included fourteen cities and two counties.

The City pays an annual premium to KERIT for this workers compensation insurance. KERIT members are subject to additional premium assessments in the event of deficiencies and may receive dividends from those claims years when revenues exceed expenses. KERIT provides coverage for its members within a self-insured retention limit of $400,000 in accordance with State statutes and obtains independent coverage for insured events up to an annual aggregate limit of $5 million.

An Annual Comprehensive Financial Report for KERIT is available from their offices at 600 Broadway, Suite 300, Kansas City, Missouri 64105-1554.

B. Pension plans-Kansas Public Employees Retirement System

Plan description

The City and the Library participate in the Kansas Public Employees Retirement System (KPERS) a cost-sharing multiple employer public employee retirement system (Pension Plan). The Pension Plan is administered by the KPERS, a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
  - State/School employees
  - Local employees
- Police and Fire
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City and the Library are included in the Local employees' group and the Kansas Police and Fire group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits

Benefits are established by statute and may only be changed by the State Legislature. Members (except Police and Fire) with ten or more years of credited service, may retire as early as age 55 (Police and Fire may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85. Police and Fire normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

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

Contributions

Member contributions are established by state law and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll.

The actuarially determined employer contribution rate and the statutory contribution rate for the local employee group are both 8.87%. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2021 is 6%. The actuarially determined employer contribution rate and the statutory contribution rate for the police and fire group are both 22.8%. Member contribution rates for this group are 7.15%.

Contributions to the Pension Plan from the City for the local employee group and police and firefighter group were $645,780 and $1,235,980, respectively, for the year ended December 31, 2021. Contributions from the Library were $51,808 for the year ended December 31, 2021.

Employer Allocations

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

- State/School; Local; Police and Fire; and Judges

To facilitate separate (sub)actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployee allocations are applied to the amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of June 30, 2021 was based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2021. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2021, the City's proportion in the local employee group was 0.34073%, which was a decrease of 0.000064% from 2020. At June 30, 2021, the City's proportion in the police and fire group was 1.140785%, which was an increase of 0.000271% from 2020. At June 30, 2021, the Library's proportion in the police and fire group was .0307495%, which was a decrease of 0.00302% from 2020

Net Pension Liability

At June 30, 2021, the City's local employee group reported a liability of $4,088,623 for its proportionate share of the net pension liability. The City's police and fire group reported its proportionate share of the net pension liability of $10,885,878 at June 30, 2021. The Library reported its proportionate share of the net pension liability of $368,975 at June 30, 2021.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021, using the following actuarial assumptions:

Price inflation	2.75%
Salary increases, including price inflation	3.50% to 12.00%
Long-term rate of return, net of investment expense, and including price inflation	7.25%

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

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Long-term Target Allocation	Long-Term Expected Real Rate of Return
U.S Equities	23.50%	5.20%
Non-U.S. Equities	23.50%	6.40%
Private Equity	8.00%	9.50%
Private Real Estate	11.00%	4.45%
Yield Driven	8.00%	4.70%
Real Return	11.00%	3.25%
Fixed Income	11.00%	1.55%
Short-term Investments	4.00%	0.25%
	100.00%	

Discount Rate

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

Sensitivity of the City's and Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Local	$ 6,725,388	$ 4,088,623	$ 1,877,361
Police and Fire	16,338,661	10,885,878	6,324,623
Net Pension Liability	$ 23,064,049	$ 14,974,501	$ 8,201,984

The following presents the Library's proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Single Discount Rate Assumption 7.25%	1% Increase 8.25%
Net Pension Liability	$ 606,927	$ 368,975	$ 169,421

For the year ended December 31, 2021, the City recognized Local pension expense of $328,309, Police and Fire pension expense of $1,495,981, and the Library recognized $87,189 pension expense, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Local Group	Police and Fire	Total
Deferred outflows of resources			
City contributions subsequent to the measurement date	$ 303,087	$ 825,115	$ 1,128,202
Differences between actual and expected experience	161,387	858,977	1,020,364
Changes of assumptions	804,850	1,384,699	2,189,549
Changes in proportion	96,773	310,285	407,058
Total	$ 1,366,097	$ 3,379,076	$ 4,745,173
Deferred inflows of resources			
Differences between actual and expected experience	$ (37,021)	$ -	$ (37,021)
Net differences between projected and actual earnings on investments	(1,451,858)	(2,855,924)	(4,307,782)
Changes in proportion	(73,350)	(250,572)	(323,922)
Total	$ (1,562,229)	$ (3,106,496)	$ (4,668,725)

The City reported $1,128,202 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

At December 31, 2021, the Library reported deferred outflows of resources and deferred inflows of resources from the following sources:

Year Ending June 30,	Deferred (Inflows) Outflows Amount	(Inflows) Outflows Amount
2022	$ (24,905)	$ 108,126
2023	(46,898)	(4,706)
2024	(96,939)	(127,603)
2025	(355,925)	(598,423)
2026	25,448	70,071
Total	$ (499,219)	$ (552,535)

At December 31, 2021, the Library reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Library
Deferred outflows of resources	
Differences between actual and expected experience	$ 14,564
Changes of assumptions	72,633
Changes in proportion	9,498
Total	$ 96,695
Deferred inflows of resources	
Differences between actual and expected experience	$ (3,341)
Net differences between projected and actual earnings on investments	(131,022)
Changes in proportion	(38,954)
Total	$ (173,317)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Local Group Deferred (Inflows) Outflows Amount
2022	$ (11,045)
2023	(10,341)
2024	(17,249)
2025	(39,078)
2026	1,091
Total	$ (76,622)

C. Pension Plans-Police and Fire Pension Plan

Plan description

Plan administration. The Police and Fire Pension Plan (the Plan) is a single-employer defined benefit pension plan that is administered by the City. The Plan was established by City ordinance in 1945 to provide retirement income benefits for police officers and firefighters and became closed to new entrants in 1971. In 1971, when the City became affiliated with the Kansas Police and Firemen's Retirement System (KP&F), all members were given the option of joining KP&F or remaining with the Plan. All administrative costs are absorbed by the City's General Fund.

Management of the Plan is vested in the City Commission, which consists of five elected members. Plan provisions may be amended by the City Commission.

The Plan does not issue a stand-alone financial report but is included as a pension trust fund of the City.

Plan membership. The plan is closed to new entrants. At December 31, 2021, pension plan membership consisted of three (3) inactive plan members or beneficiaries currently receiving benefits.

Benefits provided. The Plan provides only retirement benefits. The retirement benefits are calculated as 50% of the higher of the final monthly salary or the average of the final twelve months of salary.

Benefit terms provide for annual cost-of-living adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustments are determined by the City Commission.

Contributions. The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the City Commission. The City is required to contribute at an actuarially determined amount based on the latest actuarial report. As this is a closed plan and all members are retirees or beneficiaries, the members are no longer making any contribution to the Plan. The City provides for pension expenses by levying ad valorem property taxes each year. The actual employer contribution to the Plan during the year ended December 31, 2021 was $39,604.

Investments

Investment Policy. The City has no formal investment policy or asset allocation policy for the Plan. All plan assets are invested in the City's cash pool which falls under the City's investment policy.

Methods used to value investments. The pension plan assets consist of only pooled cash and investments that are pooled with the City's cash and investments. These consist of checking accounts, repurchase agreements and certificates of deposits. The Plan's portion is reported at fair value.

Concentrations. The entire pension fund assets are invested in the City's cash pool. The Plan holds no individual investments with a fair value that exceeds five percent of net position available for benefits.

Rate of return. For year ended December 31, 2021, the annual long-term expected rate of return on pension plan investments, net of pension plan investment expenses, was 0.00%. The long-term expected rate of return expresses investment performance net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability

The City's net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2021 using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Method
Asset Method	Market Value of Assets
Interest Rates:	
Discount Rate	3%
Expected Long Term Rate of Return	3%
Municipal Bond Rate	N/A
Inflation	3%
Annual Pay Increases	N/A
Measurement Date	December 31, 2021
Ad-hoc Cost of living increases	3%

Mortality rates were based on the PubG-2010 Mortality Table Projected Generationally from 2010 with the Mortality Improvement Scale MP-2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2021 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Cash	100%	0.0%

Changes in the net pension liability

Discount Rate

The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at beginning of year	$ 1,755,605	$ 671,881	$ 1,083,724
Changes for the year:			
Interest	50,936	-	50,936
Difference between expected and actual	22,932	-	22,932
Change in assumptions	7,746	-	7,746
Contributions - employer	-	39,604	(39,604)
Net investment income	-	873	(873)
Benefit payments, including refunds	(115,489)	(115,489)	-
Net changes	(33,875)	(75,012)	41,137
Balances at end of year	$ 1,721,730	$ 596,869	$ 1,124,861

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability, calculated using the discount rate of 3.00%, as well as, what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00%) or 1-perentage point higher (4.00%) than the current rate:

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
Net pension liability	$1,283,735	$1,124,861	$986,810

Pension expense and deferred outflows of resources and deferred inflows of resources

For the year ended December 31, 2021, the City recognized pension expense of $78,753. At December 31, 2021, the City reported deferred outflows of resources from the following sources:

	Deferred Outflows of Resources
Differences between projected and actual earnings on pension plan investments	$ 32,460

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Annual Recognition
2022	$ 12,241
2023	9,415
2024	7,175
2025	3,629
Total	$ 32,460

Summary of financial reporting of the City's pension plans:

	KPERS		Police	
	Local	Police and Fire	and Fire	Total
Governmental activities:				
Net Pension Liability	$ 3,318,664	$10,885,878	$ 1,124,861	$15,329,403
Business-type activities:				
Net Pension Liability	769,959	-	-	769,959
Net Pension Liability	$ 4,088,623	$10,885,878	$ 1,124,861	$16,099,362
Governmental activities:				
Pension related deferred outflows	$ 1,094,363	$ 3,379,076	$ 32,460	$ 4,505,899
Pension related deferred inflows	(1,296,478)	(3,106,496)	-	(4,402,974)
Business-type activities:				
Pension related deferred outflows	271,734	-	-	271,734
Pension related deferred inflows	(265,751)	-	-	(265,751)
Total	$ (196,132)	$ 272,580	$ 32,460	$ 108,908
Pension expense	$ 328,309	$ 1,495,981	$ 78,753	$ 1,903,043

D. Other postemployment healthcare benefits

Health Insurance Plan

Description

The City offers postemployment health insurance to retired employees. The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the City. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The health insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement and is extended to retirees and their dependents until the individuals become eligible for Medicare at age 65. The plan does not issue a stand-alone financial report.

Funding policy

The City provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the State Legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100 percent of the blended premium cost of active employees up to age 65 (including the employer and employee share).

At December 31, 2021, the following employees were covered by the benefit terms:

Active employees	245
Inactive members currently receiving benefits	12
Total	257

Total OPEB Liability

The City's total OPEB liability of $7,179,301 was measured as of December 31, 2021 as determined by actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Measurement date	December 31, 2021
Actuarial valuation date	December 31, 2020 with results actuarially projected on a "no gain / no loss" basis to get to the December 31, 2021 measurement date. Liabilities as of January 1, 2021 are based on an actuarial valuation date of January 1, 2021 with no adjustments.
Actuarial method	Entry Age Normal Level % of salary method
Inflation	2.75% per year
Payroll growth	Payroll growth rates include general wage inflation of 3.50% (includes 2.75% inflation and 0.75% productivity growth), plus merit increases based on the Kansas Public Employees Retirement System(KPERS) and Kansas Police and Firemen's Retirement System (KPF) actuarial valuation as of December 31,2019. KPERS employees are assumed to follow the KPERS Local rates, while KPF employees are assumed to follow the KPF rates.
Discount rate	2.25% as of December 31, 2021 and 2.12% as of January 1, 2021 for accounting disclosure purposes.
Disability	None

Changes in the total OPEB liability are as follows:

Balance 1/1/2021	$	7,179,301
Service Cost		567,528
Interest		162,362
Difference between expected and actual experience		(290,284)
Changes of assumptions/methodology		(94,143)
Benefit payments		(177,448)
Net change in total OPEB liability		168,015
Total OPEB liability 12/31/2021	$	7,347,316
Covered payroll	$	12,007,236
Total OPEB liability as a percentage of covered payroll		61.2%

The following presents the total OPEB liability, calculated using the current discount rate of 2.25%, as well as the total OPEB liability calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	$ 8,105,335	$ 7,347,316	$ 6,665,041

The following presents the total OPEB liability, calculated using the current healthcare cost trend rate of 7.50% decreasing to 5.00%, as well as the total OPEB liability calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Health Cost Trend Rate	1% Increase
Total OPEB liability	$ 6,686,198	$ 7,347,316	$ 8,154,682

For the year ended December 31, 2021, the City recognized OPEB expense of $419,637.

Deferred Outflows* of *Resources and Deferred Inflows of Resources

At December 31, 2021, the City reported deferred outflows related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ -	$ (1,753,761)
Changes of assumptions	426,584	(171,119)
Total	$ 426,584	$ (1,924,880)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	Annual Recognition
2022	$ (310,253)
2023	(310,253)
2024	(310,253)
2025	(310,251)
2026	(129,143)
Thereafter	(128,143)
Total	$ (1,498,296)

Disability Benefits and Life Insurance Plan

Plan Description, Benefits Provided and Contributions

E. Other Postemployment Benefits - KPERS

The City participates in a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by KS.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

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

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 55th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Employees Covered by Benefit Terms

At December 31, 2021, the following employees were covered by the benefit terms:

Active Plan Members	125
Inactive Employees or Beneficiary Currently Receiving Benefits	2
Total	127

Total OPEB liability and Actuarial Assumptions

The City's total OPEB liability of $163,551 was measured at June 30, 2021 (the measurement date), and was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021, using the following actuarial assumptions:

Valuation date	December 31, 2020
Measurement date	June 30, 2021
Inflation	2.75%
Actuarial cost method	Entry Age Normal
Payroll growth	3.00%
Salary increases including inflation	3.50%
Discount rate	2.16%

Mortality rates used for the death benefits were based on 90% of the RP-2014 Total Dataset +2 for Males and 90% of the RP-2014 Total Dataset+1 for Females. Generational mortality improvements were projected for future years using MP-2021.

Changes in the Total OPEB Liability

The changes in the OPEB liability are as follows:

Balance at December 31, 2020	$ 353,798
Changes for the Year:	
Service Cost	24,916
Interest	7,597
Changes in Economic/Demographic Gains or Losses	(152,787)
Changes in Assumptions or Other Inputs	328
Benefit Payments	(70,301)
Balance at December 31, 2021	$ 163,551

Sensitivity Analysis

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease	Current Discount	1% Increase
Total OPEB liability	$ 169,869	$ 163,551	$ 156,805

Healthcare cost trend rate sensitivity analysis is not applicable as healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS.

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

For the year ended December 31, 2021, the City recognized OPEB expense for this plan of $41,379. At December 31, 2021, the City reported deferred outflows and inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumption or Other Inputs	$ 18,089	$ (3,875)
Differences Between Expected and Actual Experience	173,609	(180,513)
	$ 191,698	$ (184,388)

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to the plan will be recognized in OPEB expense as follows:

Year Ending December 31,	
2022	$ 8,866
2023	8,866
2024	8,866
2025	8,866
2026	9,024
Thereafter	(37,178)
	$ 7,310

Summary of financial reporting of the City's OPEB plans:

	Health Insurance Plan	KPERS	Total
Governmental activities:			
OPEB Liability	$ 7,113,115	$ 130,049	$ 7,243,164
Business-type activities:			
OPEB Liability	234,201	33,502	267,703
Total OPEB Liability	$ 7,347,316	$ 163,551	$ 7,510,867
Governmental activities:			
OPEB related deferred outflows	$ 412,987	$ 152,430	$ 565,417
OPEB related deferred inflows	(1,863,523)	(146,618)	(2,010,141)
Business-type activities:			
OPEB related deferred outflows	13,597	39,268	52,865
OPEB related deferred inflows	(61,357)	(37,770)	(99,127)
Total	$ (1,498,296)	$ 7,310	$ (1,490,986)
Total OPEB expense	$ 419,637	$ 41,379	$ 461,016

F. Closure and postclosure care costs

State and federal laws and regulations require the City's sanitary landfill to place a final cover on the landfill site and to perform certain maintenance and monitoring functions for thirty years after closure. Although closure and postclosure care costs will be paid in future periods, the City reports these closure and postclosure care costs as an operating expense in each period based upon landfill capacity used as of the balance sheet date. The $124,607 reported as landfill closure and postclosure care liability in the Refuse Fund at December 31, 2021 represents 100% of the estimated liability as the landfill is no longer accepting waste. Actual costs may be different than those estimated due to inflation, changes in technology or changes in regulations.

G. Commitments and contingencies

Normal commitments have been made for future expenditures related to the City's capital projects program.

The City is a defendant in various legal actions pending or in process for property damage, personal injuries, zoning matters and other miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. While certain lawsuits involve substantial amounts, in the opinion of management and counsel, such litigation will have no material effect on the basic financial statements of the City.

The City receives significant financial assistance from numerous Federal, state and local governmental agencies in the form of grants. Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy, efficiency and program results which may result in disallowed costs to the City. However, City management does not believe such audits would result in any disallowed costs that would be material to the City's financial position as of December 31, 2021.

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executed contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but as restricted, committed, or assigned fund balance. At December 31, 2021, the City's recorded encumbrances in governmental funds were as follows:

General Fund	$	28,845
Capital Projects Fund		1,010,578
Nonmajor governmental funds:		
CIP Sales Tax Fund		18,944
Police Grants Fund		18,000
Housing Funds		16,055
	$	1,092,422

H. Tax Abatements

The City provides tax abatements through two programs-the Neighborhood Revitalization Area and Economic Development Plan.

For the fiscal year ended December 31, 2021, the City abated taxes totaling $1,023,576, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

- The **Neighborhood Revitalization Area (NRA)** was established under the authority of K.S.A 12-17, 114 et al. The purpose of the plan is intended to promote the rehabilitation, conservation, and /or redevelopment of areas within the city to protect the public health, safety, and welfare of the residents.

  The tax rebate incentive is available to property owners for certain improvements that raise the appraised value of residential and commercial properties. The City evaluates all the properties before granting the abatement. Any default in paying taxes results in the property owner not receiving their abated monies. If the property is sold, the abatement stays in effect with the new property owner.

  The NRA provides for an ad valorem rebate of 100% of the increased taxes paid on eligible improvements for a period of 5-10 years. Interlocal agreements were entered into with the USD #453 school district and Leavenworth County. The NRA district includes properties from Metropolitan Avenue as the northern boundary to Spruce Street as the southern boundary and from N Esplanade Street as the eastern boundary to N 10th Street as the western boundary, with a portion of area between 10th and 11th street included. Within that area, two sections are considered Tax Increment Financing (TIF) areas instead of NRA.

  As of December 31, 2020, the Commission approved extending the NRA for another 10 years. There are approximately 60 properties participating in the tax abatements, which totaled $113,002.

- **The Economic Development Plan** was established under the authority of K.S.A. 12-1770 et seq. and includes tax abatements for economic development purposes in the form of Tax Increment Financings (TIFs) and Industrial Revenue Bonds (IRBs). The statutes require that the projects being considered for a TIF generate enough benefits and TIF revenues to cover or exceed the project costs. TIFs may take the form of either ad valorem tax abatements or sales tax abatements or both. IRBs not only provide financing for the project but also allow the sales taxes on the project to be abated using the City's sales tax exemption status.

  As of December 31, 2021, the City has the following **Sales Tax TIF** agreements:
  - Home Depot (2001-2021) refund of 100% of the original 1% City sales tax. The amount repaid to Home Depot in 2021 was $359,702.
    This agreement expired in September 2021.

  - Zeck Ford (2015- 2035) refund of 80% of the original 1% City sales tax that is generated on sales exceeding $53,992,480 annually. The amount of sales tax repaid to Zeck for 2021 was $32,349.

  As of December 31, 2021, the City has the following **Property Tax TIF** agreements:
  - Zeck Ford (2015-2035): 100% refund of the property tax generated in excess of the assessed value excluding the allocation to the state and the school district general fund that is exempted by statute. $1,102,513 is considered the base value, and 2015 is considered the base year. At December 31, 2021, the district generated $102,987.
  - North Gateway Hotels (2014-2034): 100% of the property tax generated on the increased value of the properties in the North Gateway Hotel TIF is placed into a TIF fund, excluding the allocation to the state and the school district general fund that is exempted by statute. The monies paid into the TIF fund will be used to repay the $875,000 of GO bonds issued on behalf of the developer towards the construction of an extended stay hotel at that same location. As of December 31, 2021, the district generated $246,903.
  - Downtown Hotel (2014-2034): 100% of the property tax generated on the increased value of the properties in the Downtown Hotel TIF is placed into a TIF fund, excluding the allocation to the state and the school district general fund that is exempted by statute. The base year for assessed valuation is 2011 and the base value is $2,352,884. As of December 31, 2021 , the district generated $168,633. The City has Interlocal agreements with USD #453 and Leavenworth County for the property tax TIFs.
  - During 2020, three TIF agreements were added to the existing TIF Districts: Luxury Imports, Price Chopper, and the development at 615 Metropolitan. These projects are not completed; therefore, have no balances included in the 2021 tax abatements.

I. Subsequent Events

The City evaluated subsequent events through June 30, 2022, the date the financial statements were available to be issued.

On March 10, 2022, the City called for the redemption and payment of Series 2016-A (Second Hotel Project) Bonds dated October 2, 2016. The outstanding principal amount that was redeemed was the remaining principal balance of $465,000.

On March 30, 2022, the City issued $2,125,000 in Temporary Notes. Of that amount, $800,000 will be used to fund the construction of three City park projects and $1,325,000 will be used to fund the 2021 pavement management program. The City also issued $1,435,000 in general obligation bonds which was used to redeem temporary notes for the 2021 pavement management program.

In May 2021, the City was awarded $8,549,064 of funding through the American Recovery Plan Act (ARPA). Of that amount, the City received $4,274,532 on May 19, 2021 and the balance of $4,274,532 on June 6, 2022. As of December 31, 2021 the City has expended $1,145,290 of these funds. The City is in the process of developing a plan for the utilization of the balance of the funds. All funds must be committed by December 31, 2024 and spent by December 31, 2026.

Required Supplementary Information

City of Leavenworth, Kansas
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 15,913,634	$ 15,913,634	$ 16,802,360	$ 888,726
Intergovernmental	86,648	86,648	70,189	(16,459)
Licenses and permits	457,333	457,333	485,308	27,975
Charges for services	1,795,067	1,795,067	1,562,354	(232,713)
Fines and forfeitures	650,000	650,000	483,290	(166,710)
Investment earnings	150,000	150,000	43,747	(106,253)
Miscellaneous	210,360	210,360	140,702	(69,658)
Total revenues	19,263,042	19,263,042	19,587,950	324,908
EXPENDITURES				
Current:				
General government	3,700,284	3,714,823	3,804,487	(89,664)
Public safety	12,729,883	12,830,344	12,588,107	242,237
Public works	2,685,546	2,710,546	2,387,136	323,410
Culture and recreation	15,342	15,342	17,373	(2,031)
Housing and urban redevelopment	62,306	62,306	44,800	17,506
Community and economic development	254,359	254,359	248,272	6,087
Capital outlay	-	-	48,759	(48,759)
Operating reserves	2,692,101	2,552,101	-	2,552,101
Total expenditures	22,139,821	22,139,821	19,138,934	3,000,887
Excess of revenues over (under) expenditures	(2,876,779)	(2,876,779)	449,016	3,325,795
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	10,414	10,414
Transfers in	97,887	97,887	-	(97,887)
Transfers out	(356,462)	(356,462)	-	356,462
Total other financing sources (uses)	(258,575)	(258,575)	10,414	268,989
Net change in fund balances	(3,135,354)	(3,135,354)	459,430	3,594,784
Fund balances - beginning	3,135,354	3,135,354	8,492,768	5,357,414
Current year encumbrances	-	-	28,845	28,845
Prior year encumbrances relieved	-	-	3,119	3,119
Fund balances - ending	$ -	$ -	$ 8,984,162	$ 8,984,162

City of Leavenworth, Kansas
ARPA Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	$ -	$ 4,274,532	$ 1,145,290	$ (3,129,242)
Total revenues	-	4,274,532	1,145,290	(3,129,242)
EXPENDITURES				
Current:				
General government	-	-	225,908	(225,908)
Capital outlay	-	-	49,801	(49,801)
Operating reserves	-	3,233,333	-	3,233,333
Total expenditures	-	3,233,333	275,709	2,957,624
Excess (deficiency) of revenues over (under) expenditures	-	1,041,199	869,581	(171,618)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(1,041,199)	(869,581)	171,618
Total - other financing sources (uses)	-	(1,041,199)	(869,581)	171,618
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

City of Leavenworth, Kansas

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

	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the collective net pension liability:								
KPERS	0.340731%	0.347131%	0.343336%	0.337771%	0.328793%	0.323681%	0.368228%	0.355866%
KP&F	1.140785%	1.113637%	1.133095%	1.159168%	1.109955%	1.200103%	1.280163%	1.271155%
City's proportionate share of the collective net pension liability	$ 14,974,501	$ 19,750,719	$ 16,265,970	$ 15,861,352	$ 15,171,471	$ 16,153,560	$ 14,130,484	$ 12,716,814
City's covered payroll	$ 11,761,792	$ 11,292,187	$ 11,701,908	$ 11,660,388	$ 12,040,404	$ 11,486,052	$ 11,445,654	$ 10,871,307
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	127.31%	174.91%	139.00%	136.03%	126.00%	140.64%	123.46%	116.98%
Plan fiduciary net position as a percentage of the total pension liability	76.40%	66.30%	69.88%	68.87%	67.12%	65.10%	64.95%	66.60%

* GASB 67 requires presentation of 10 years. As of December 31,2021, only eight years of information is available.

City of Leavenworth, Kansas

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	$ 2,003,296	$ 1,921,396	$ 1,829,172	$ 1,724,395	$ 1,608,389	$ 1,709,712	$ 1,785,936	$ 1,741,195	$ 1,491,559	$ 1,424,239	$ 1,358,240
Contributions in relation to the contractually required contribution	(2,003,296)	(1,921,396)	(1,829,172)	(1,724,395)	(1,608,389)	(1,709,712)	(1,785,936)	(1,741,195)	(1,491,559)	(1,424,239)	(1,358,240)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$ 12,007,236	$ 11,569,854	$ 12,046,939	$ 12,066,257	$ 11,672,733	$ 11,235,594	$ 11,590,840	$ 11,710,799	$ 11,436,682	$ 11,429,992	$ 11,958,524
Contributions as a percentage of covered payroll	16.68%	16.61%	15.18%	14.29%	13.78%	15.22%	15.41%	14.87%	13.04%	12.46%	11.36%

City of Leavenworth, Kansas

Schedule of the Library's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Seven Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Library's proportion of the collective net pension liability	0.031%	0.034%	0.034%	0.033%	0.033%	0.033%	0.030%
Library's proportionate share of the collective net pension liability	$ 368,975	$ 585,490	$ 478,279	$ 453,093	$ 470,907	$ 510,628	$ 398,312
Library's covered payroll	$ 660,315	$ 664,055	$ 656,550	$ 619,185	$ 584,240	$ 583,838	$ 554,714
Library's proportionate share of the collective net pension liability as a percentage of its covered payroll	55.88%	88.17%	72.85%	73.18%	80.60%	87.46%	71.80%
Plan fiduciary net position as a percentage of the total pension liability	28.94%	66.30%	69.88%	68.87%	67.12%	65.10%	64.95%

* GASB 67 requires presentation of 10 years. As of December 31, 2021 only seven years of information is available.

City of Leavenworth, Kansas

Schedule of Library's Contributions
Kansas Public Employees Retirement System
Last Seven Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 51,808	$ 55,802	$ 54,673	$ 49,020	$ 50,853	$ 51,618	$ 52,587
Contributions in relation to the contractually required contribution	51,808	55,802	54,673	49,020	50,853	51,618	52,587
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Library's covered payroll	$ 685,768	$ 657,337	622,607	$ 630,762	$ 588,634	$ 685,932	$ 554,714
Contributions as a percentage of covered-employee payroll	7.555%	8.489%	8.781%	7.772%	8.639%	7.525%	9.480%

* GASB 67 requires presentation of 10 years. As of December 31, 2021 only seven years of information is available.

City of Leavenworth, Kansas
Schedule of Changes in Net Pension Liability and Related Ratios
Police and Fire Pension Plan
Last Eight Fiscal Years*

Total Pension Liability	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Service cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	50,936	55,489	57,651	60,014	60,322	61,831	73,102	74,801
Differences between expected and actual experience	22,932	(198,022)	27,461	(17,933)	(29,788)	23,728	(305,853)	21,327
Changes of assumptions	7,746	118,337	(16,999)	18,979	97,084	-	-	-
Benefit payments, including refunds of member contributions	(115,489)	(139,625)	(140,777)	(138,869)	(136,916)	(134,794)	(151,091)	(154,434)
Net change in total pension liability	(33,875)	(163,821)	(72,664)	(77,809)	(9,298)	(49,235)	(383,842)	(58,306)
Total pension liability-beginning	1,755,605	1,919,426	1,992,090	2,069,899	2,079,197	2,128,432	2,512,274	2,570,580
Total pension-liability-ending (a)	$ 1,721,730	$ 1,755,605	$ 1,919,426	$ 1,992,090	$ 2,069,899	$ 2,079,197	$ 2,128,432	$ 2,512,274
Plan fiduciary net position								
Contributions-employer	$ 39,604	$ 37,489	$ 124,249	$ 121,272	$ 162,622	$ 163,144	$ 160,245	$ 159,716
Net investment income	873	3,843	11,803	9,107	3,417	1,266	846	846
Benefit payments, including refunds of member contributions	(115,489)	(139,625)	(140,777)	(138,869)	(136,916)	(134,794)	(151,091)	(154,434)
Other	-	-	-	-	-	-	-	(48)
Net change in plan fiduciary net position	(75,012)	(98,293)	(4,725)	(8,490)	29,123	29,616	10,000	6,080
Plan fiduciary net position-beginning	671,881	770,174	774,899	783,389	754,266	724,650	714,650	708,570
Plan fiduciary net position-ending (b)	$ 596,869	$ 671,881	$ 770,174	$ 774,899	$ 783,389	$ 754,266	$ 724,650	$ 714,650
Net pension liability-ending (a)-(b)	$ 1,124,861	$ 1,083,724	$ 1,149,252	$ 1,217,191	$ 1,286,510	$ 1,324,931	$ 1,403,782	$ 1,797,624
Plan fiduciary net position as a percentage of the total pension liability	34.67%	38.27%	40.13%	38.90%	37.85%	36.28%	34.05%	28.45%
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* GASB 67 requires presentation of 10 years. As of December 31, 2021, only eight years of information is available.

City of Leavenworth, Kansas
Schedule of City Contributions
Police and Fire Pension Plan
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	$ 123,345	$ 130,804	$ 138,536	$ 104,627	$ 86,462	$ 91,608	$ 117,310	$ 153,655	$ 153,655	$ 153,655
Actual contributions	39,604	37,489	124,249	121,272	162,622	163,144	160,245	159,716	188,189	180,610
Contribution deficiency (excess)	$ 83,741	$ 93,315	$ 14,287	$ (16,645)	$ (76,160)	$ (71,536)	$ (42,935)	$ (6,061)	$ (34,534)	$ (26,955)
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date:
Actuarially determined contribution rates are calculated as of December 31, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Open level dollar 10 year basis
Asset valuation method	Market Value of Assets
Inflation	3%
Salary increases	N/A-closed plan
Investment rate of return	3.0% net of investment expenses
Cost of Living Increases	3%
Interest rates:	
Discount Rate	3%
Expected Long Term Rate of Return	3%
Municipal Bond rate	N/A
Retirement age	N/A-closed plan
Mortality	PubG-2010 Mortality Table Projected Generationally from 2010 with the Mortality Improvement Scale MP-2021.
Changes since prior report	Mortality table was updated from he PubG-2010 Mortality Table Projected Generationally from 2010 with the Mortaity Improvement Scale MP-2020 to the PubG-2010 Mortality Table Projected Generationally from 2010 with the Mortality Scale MP-2021.

City of Leavenworth, Kansas
Schedule of Investment Returns
Police and Fire Pension Plans
Last Eight Fiscal Years*

Fiscal Year	Annual Money-weighted Rate of Return
2021	0.14%
2020	0.00%
2019	0.00%
2018	0.00%
2017	0.00%
2016	0.15%
2015	0.14%
2014	0.14%

City of Leavenworth, Kansas
Required Supplementary Information
Other Postemployment Benefits

Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Total OPEB Liability	2021	2020	2019	2018
Service cost	$ 567,528	$ 369,404	$ 305,409	$ 389,159
Interest	162,362	248,550	275,867	284,813
Benefits paid	(177,448)	(175,496)	(173,928)	(233,622)
Differences between expected and actual experience	(290,284)	(711,757)	(171,361)	(1,778,825)
Changes of assumptions	(94,143)	106,718	613,123	(174,876)
Net change in total OPEB liability	168,015	(162,581)	849,110	(1,513,351)
Total OPEB liability-beginning	7,179,301	7,341,882	6,492,772	8,006,123
Total OPEB-liability-ending	$ 7,347,316	$ 7,179,301	$ 7,341,882	$ 6,492,772
Covered employee payroll	$ 12,007,236	$ 11,569,854	$ 12,046,939	$ 11,238,903
Total OPEB liability as a percentage of covered payroll	61.19%	62.05%	60.94%	57.77%
Actuarially determined contribution	$ 177,448	$ 175,496	$ 173,928	$ 233,622
Actual contribution	$ 177,448	$ 175,496	$ 173,928	$ 233,622
Contributions as a percentage of covered payroll	1.48%	1.52%	1.44%	2.08%

*Data became available with the inception of GASB 75 during fiscal year 2018, therefore 10 years of data is unavailable.

City of Leavenworth, Kansas
Required Supplementary Information
Other Postemployment Benefits

Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Last Ten Fiscal Years*

Total OPEB Liability	2021	2020	2019	2018
Service Cost	$ 24,916	$ 21,911	$ 20,579	$ 20,355
Interest	7,597	14,004	10,795	6,567
Benefits paid	(70,301)	(46,881)	(67,814)	(51,867)
Effect on economic/demographic gains or losses	(152,787)	(53,792)	139,941	130,814
Changes of assumptions	328	17,127	5,973	(2,686)
Net change in total OPEB liability	(190,247)	(47,631)	109,474	103,183
Total OPEB liability-beginning	353,798	401,428	291,954	188,771
Total OPEB-liability-ending	$ 163,551	$ 353,797	$ 401,428	$ 291,954
Covered employee payroll	$ 6,043,270	$ 5,949,759	$ 5,736,648	$ 5,606,308
Total OPEB liability as a percentage of covered employee payroll	2.71%	5.95%	7.00%	5.21%
Actuarially determined contribution	$ 70,301	$ 46,881	$ 67,814	$ 51,867
Actual contribution	$ 70,301	$ 46,881	$ 67,814	$ 51,867
Contributions as a percentage of covered employee payroll	1.16%	0.79%	1.18%	0.93%

*Data became available with the inception of GASB 75 during fiscal yar 2018, therefore 10 years of data is unavailable.

Combining and Individual Fund Statements and Schedules

City of Leavenworth, Kansas

Nonmajor Governmental Funds

December 31, 2021

Special Revenue Funds

Fund Descriptions

Convention & Visitors Bureau Fund

To account for the receipt and disbursement of transient guest taxes for the promotion of tourism and conventions.

Probation Fund

To account for the receipt and disbursement of resources related to probations services.

Police Seizure Fund

To account for expenditures relating to the operation of police drug abuse abatement programs. Resources are generated from proceeds of the sale of assets confiscated or seized during drug enforcement activities.

Police Grants Fund

To account for the receipt and disbursement of federal and state grants for various police programs.

911 Fund

To account for the receipt and disbursement of the 911 operations. Resources are mainly from franchise taxes.

Streets Fund

To account for the operational expenditures of the Street Department. Resources are mainly from a state fuel tax.

Recreation Fund

To account for recreational program expenditures. Resources are generated by a tax levy and program user fees.

Special Park Gift Fund

To account for public contributions for improvements to City parks.

Economic Development Fund

To account for the economic development operations expenditures. Resources are generated from a 15% allocation of the Countywide sales tax.

Fund Descriptions (continued)

Business & Technology Park Fund

To account for the general maintenance and activities related to the business and technology park.

Housing Fund

To account for monies relating to the maintenance and operation of the public housing facility and housing programs for low income persons. Financing is provided by user fees and federal financial assistance.

Community Development Fund

To account for monies expended for community development block grant programs and various other community improvements. Financing is provided by federal financial assistance.

Community Grant Fund

To account for monies provided to community organizations and small businesses to aid in the mitigation of the impact of COVID-19.

CIP Sales Tax Fund

To account for the activities related to the 1/2 cent permanent sales tax dedicated for capital improvements.

Countywide Sales Tax Fund

To account for the receipt and disbursement of sales tax revenue resulting from a one-cent Countywide sales tax enacted by Leavenworth County.

Tax Increment Auto Fund

To account for the transactions related to auto economic development incentives.

Tax Increment Hotels Fund

To account for the transactions related to hotel economic development incentives.

Tax Increment Retail Fund

To account for the receipt and disbursement of sales tax revenues related to the 2001 tax increment financing project.

City of Leavenworth, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2021

Special Revenue Funds - Page 1 of 2

	Convention & Visitors Bureau	Probation	Police Seizure	Police Grants	911 Fund	Streets	Recreation	Special Park Gift	Economic Development	Business & Tech Park
ASSETS										
Cash and cash equivalents	$ 600,030	$ 107,127	$ 85,073	$ 3,981	$ 76,869	$ 328,379	$ 566,527	$ 43,345	$ 897,008	$ 391,831
Cash in escrow	-	-	-	-	-	-	-	-	-	-
Deposits restricted for tenant deposit refunds	-	-	-	-	-	-	-	-	-	-
Accounts receivable	5,792	-	-	-	-	-	-	-	-	-
Property tax receivable	-	-	-	-	-	-	432,237	-	-	-
Sales tax receivable	-	-	-	-	-	-	-	-	97,644	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Assets held for resale	-	-	-	-	-	-	-	-	1,260,400	-
Total assets	$ 605,822	$ 107,127	$ 85,073	$ 3,981	$ 76,869	$ 328,379	$ 998,764	$ 43,345	$ 2,255,052	$ 391,831
LIABILITIES										
Accounts payable	$ 3,878	$ 1,261	$ -	$ -	$ -	$ 22,228	$ 31,083	$ -	$ 287	$ 54
Accrued compensation	3,113	3,838	-	-	-	15,668	30,074	-	1,054	-
Due to other funds	-	-	-	-	-	-	-	-	-	-
Tenant deposits	-	-	-	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-	-	-	-
Total liabilities	6,991	5,099	-	-	-	37,896	61,157	-	1,341	54
DEFERRED INFLOWS OF RESOURCES										
Unavailable revenues - property taxes	-	-	-	-	-	-	432,237	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	432,237	-	-	-
FUND BALANCES										
Restricted	598,831	102,028	85,073	3,981	76,869	290,483	505,370	43,345	2,253,711	391,777
Total fund balances	598,831	102,028	85,073	3,981	76,869	290,483	505,370	43,345	2,253,711	391,777
Total liabilities, deferred inflows of resources, and fund balances	$ 605,822	$ 107,127	$ 85,073	$ 3,981	$ 76,869	$ 328,379	$ 998,764	$ 43,345	$ 2,255,052	$ 391,831

City of Leavenworth, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2021

Special Revenue Funds - Page 2 of 2

	Housing	Community Development	Community Grant	CIP Sales Tax	County Wide Sales Tax	Tax Increment Auto	Tax Increment Hotels	Tax Increment Retail	Total Nonmajor Governmental Funds
ASSETS									
Cash and cash equivalents	$ 1,116,885	$ 6,600	$ 67,750	$ 1,954,104	$ 2,488,128	$ 84,978	$ 505,165	$ 27,900	$ 9,351,680
Cash in escrow	-	-	-	-	-	-	537,402	-	537,402
Deposits restricted for tenant deposit refunds	32,426	-	-	-	-	-	-	-	32,426
Accounts receivable	-	-	-	-	-	-	-	-	5,792
Property tax receivable	-	-	-	-	-	-	-	-	432,237
Sales tax receivable	-	-	-	453,478	553,316	95,389	31,468	9,671	1,240,966
Due from other governments	10,497	50,943	-	-	-	-	-	-	61,440
Assets held for resale	-	-	-	-	-	-	-	-	1,260,400
Total assets	$ 1,159,808	$ 57,543	$ 67,750	$ 2,407,582	$ 3,041,444	$ 180,367	$ 1,074,035	$ 37,571	$ 12,922,343
LIABILITIES									
Accounts payable	$ 21,999	$ 120	$ -	$ 62	$ -	$ -	$ -	$ -	$ 80,972
Accrued compensation	7,940	1,754	-	-	-	-	-	-	63,441
Due to other funds	4,440	49,069	-	-	-	-	-	-	53,509
Tenant deposits	32,425	-	-	-	-	-	-	-	32,425
Unearned revenues	78,344	-	-	-	-	-	-	-	78,344
Total liabilities	145,148	50,943	-	62	-	-	-	-	308,691
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues - property taxes	-	-	-	-	-	-	-	-	432,237
Total deferred inflows of resources	-	-	-	-	-	-	-	-	432,237
FUND BALANCES									
Restricted	1,014,660	6,600	67,750	2,407,520	3,041,444	180,367	1,074,035	37,571	12,181,415
Total fund balances	1,014,660	6,600	67,750	2,407,520	3,041,444	180,367	1,074,035	37,571	12,181,415
Total liabilities, deferred inflows of resources, and fund balances	$ 1,159,808	$ 57,543	$ 67,750	$ 2,407,582	$ 3,041,444	$ 180,367	$ 1,074,035	$ 37,571	12,922,343

City of Leavenworth, Kansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

Special Revenue Funds - Page 1 of 2

	Convention & Visitors Bureau	Probation	Police Seizure	Police Grants	911 Fund	Streets	Recreation	Special Park Gift	Economic Development	Business & Tech Park
REVENUES										
Taxes	$ 620,146	$ -	$ -	$ -	$ 81,151	$ -	$ 475,932	$ -	$ 546,479	$ -
Intergovernmental	-	65,892	-	25,907	-	1,223,679	65,892	-	-	-
Charges for services	10,113	97,428	-	-	-	-	341,974	5,380	-	-
Fines and forfeitures	-	-	6,974	-	-	-	-	-	-	-
Investment earnings	-	-	118	-	-	-	-	-	-	-
Miscellaneous	71,080	5	8	-	-	1,899	12,505	9,126	-	-
Total revenues	701,339	163,325	7,100	25,907	81,151	1,225,578	896,303	14,506	546,479	-
EXPENDITURES										
Current:										
General government	607,218	195,084	-	-	-	-	-	-	-	-
Public safety	-	-	5,613	11,523	3,783	-	-	-	-	-
Public works	-	-	-	-	-	1,076,856	-	-	-	-
Culture and recreation	-	-	-	-	-	-	2,406,896	9,669	-	-
Housing and urban redevelopment	-	-	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-	215,401	29,357
Debt service					-					
Principal retirement	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	14,384	499	10,279	6,870	-	375,156	-
Total expenditures	607,218	195,084	5,613	25,907	4,282	1,087,135	2,413,766	9,669	590,557	29,357
Excess (deficiency) of revenues over (under) expenditures	94,121	(31,759)	1,487	-	76,869	138,443	(1,517,463)	4,837	(44,078)	(29,357)
OTHER FINANCING SOURCES (USES)										
Sale of assets	-	-	-	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	-	-	7,047	-	-	-	-
Bond proceeds	-	-	-	-		-	-	-	-	-
Transfers in	172,006	89,155	-	-	-	86,216	2,017,816	-	-	-
Transfers out	-	-	-	-	-	-	-	(480)	-	-
Total - other financing sources (uses)	172,006	89,155	-	-	-	93,263	2,017,816	(480)	-	-
Net change in fund balances	266,127	57,396	1,487	-	76,869	231,706	500,353	4,357	(44,078)	(29,357)
Fund balances - beginning	332,704	44,632	83,586	3,981	-	58,777	5,017	38,988	2,297,789	421,134
Fund balances - ending	$ 598,831	$ 102,028	$ 85,073	$ 3,981	$ 76,869	$ 290,483	$ 505,370	$ 43,345	$ 2,253,711	$ 391,777

City of Leavenworth, Kansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021

Special Revenue Funds - Page 2 of 2

	Housing	Community Development	Community Grant	CIP Sales Tax	County Wide Sales Tax	Tax Increment Auto	Tax Increment Hotels	Tax Increment Retail	Total Nonmajor Governmental Funds
REVENUES									
Taxes	$ -	$ -	$ -	$ 2,461,228	$ 3,096,714	$ 729,576	$ 622,788	$ 225,178	$ 8,859,192
Intergovernmental	2,304,686	555,596	-	-	-	-	-	-	4,241,652
Charges for services	495,821	-	-	-	-	-	-	-	950,716
Fines and forfeitures	-	-	-	-	-	-	-	-	6,974
Investment earnings	145	-	-	-	-	-	534	167	964
Miscellaneous	17,161	6,600	-	88,497	-	-	246,903	6,504	460,288
Total revenues	2,817,813	562,196	-	2,549,725	3,096,714	729,576	870,225	231,849	14,519,786
EXPENDITURES									
Current:									
General government	-	-	-	148,667	-	-	-	-	950,969
Public safety	-	-	-	40,774	-	-	-	-	61,693
Public works	-	-	-	-	-	-	-	-	1,076,856
Culture and recreation	-	-	-	-	-	-	-	-	2,416,565
Housing and urban redevelopment	2,756,049	450,578	-	-	-	-	-	-	3,206,627
Community and economic development	-	-	484,500	-	-	665,815	447,333	360,950	2,203,356
Debt service									
Principal retirement	-	-	-	-	-	-	90,000	-	90,000
Interest and fiscal charges	-	-	-	-	-	-	8,978	-	8,978
Capital outlay	-	109,126	-	1,673,321	-	-	-	-	2,189,635
Total expenditures	2,756,049	559,704	484,500	1,862,762	-	665,815	546,311	360,950	12,204,679
Excess (deficiency) of revenues over (under) expenditures	61,764	2,492	(484,500)	686,963	3,096,714	63,761	323,914	(129,101)	2,315,107
OTHER FINANCING SOURCES (USES)									
Sale of assets	-	-	-	48,458	-	-	-	-	48,458
Insurance proceeds	-	-	-	10,519	-	-	-	-	17,566
Bond proceeds	-	-	-	1,310,000	-	-	-	-	1,310,000
Transfers in	-	-	-	-	221,746	-	-	-	2,586,939
Transfers out	-	-	-	(1,801,593)	(1,853,346)	-	(69,040)	-	(3,724,459)
Total - other financing sources (uses)	-	-	-	(432,616)	(1,631,600)	-	(69,040)	-	238,504
Net change in fund balances	61,764	2,492	(484,500)	254,347	1,465,114	63,761	254,874	(129,101)	2,553,611
Fund balances - beginning	952,896	4,108	552,250	2,153,173	1,576,330	116,606	819,161	166,672	9,627,804
Fund balances - ending	$ 1,014,660	$ 6,600	$ 67,750	$ 2,407,520	$ 3,041,444	$ 180,367	$ 1,074,035	$ 37,571	$ 12,181,415

City of Leavenworth, Kansas
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 2,100,300	$ 2,025,745	$ 2,015,773	$ (9,972)
Total revenues	2,100,300	2,025,745	2,015,773	(9,972)
EXPENDITURES				
Debt service:				
Principal retirement	2,870,000	5,930,291	5,895,000	35,291
Interest and fiscal charges	513,891	516,745	494,491	22,254
Operating reserves	382,790	596,500	-	596,500
Total expenditures	3,766,681	7,043,536	6,389,491	654,045
Excess (deficiency) of revenues over (under) expenditures	(1,666,381)	(5,017,791)	(4,373,718)	644,073
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	-	2,935,000	2,935,000	-
Bond premium	-	402,477	402,477	-
Transfers in	1,483,991	1,318,841	1,093,827	(225,014)
Total - other financing sources (uses)	1,483,991	4,656,318	4,431,304	(225,014)
Net change in fund balances	(182,390)	(361,473)	57,586	419,059
Fund balances - beginning	182,390	361,473	361,473	-
Fund balances - ending	$ -	$ -	$ 419,059	$ 419,059

City of Leavenworth, Kansas
Convention & Visitors Bureau Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Transient guest tax	$ 500,000	$ 500,000	$ 620,146	$ 120,146
Charges for services	-	-	10,113	10,113
Miscellaneous	50,000	50,000	71,080	21,080
Total revenues	550,000	550,000	701,339	151,339
EXPENDITURES				
Current:				
General government	736,298	737,277	607,218	130,059
Operating reserves	106,084	105,105	-	105,105
Total expenditures	842,382	842,382	607,218	235,164
Excess (deficiency) of revenues over (under) expenditures	(292,382)	(292,382)	94,121	386,503
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	172,006	172,006
Net change in fund balances	(292,382)	(292,382)	266,127	558,509
Fund balances - beginning	292,382	292,382	332,704	40,322
Fund balances - ending	$ -	$ -	$ 598,831	$ 598,831

City of Leavenworth, Kansas
Probation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	$ 84,148	$ 84,148	$ 65,892	$ (18,256)
Charges for services	115,973	115,973	97,428	(18,545)
Miscellaneous	-	-	5	5
Total revenues	200,121	200,121	163,325	(36,796)
EXPENDITURES				
Current:				
General government	236,406	236,406	195,084	41,322
Operating reserves	61,560	61,560	-	61,560
Total expenditures	297,966	297,966	195,084	102,882
Excess (deficiency) of revenues over (under) expenditures	(97,845)	(97,845)	(31,759)	66,086
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	89,155	89,155
Net change in fund balances	(97,845)	(97,845)	57,396	155,241
Fund balances - beginning	97,845	97,845	44,632	(53,213)
Fund balances - ending	$ -	$ -	$ 102,028	$ 102,028

City of Leavenworth, Kansas
911 Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Franchise taxes-Telephone	$ -	$ 109,580	$ 81,151	$ (28,429)
Total revenues	-	109,580	81,151	(28,429)
EXPENDITURES				
Current:				
Public safety	-	20,000	3,783	16,217
Capital outlay	-	-	499	(499)
Operating reserves	-	89,580	-	89,580
Total expenditures	-	109,580	4,282	105,298
Excess (deficiency) of revenues over (under) expenditures	-	-	76,869	76,869
Net change in fund balances	-	-	76,869	76,869
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ 76,869	$ 76,869

City of Leavenworth, Kansas
Streets Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	$ 973,810	$ 973,810	$ 1,223,679	$ 249,869
Miscellaneous	376,894	376,894	1,899	(374,995)
Total revenues	1,350,704	1,350,704	1,225,578	(125,126)
EXPENDITURES				
Current:				
Public works	1,238,781	1,238,781	1,076,856	161,925
Capital outlay	-	-	10,279	(10,279)
Total expenditures	1,238,781	1,238,781	1,087,135	151,646
Excess (deficiency) of revenues over (under) expenditures	111,923	111,923	138,443	26,520
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	7,047	7,047
Transfers in	133,500	133,500	86,216	(47,284)
Transfers out	(792,090)	(792,090)	-	792,090
Total - other financing sources (uses)	(658,590)	(658,590)	93,263	751,853
Net change in fund balances	(546,667)	(546,667)	231,706	778,373
Fund balances - beginning	546,667	546,667	58,777	(487,890)
Fund balances - ending	$ -	$ -	$ 290,483	$ 290,483

City of Leavenworth, Kansas
Recreation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 474,429	$ 474,429	$ 475,932	$ 1,503
Intergovernmental	84,148	84,148	65,892	(18,256)
Charges for services	682,779	682,779	341,974	(340,805)
Miscellaneous	-	-	12,505	12,505
Total revenues	1,241,356	1,241,356	896,303	(345,053)
EXPENDITURES				
Current:				
Culture and recreation	2,742,225	2,742,225	2,406,896	335,329
Capital Outlay	-	-	6,870	(6,870)
Total expenditures	2,742,225	2,742,225	2,413,766	328,459
Excess (deficiency) of revenues over (under) expenditures	(1,500,869)	(1,500,869)	(1,517,463)	(16,594)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,495,132	1,495,132	2,017,816	522,684
Total - other financing sources (uses)	1,495,132	1,495,132	2,017,816	522,684
Net change in fund balances	(5,737)	(5,737)	500,353	506,090
Fund balances - beginning	5,737	5,737	5,017	(720)
Fund balances - ending	$ -	$ -	$ 505,370	$ 505,370

City of Leavenworth, Kansas
Economic Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 426,510	$ 426,510	$ 546,479	$ 119,969
	426,510	426,510	546,479	119,969
EXPENDITURES				
Current:				
Community and economic development	426,663	426,663	215,401	211,262
Capital outlay	-	-	375,156	(375,156)
Reserves	824,997	824,997	-	824,997
Total expenditures	1,251,660	1,251,660	590,557	661,103
Excess (deficiency) of revenues over (under) expenditures	(825,150)	(825,150)	(44,078)	781,072
Fund balances - beginning	825,150	825,150	2,297,789	1,472,639
Fund balances - ending	$ -	$ -	$ 2,253,711	$ 2,253,711

City of Leavenworth, Kansas
Business & Technology Park
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Community and economic development	-	30,000	29,357	643
Reserves	-	391,173	-	391,173
Total expenditures	-	421,173	29,357	391,816
Excess (deficiency) of revenues over (under) expenditures	-	(421,173)	(29,357)	391,816
Net change in fund balances	-	(421,173)	(29,357)	391,816
Fund balances - beginning	-	421,173	421,134	(39)
Fund balances - ending	$ -	$ -	$ 391,777	$ 391,777

City of Leavenworth, Kansas
CIP Sales Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 2,496,476	$ 2,415,941	$ 2,461,228	$ 45,287
Miscellaneous	-	135,418	88,497	(46,921)
Total revenues	2,496,476	2,551,359	2,549,725	(1,634)
EXPENDITURES				
Current:				
General government	-	215,510	148,667	66,843
Public safety	-	1,310,000	40,774	1,269,226
Capital outlay	-	-	1,673,321	(1,673,321)
Reserves	100,066	814,168	-	814,168
Total expenditures	100,066	2,339,678	1,862,762	476,916
Excess of revenues over expenditures	2,396,410	211,681	686,963	475,282
OTHER FINANCING SOURCES (USES)				
Sales of assets	-	-	48,458	48,458
Insurance proceeds	-	-	10,519	10,519
Sale of Bonds	-	1,310,000	1,310,000	
Transfers out	(3,079,250)	(2,914,100)	(1,801,593)	1,112,507
Total other financing sources (uses)	(3,079,250)	(1,604,100)	(432,616)	1,171,484
Net change in fund balances	(682,840)	(1,392,419)	254,347	1,646,766
Fund balances - beginning	682,840	1,392,419	658,997	(733,422)
Current Year encumbrances	-	-	18,944	18,944
Prior year encumbrances relieved	-	-	1,475,232	1,475,232
Fund balances - ending	$ -	$ -	$ 2,407,520	$ 2,407,520

City of Leavenworth, Kansas
Countywide Sales Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 2,843,398	$ 2,843,398	$ 3,096,714	$ 253,316
Total revenues	2,843,398	2,843,398	3,096,714	253,316
EXPENDITURES				
Current:				
General reserves	329,703	329,703	-	329,703
Total expenditures	329,703	329,703	-	329,703
Excess of revenues over expenditures	2,513,695	2,513,695	3,096,714	583,019
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	221,746	221,746
Transfers out	(3,205,733)	(3,205,733)	(1,853,346)	1,352,387
Total other financing sources (uses)	(3,205,733)	(3,205,733)	(1,631,600)	1,574,133
Net change in fund balances	(692,038)	(692,038)	1,465,114	2,157,152
Fund balances - beginning	692,038	692,038	1,576,330	884,292
Fund balances - ending	$ -	$ -	$ 3,041,444	$ 3,041,444

City of Leavenworth, Kansas
Tax Increment - Auto Incentive Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Tax increment taxes	$ 883,073	$ 883,073	$ 729,576	$ (153,497)
Charges for services	5,000	5,000	-	(5,000)
Total revenues	888,073	888,073	729,576	(158,497)
EXPENDITURES				
Current:				
Community and economic development	943,166	943,166	665,815	277,351
Total expenditures	943,166	943,166	665,815	277,351
Excess (deficiency) of revenues over (under) expenditures	(55,093)	(55,093)	63,761	118,854
Net change in fund balances	(55,093)	(55,093)	63,761	118,854
Fund balances - beginning	55,093	55,093	116,606	61,513
Fund balances - ending	$ -	$ -	$ 180,367	$ 180,367

City of Leavenworth, Kansas
Tax Increment - Hotels Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Tax increment taxes	$ 516,003	$ 516,003	$ 622,788	$ 106,785
Investment earnings	-	-	534	534
Miscellaneous	-	-	246,903	246,903
Total revenues	516,003	516,003	870,225	354,222
EXPENDITURES				
Current:				
Community and economic development	463,053	463,053	447,333	15,720
General reserves	16,090	16,090	-	16,090
Debt service:				
Principal retirement	-	-	90,000	(90,000)
Interest and fiscal charges	-	-	8,978	(8,978)
Total expenditures	479,143	479,143	546,311	(67,168)
Excess (deficiency) of revenues over (under) expenditures	36,860	36,860	323,914	287,054
OTHER FINANCING SOURCES (USES)				
Transfers out	(168,019)	(168,019)	(69,040)	98,979
Total other financing sources (uses)	(168,019)	(168,019)	(69,040)	98,979
Net change in fund balances	(131,159)	(131,159)	254,874	386,033
Fund balances - beginning	131,159	131,159	819,161	688,002
Fund balances - ending	$ -	$ -	$ 1,074,035	$ 1,074,035

City of Leavenworth, Kansas
Tax Increment - Retail Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Tax increment taxes	$ 193,892	$ 254,231	$ 225,178	$ (29,053)
Investment earnings	-	-	167	167
Miscellaneous	-	6,672	6,504	(168)
Total revenues	193,892	260,903	231,849	(29,054)
EXPENDITURES				
Current:				
Community and economic development	-	-	360,950	(360,950)
Operating reserves	-	4,808	-	4,808
Total expenditures	-	4,808	360,950	(356,142)
Excess (deficiency) of revenues over (under) expenditures	193,892	256,095	(129,101)	(385,196)
OTHER FINANCING SOURCES (USES)				
Transfers out	(298,772)	(360,975)	-	360,975
Total other financing sources (uses)	(298,772)	(360,975)	-	360,975
Net change in fund balances	(104,880)	(104,880)	(129,101)	(24,221)
Fund balances - beginning	104,880	104,880	166,672	61,792
Fund balances - ending	$ -	$ -	$ 37,571	$ 37,571

Statistical Section

Statistical Section

This part of the City of Leavenworth's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	**Page**
Financial Trends *These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*	95-99
Revenue Capacity *These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.*	100-104
Debt Capacity *These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*	105-108
Demographic and Economic Information *These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*	109-111
Operating Information *These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*	112-113

Sources: Unless otherwise noted, information in these sections is derived from the annual financial reports for the relevant year.

City of Leavenworth, Kansas
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	$ 40,411,904	$ 40,049,777	$ 39,488,841	$ 38,894,256	$ 36,850,763	$ 43,804,306	$ 37,978,770	$ 37,906,629	$ 41,755,377	$ 36,019,843
Restricted	3,078,003	2,318,950	2,911,654	4,318,029	5,596,282	6,505,234	8,271,724	9,777,992	6,259,773	7,151,510
Unrestricted	2,411,409	2,255,580	3,730,477	2,795,265	(11,091,415)	(12,840,376)	(19,160,039)	(23,454,522)	(18,476,680)	(12,332,931)
Total governmental activities net position	$ 45,901,316	$ 44,624,307	$ 46,130,972	$ 46,007,550	$ 31,355,630	$ 37,469,164	$ 27,090,455	$ 24,230,099	$ 29,538,470	$ 30,838,422
Business-type activities										
Net investment in capital assets	$ 7,631,457	$ 7,478,339	$ 6,926,217	$ 6,502,358	$ 7,732,377	$ 8,154,554	$ 8,435,825	$ 8,500,038	$ 9,006,370	$ 8,046,587
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,082,114	1,707,398	1,858,926	2,105,520	821,504	504,747	2,054,060	3,131,520	3,989,126	7,476,781
Total business-type activities net position	$ 9,713,571	$ 9,185,737	$ 8,785,143	$ 8,607,878	$ 8,553,881	$ 8,659,301	$ 10,489,885	$ 11,631,558	$ 12,995,496	$ 15,523,368
Primary government										
Net investment in capital assets	$ 48,043,361	$ 47,528,116	$ 46,415,058	$ 45,396,614	$ 44,583,140	$ 51,958,860	$ 46,414,595	$ 46,406,667	$ 50,761,747	$ 44,066,430
Restricted	3,078,003	2,318,950	2,911,654	4,318,029	5,596,282	6,505,234	8,271,724	9,777,992	6,259,773	7,151,510
Unrestricted	4,493,523	3,962,978	5,589,403	4,900,785	(10,269,911)	(12,335,629)	(17,105,979)	(20,323,002)	(14,487,554)	(4,856,150)
Total primary government net position	$ 55,614,887	$ 53,810,044	$ 54,916,115	$ 54,615,428	$ 39,909,511	$ 46,128,465	$ 37,580,340	$ 35,861,657	$ 42,533,966	$ 46,361,790

City of Leavenworth, Kansas
Changes in Net Position
Last Ten Fiscal years
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government	$ 3,731,226	$ 4,890,345	$ 3,773,326	$ 4,535,237	$ 3,582,125	$ 4,725,105	$ 3,420,563	$ 4,595,355	$ 5,287,720	$ 6,663,152
Public safety	11,882,932	11,642,136	12,227,523	12,160,234	12,819,901	12,409,485	12,313,792	13,470,550	14,002,745	12,158,406
Public works	4,073,389	4,105,004	4,326,643	4,146,573	3,476,393	7,509,361	8,134,057	9,370,447	7,418,335	7,483,771
Culture and recreation	3,226,421	3,173,151	3,286,242	3,282,317	3,864,795	3,595,821	2,807,665	4,309,317	2,739,289	3,018,811
Housing and urban redevelopment	3,096,295	2,980,409	2,884,617	3,872,406	4,716,419	4,836,524	2,477,772	2,753,076	2,922,574	3,451,547
Community and economic development	-	-	-	-	-	-	3,450,479	1,759,370	2,618,787	2,934,105
Unallocated depreciation expense	3,506,457	3,613,024	3,652,203	3,635,561	3,790,328	-	2,014,075	98,042	185,277	171,079
Interest on long-term debt	800,498	590,364	651,141	620,490	628,329	538,079	582,720	693,730	795,949	821,614
Total governmental activities expenses	30,317,218	30,994,433	30,801,695	32,252,818	32,878,290	33,614,375	35,201,123	37,049,887	35,970,676	36,702,485
Business-type activities:										
Sewer	4,090,751	4,318,011	4,399,423	4,120,247	4,123,179	4,709,551	4,480,655	4,903,799	4,715,060	4,218,047
Storm Water	-	-	-	-	-	-	3,172	240,036	780,261	261,591
Refuse	1,484,989	1,805,972	1,920,283	1,946,065	1,809,659	1,963,188	1,934,057	1,886,380	1,921,485	2,026,859
Total business-type activities expenses	5,575,740	6,123,983	6,319,706	6,066,312	5,932,838	6,672,739	6,417,884	7,030,215	7,416,806	6,506,497
Total primary government expenses	$ 35,892,958	$ 37,118,416	$ 37,121,401	$ 38,319,130	$ 38,811,128	$ 40,287,114	$ 41,619,007	$ 44,080,102	$ 43,387,482	$ 43,208,982
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 1,929,579	$ 2,113,229	$ 1,848,902	$ 1,948,419	$ 2,063,853	$ 1,894,875	$ 1,406,657	$ 1,406,942	$ 1,421,292	$ 2,124,774
Public safety	702,342	687,666	676,940	588,486	452,930	392,715	382,530	199,487	141,703	143,187
Public works	1,311,654	1,311,813	1,383,007	1,244,162	896,938	2,618,014	1,913,001	1,139,509	925,109	799,569
Culture and recreation	644,688	575,244	638,330	670,945	705,652	710,596	681,841	629,319	172,053	347,354
Housing and urban redevelopment	546,902	604,527	460,988	602,145	506,280	563,009	548,668	557,736	494,935	495,821
Community and economic development	-	-	-	-	-	-	-	16,695	21,382	25,860
Operating grants and contributions	3,116,968	3,517,217	3,293,583	3,462,212	4,186,301	3,686,980	3,595,712	3,505,040	10,919,423	4,317,301
Capital grants and contributions	448,448	440,024	860,690	1,534,648	970,391	4,885,013	1,416,286	482,388	723,868	1,273,355
Total governmental activities program revenues	8,700,581	9,249,720	9,162,440	10,051,017	9,782,345	14,751,202	9,944,695	7,937,116	14,819,765	9,527,221
Business-type activities:										
Charges for services:										
Sewer	3,507,038	4,027,182	4,093,310	4,076,766	4,176,334	4,323,162	4,513,874	4,527,020	4,770,014	4,994,686
Storm Water	-	-	-	-	-	-	1,407,065	1,237,601	1,285,178	1,285,074
Refuse	1,822,613	1,827,391	1,825,802	1,882,466	1,896,702	1,962,730	2,014,217	2,164,811	2,299,782	2,322,260
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	772,325	512,256	396,881	143,171	194,459	338,465
Total business-type activities program revenues	5,329,651	5,854,573	5,919,112	5,959,232	6,845,361	6,798,148	8,332,037	8,072,603	8,549,433	8,940,485
Total primary government program revenues	$ 14,030,232	$ 15,104,293	$ 15,081,552	$ 16,010,249	$ 16,627,706	$ 21,549,350	$ 18,276,732	$ 16,009,719	$ 23,369,198	$ 18,467,706
Net (expense)/revenue										
Governmental activities	$ (21,616,637)	$ (21,744,713)	$ (21,639,255)	$ (22,201,801)	$ (23,095,945)	$ (18,863,173)	$ (25,256,428)	$ (29,112,771)	$ (21,150,911)	$ (27,175,264)
Business-type activities	(246,089)	(269,410)	(400,594)	(107,080)	912,523	125,409	1,914,153	1,042,388	1,132,627	2,433,988
Total primary government net expense	$ (21,862,726)	$ (22,014,123)	$ (22,039,849)	$ (22,308,881)	$ (22,183,422)	$ (18,737,764)	$ (23,342,275)	$ (28,070,383)	$ (20,018,284)	$ (24,741,276)

City of Leavenworth, Kansas
Changes in Net Position - continued
Last Ten Fiscal years
(accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	$ 9,491,948	$ 9,487,704	$ 9,283,277	$ 5,149,544	$ 5,149,544	$ 5,359,986	$ 5,621,684	$ 5,923,991	$ 6,371,982	$ 6,685,687
Franchise taxes	2,565,587	2,540,990	2,736,877	2,676,007	2,676,007	2,796,945	2,880,135	2,794,211	2,599,791	2,748,361
Sales taxes	5,712,203	5,721,451	5,950,513	10,654,420	2,802,922	12,557,687	14,007,389	14,814,018	15,340,357	16,830,857
Motor vehicle taxes	922,183	917,453	1,113,514	1,074,498	729,991	714,825	764,659	767,641	800,234	863,278
Other taxes	870,810	916,065	1,005,638	2,333,684	2,792,915	1,378,371	414,264	520,722	375,020	620,147
Intergovernmental revenue not restricted to specific programs	87,420	88,957	98,073	98,849	52,397	-	-	-	-	-
Gain on sale of capital assets	-	516,869	-	-	-	36,438	-	-	39,555	49,158
Investment earnings	20,141	22,570	21,388	21,192	30,963	123,383	212,681	370,343	139,513	47,112
Miscellaneous	-	-	-	-	-	39,010	565,149	1,061,489	800,713	716,714
Transfers	5,200	-	258,424	70,185	47,345	47,345	-	-	(7,883)	(86,098)
Total governmental activities	19,675,492	20,212,059	20,467,704	22,078,379	14,282,084	23,053,990	24,465,961	26,252,415	26,459,282	28,475,216
Business-type activities:										
Gain on sale of capital assets	-	-	-	-	834	4,908	-	-	-	-
Miscellaneous	-	-	-	-	-	22,448	15,147	99,285	223,428	7,786
Transfers	(5,200)	-	(258,424)	(70,185)	(47,345)	(47,345)	-	-	7,883	86,098
Total business-type activities	(5,200)	-	(258,424)	(70,185)	(46,511)	(19,989)	15,147	99,285	231,311	93,884
Total primary government	$ 19,670,292	$ 20,212,059	$ 20,209,280	$ 22,008,194	$ 14,235,573	$ 23,034,001	$ 24,481,108	$ 26,351,700	$ 26,690,593	$ 28,569,100
Change in net position										
Governmental activities	$ (1,941,145)	$ (1,532,654)	$ (1,171,551)	$ (123,422)	$ (8,813,861)	$ 4,190,817	$ (790,467)	$ (2,860,356)	$ 5,308,371	$ 1,299,952
Business-type activities	(251,289)	(269,410)	(659,018)	(177,265)	866,012	105,420	1,929,300	1,141,673	1,363,938	2,527,872
Total primary government	$ (2,192,434)	$ (1,802,064)	$ (1,830,569)	$ (300,687)	$ (7,947,849)	$ 4,296,237	$ 1,138,833	$ (1,718,683)	$ 6,672,309	$ 3,827,824

City of Leavenworth, Kansas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Restricted	$ 5,208	$ 3,457	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Committed	357,962	366,560	2,390,081	-	-	-	-	-	-	-
Assigned	9,049	12,156	-	54,523	47,985	25,749	1,806	27,007	3,118	28,845
Unassigned	2,640,634	2,970,612	2,946,257	5,566,724	5,974,476	6,451,103	5,901,914	5,152,505	8,492,770	8,955,317
Total General Fund	$ 3,012,853	$ 3,352,785	$ 5,336,338	$ 5,621,247	$ 6,022,461	$ 6,476,852	$ 5,903,720	$ 5,179,512	$ 8,495,888	$ 8,984,162
All Other Governmental Funds										
Restricted for:										
Capital outlay	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,697,092	$ 3,413,731	$ 3,729,503	$ 5,448,964
Tax increment financing	-	-	-	-	-	-	-	730,860	1,102,439	1,291,973
General government	1,604,878	863,676	1,197,539	2,925,495	2,418,165	2,846,524	-	-	-	-
Public safety	319,368	167,851	149,531	150,246	161,607	169,573	127,583	145,174	87,567	165,923
Public works	1,383	-	-	945	72,658	942,987	678,363	646,343	58,777	290,483
Tourism and convention activities	-	-	-	-	-	-	464,035	402,239	332,703	598,831
Culture and recreation	35,916	31,414	27,162	59,080	113,605	156,810	42,743	34,392	44,005	548,715
Housing and urban redevelopment	681,635	809,472	831,129	942,072	2,331,702	2,284,631	1,361,341	1,399,478	952,896	1,014,660
Community and economic development	-	-	-	-	-	-	3,036,712	2,544,195	3,275,281	2,719,838
Debt service	317,152	320,222	677,320	306,415	415,724	315,640	361,513	361,513	361,473	419,059
Probation Services	-	-	-	-	-	-	59,998	100,067	44,632	102,028
Committed for:										
Capital outlay	1,114,249	2,094,072	468,646	162,483	2,352,854	2,240,305	1,779,484	5,109,580	5,975,581	1,010,578
Public works	485,212	608,605	825,454	1,214,744	-	-	-	-	-	-
Culture and recreation	309,989	497,958	147,212	(28,259)	-	-	-	-	-	-
Housing and urban redevelopment	103,504	173,918	89,848	86,755	-	-	-	-	-	-
Assigned to:										
General government	19,262	20,262	20,107	20,507	-	-	-	27,007	-	-
Capital outlay	-	-	-	-	-	-	-	-	2,184,469	2,516,348
Culture and recreation	78,992	-	1,438	-	-	-	-	-	-	-
Unassigned	-	(30,357)	-	-	-	-	(2,005,400)	(2,376,868)	(7,652,419)	-
Total all other governmental funds	$ 5,071,540	$ 5,557,093	$ 4,435,386	$ 5,840,483	$ 7,866,315	$ 8,956,470	$ 8,603,464	$ 12,537,711	$ 10,496,907	$ 16,127,400

(1) The deficit unreserved fund balances in the capital projects fund result from the recognition of bond anticipation notes as a fund liability since all legal steps and the ability to consummate refinancing had not been met.

City of Leavenworth, Kansas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	$ 19,886,015	$ 20,267,917	$ 23,147,239	$ 22,079,326	$ 22,574,241	$ 22,807,814	$ 23,688,132	$ 24,820,583	$ 25,487,384	$ 27,677,325
Intergovernmental	3,420,383	4,124,981	4,150,332	4,932,462	4,637,883	8,564,188	3,822,365	3,987,770	11,683,789	5,590,657
Licenses and permits	420,084	351,826	378,728	401,505	402,462	392,950	441,537	494,874	412,880	485,308
Charges for services	3,064,573	3,108,222	3,158,767	2,996,356	2,658,253	3,101,482	3,215,038	2,881,272	2,209,029	2,960,994
Fines and forfeitures	1,101,533	910,243	820,719	862,554	824,540	639,850	616,627	573,542	554,565	490,264
Investment earnings	22,570	21,387	20,548	21,193	30,963	123,383	218,023	370,343	139,513	47,113
Other revenues	509,540	635,097	590,081	703,851	1,249,801	2,045,589	1,189,946	852,964	776,356	663,678
Total revenues	28,424,698	29,419,673	32,266,414	31,997,247	32,378,143	37,675,256	33,191,668	33,981,348	41,263,516	37,915,339
Expenditures										
General government	3,630,286	3,612,126	3,386,433	3,629,457	3,549,462	3,670,272	4,005,880	4,155,823	4,724,231	5,040,566
Public safety	10,799,019	10,522,795	11,045,497	11,054,380	11,367,068	11,160,771	11,783,843	12,140,010	12,638,688	12,649,800
Public works	3,659,854	3,663,486	3,730,738	3,643,703	3,343,760	3,917,574	5,473,003	8,530,464	3,399,748	3,623,204
Culture and recreation	2,303,854	2,252,866	2,353,510	2,357,827	2,883,746	2,514,505	2,735,930	3,301,809	2,153,643	2,434,815
Housing and urban redevelopment	2,644,508	2,472,611	2,597,516	3,038,327	4,464,750	4,550,691	2,661,033	2,672,386	3,315,605	3,342,900
Community and economic development	-	-	-	-	-	-	3,450,479	1,755,931	2,618,420	2,451,628
Capital outlay	3,727,392	6,714,098	6,581,595	5,698,832	4,755,873	14,073,071	3,129,648	1,264,523	7,477,551	4,763,903
Debt service										
Principal	2,870,705	2,880,249	4,010,529	2,926,748	5,484,348	2,843,553	2,899,531	3,024,601	3,855,000	5,985,000
Interest and fiscal charges	846,655	594,381	657,144	620,978	621,932	550,751	646,467	723,369	893,128	797,600
Total expenditures	30,482,273	32,712,612	34,362,962	32,970,252	36,470,939	43,281,188	36,785,814	37,568,916	41,076,014	41,089,416
Excess of revenues over (under) expenditures	(2,057,575)	(3,292,939)	(2,096,548)	(973,005)	(4,092,796)	(5,605,932)	(3,594,146)	(3,587,568)	187,502	(3,174,077)
Other Financing Sources (Uses)										
Bonds issued	3,565,000	3,860,000	2,900,000	2,300,000	6,575,000	6,550,000	1,410,000	1,340,000	2,395,000	11,970,000
Bond premium	-	-	-	-	-	-	-	69,571	79,167	1,062,007
Insurance proceeds	-	-	-	-	-	-	24,117	170,530	24,357	27,980
Capital leases	-	-	-	-	-	477,685	-	-	-	-
Sale of capital assets	-	-	-	-	52,397	36,438	5,240	37,995	39,555	48,458
Sale of land	516,869	-	-	292,826	-	-	-	-	-	-
Contributed capital	-	-	-	-	-	-	1,228,650	-	-	-
Payments to escrow agent	(1,775,000)	-	-	-	-	39,010	-	-	-	-
Transfers in	4,983,085	6,610,615	5,719,587	6,112,012	5,717,005	4,194,786	5,123,232	4,212,409	8,133,817	7,296,182
Transfers out	(4,983,085)	(6,352,191)	(5,719,587)	(6,041,827)	(5,669,660)	(4,147,441)	(5,123,232)	(4,212,409)	(8,133,817)	(7,382,280)
Total other financing sources (uses)	2,306,869	4,118,424	2,900,000	2,663,011	6,674,742	7,150,478	2,668,007	1,618,096	2,538,079	13,022,347
Net change in fund balances	$ 249,294	$ 825,485	$ 803,452	$ 1,690,006	$ 2,581,946	$ 1,544,546	$ (926,139)	$ (1,969,472)	$ 2,725,581	$ 9,848,270
Debt service as a percentage of noncapital expenditures	13.9%	13.4%	16.8%	13.0%	19.3%	11.6%	10.5%	10.3%	14.6%	18.7%

City of Leavenworth, Kansas
Tax Revenues of Governmental Funds by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Tax Increment Property Tax	Sales Tax	Compensating Use Tax	Tax Increment Sales Tax	Franchise Tax	Motor Vehicle Tax	Special Assessment Tax	Other Tax	Total
2012	$ 9,487,704	$ -	$ 5,721,451	$ 708,861	$ 207,204	$ 2,540,990	$ 917,453	$ 302,352	$ -	$ 19,886,015
2013	9,283,277	-	5,950,513	790,747	214,891	2,736,877	1,113,514	178,098	-	20,267,917
2014	9,259,644	-	8,464,314	1,134,088	233,895	2,861,614	1,014,989	178,695	-	23,147,239
2015	5,149,544	36,612	10,654,420	1,604,125	484,431	2,676,007	1,074,498	191,173	208,516	22,079,326
2016	5,221,569	126,217	10,896,917	1,508,063	808,166	2,802,922	729,991	129,925	350,470	22,574,240
2017	5,227,897	142,450	10,958,814	1,598,873	894,604	2,796,945	714,825	132,089	341,317	22,807,815
2018	5,329,170	182,648	11,318,049	1,739,801	949,539	2,880,135	764,659	109,867	414,264	23,688,132
2019	5,411,407	307,085	12,005,497	1,780,148	1,028,373	2,794,211	767,641	205,499	520,722	24,820,583
2020	5,711,867	609,057	11,780,467	2,477,013	1,082,877	2,599,791	800,234	51,058	375,020	25,487,384
2021	6,025,159	518,522	10,646,477	2,778,484	3,405,896	2,748,361	863,278	71,001	620,147	27,677,325
Change 2012 - 2021	-36.5%	100.0%	86.1%	292.0%	1543.7%	8.2%	-5.9%	-76.5%	100.0%	39.2%

City of Leavenworth, Kansas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended December 31	Real Property			Personal Property	State Assessed Utilities	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Total							
2012	$ 133,128,072	$ 53,142,928	$ 186,271,000	$ 7,141,023	$ 10,048,621	NA	$ 203,460,644	$ 51.865	$ 1,393,132,353	14.6%
2013	131,388,896	52,448,672	183,837,568	6,663,472	10,869,314	NA	201,370,354	51.841	1,394,124,698	14.4%
2014	129,674,855	51,764,450	181,439,305	6,984,423	11,446,519	NA	199,870,247	52.029	1,430,085,770	14.0%
2015	130,269,055	52,001,647	182,270,702	5,412,888	11,084,363	NA	198,767,953	31.023	1,421,438,551	14.0%
2016	129,723,607	57,449,951	187,175,574	4,497,671	11,983,704	NA	203,656,949	31.027	1,433,255,606	14.2%
2017	131,946,283	59,280,214	191,226,497	4,114,339	11,838,522	NA	207,179,358	31.361	1,456,131,008	14.2%
2018	135,446,398	60,852,730	196,299,128	4,008,053	12,037,816	NA	212,344,997	31.348	1,492,536,552	14.2%
2019	139,736,940	62,780,365	202,517,305	3,897,067	12,778,097	NA	219,192,469	31.754	1,538,834,333	14.2%
2020	146,132,818	65,653,875	211,786,693	3,698,624	13,412,332	NA	228,897,649	31.813	1,606,141,035	14.3%
2021	156,699,796	70,401,358	227,101,154	2,983,010	13,623,615	NA	243,707,779	31.813	1,711,435,254	14.2%

Source: Leavenworth County Clerk

Note: Residential and commercial real property is estimated by city management based upon proportional data provided by the County Clerk. Data for tax exempt property is unavailable.

City of Leavenworth, Kansas
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City of Leavenworth			Overlapping Rates							Total Direct & Overlapping Rates
				Leavenworth County			School District				
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Special Districts	
2012	$ 43.993	$ 7.890	$ 51.883	$ 31.809	$ 1.276	$ 33.085	$ 39.880	$ 23.296	$ 63.176	$ 1.500	$ 149.644
2013	44.394	7.471	51.865	35.348	0.165	35.513	41.447	21.719	63.166	1.500	152.044
2014	44.465	7.376	51.841	36.065	0.449	36.514	45.480	20.668	66.148	1.500	156.003
2015	43.227	8.802	52.029	36.196	0.374	36.570	49.603	19.750	69.353	1.500	159.452
2016	22.854	8.169	31.023	36.544	-	36.544	43.569	19.778	63.347	1.500	132.414
2017	22.803	8.224	31.027	37.608	-	37.608	43.841	19.484	63.325	1.500	133.460
2018	23.713	7.635	31.348	23.228	8.133	31.361	43.836	19.489	63.335	1.500	127.544
2019	24.110	7.637	31.747	37.112	-	37.112	41.925	17.397	59.322	1.500	129.690
2020	24.120	7.648	31.768	37.184	-	37.184	40.040	17.397	57.437	1.500	127.898
2021	24.033	7.780	31.813	36.946	-	36.946	40.300	17.029	57.329	1.500	127.588

Source: Leavenworth County Clerk

City of Leavenworth, Kansas
Principal Property Taxpayers
Current Year and Nine Years Ago

	2021			2012		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
EVERGY ENERGY (WESTAR)	$ 8,542,950	1	3.7%	$ 4,945,856	2	2.4%
CORRECTIONS CORP	6,262,351	2	2.7%	9,083,675	1	4.5%
WAL-MART REAL EST	2,897,670	3	1.3%	3,513,863	4	1.7%
KANSAS GAS SERVICE	2,501,272	4	1.1%	1,872,891	6	0.9%
ZECK BROTHERS	1,839,545	5	0.8%	-		-
MDG-LEAVENWORTH	1,469,445	9	0.6%	-		-
DEVELOPMENT INC	1,681,623	6	0.7%	2,707,403	5	1.3%
HALLMARK CARDS	-		0.0%	3,683,439	3	1.8%
CEREAL INGREDIENTS	1,555,872	8	0.7%	-		-
PRIME HEALTHCARE	1,405,600	10	0.6%	-		-
Southwestern Bell		-		1,420,166	8	0.7%
LEAVENWORTH-LIHTC	1,576,015	7	0.7%	-		
Home depot	-			1,284,903	10	0.6%
Greenamyre Rentals	-			1,392,445	9	0.7%
Leavenworth - Jefferson		-		1,514,699	7	0.7%
	$ 29,732,343		13.0%	$ 31,419,340		15.3%

Source: Leavenworth County Clerk

City of Leavenworth, Kansas
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy For Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	$ 10,552,486	$ 10,265,866	97.3%	$ 192,913	$ 10,458,779	99.1%
2013	10,439,241	10,176,683	97.5%	129,665	10,306,348	98.7%
2014	10,399,049	10,133,604	97.4%	109,528	10,243,132	98.5%
2015	6,166,379	6,038,709	97.9%	9,418	6,048,127	98.1%
2016	6,282,188	6,128,032	97.5%	94,673	6,222,705	99.1%
2017	6,383,650	6,183,776	96.9%	112,717	6,278,449	98.4%
2018	6,495,016	6,300,960	97.0%	109,498	6,413,677	98.7%
2019	6,742,928	6,534,599	96.9%	116,186	6,644,097	98.5%
2020	6,964,499	6,736,800	96.7%	107,871	6,852,986	98.4%
2021	7,282,112	7,059,308	96.9%	-	7,167,179	98.4%

Source: Leavenworth County Treasurer

City of Leavenworth, Kansas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases			
2012	$ 19,960,000	$ 473,874	$ 10,115,000	$ -	$ 30,548,874	2.3%	$ 856
2013	21,270,000	278,625	9,460,000	-	31,008,625	2.3%	866
2014	17,990,000	78,696	8,780,000	-	26,848,696	1.9%	748
2015	17,405,000	39,348	8,050,000	-	25,494,348	1.8%	708
2016	18,535,000	-	7,305,000	-	25,840,000	1.8%	715
2017	22,405,000	314,132	6,555,000	-	29,274,132	2.0%	808
2018	21,070,000	159,601	5,800,000	375,000	27,404,601	1.9%	757
2019	19,545,000	-	5,160,000	254,321	24,959,321	1.7%	692
2020	18,085,000	-	6,855,000	129,371	25,069,371	1.6%	697
2021	25,106,250	-	5,970,000	-	31,076,250	2.0%	862

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the schedule of Demographic and Economic Statistics for personal income and population data.

City of Leavenworth, Kansas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds: Governmental Activities	General Obligation Bonds: Business-type Activities	Less: Amounts Available in Debt Service Fund	Total Primary Government	Percentage of Estimated Actual Taxable Value of Property (1)
2012	$ 19,960,000	$ 10,115,000	$ 319,652	$ 29,755,348	2.3%
2013	21,270,000	9,460,000	320,222	30,409,778	2.3%
2014	17,990,000	8,780,000	677,320	26,092,680	1.9%
2015	17,405,000	8,050,000	320,346	25,134,654	1.8%
2016	18,535,000	7,305,000	415,724	25,424,276	1.8%
2017	22,405,000	6,555,000	315,640	28,644,360	2.0%
2018	21,070,000	5,800,000	361,513	26,508,487	1.8%
2019	19,545,000	5,160,000	361,513	24,343,487	1.6%
2020	18,085,000	6,855,000	361,473	24,578,527	1.6%
2021	25,106,250	5,970,000	419,059	30,657,191	1.9%

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

(2) See the schedule of Demographic and Economic Statistics for population data.

City of Leavenworth, Kansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2021

Governmental Unit	Total Debt Outstanding	Net Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes				
School District #453	$ 77,625,000	$ 34,155,000	85.0%	$ 29,031,750
Leavenworth County	27,970,000	18,739,900	30.0%	5,621,970
Subtotal, overlapping debt				34,653,720
City direct debt				31,076,250
Total direct and overlapping debt				$ 65,729,970

Source: Debt outstanding data and assessed value data used to estimate applicable percentages provided by the Leavenworth County Clerk.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and business of the city. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) A portion of Unified School District 453's overlapping debt will be paid by the State of Kansas pursuant to current percentages for Bond and Interest Fund State Aid Payments. The current percentage for reimbursement for the Unified School District 453 is 44% for bonds issued after July 1, 2002.

(2) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

City of Leavenworth, Kansas
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal year									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Debt Limit	$ 67,244,547	$ 66,950,665	$ 66,619,977	$ 68,350,691	$ 69,128,610	$ 70,316,891	$ 72,214,115	$ 74,499,282	$ 76,964,804	$ 77,297,335
Total net debt applicable to limit	10,475,866	12,973,064	10,741,429	11,004,905	10,659,848	15,034,277	13,552,110	19,243,082	14,699,073	7,733,120
Legal debt margin	$ 56,768,681	$ 53,977,601	$ 55,878,548	$ 57,345,786	$ 58,468,762	$ 55,282,614	$ 58,662,005	$ 55,256,200	$ 62,265,731	$ 69,564,215
Total net debt applicable to the limit as a percentage of debt limit	15.6%	19.4%	16.1%	16.1%	15.4%	21.4%	18.8%	25.8%	19.1%	10.0%

Legal debt margin calculation for fiscal year 2021	
Adjusted equalized assessed valuation	$ 257,657,783
Debt limit (30% of total equalized assessed value)	77,297,335
Debt applicable to limit	7,733,120
Legal debt margin	$ 69,564,215

Note: According to state statute, the City's outstanding general obligation debt should not exceed 30% of total adjusted assessed valuation, which is the total of property assessed valuation and motor vehicle valuation.

City of Leavenworth, Kansas
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income	Per Capita Income (2)	School Enrollment (3) Public	Private	Total	Unemployment Rate (4)
2012	35,675	$ 1,317,228,025	$ 36,923	3,866	429	4,295	6.7%
2013	35,816	1,342,526,944	37,484	3,886	375	4,261	5.8%
2014	35,891	1,394,078,222	38,842	3,919	338	4,257	4.6%
2015	36,000	1,405,692,000	39,047	3,843	327	4,170	4.8%
2016	36,154	1,427,251,458	39,477	3,894	323	4,217	5.7%
2017	36,240	1,451,919,360	40,064	3,873	217	4,090	4.9%
2018	36,210	1,455,424,740	40,194	3,878	212	4,090	5.5%
2019	36,062	1,482,184,262	41,101	3,793	222	4,015	3.1%
2020	35,957	1,540,793,407	42,851	3,505	255	3,760	3.4%
2021	36,062	1,589,432,650	44,075	3,687	200	3,887	2.8%

(1) Kansas Division of the Budget
(2) Kansas Statistical Abstract & U.S. Bureau of Economic Analysis
(3) Kansas Department of Education
(4) Kansas Department of Labor

City of Leavenworth, Kansas
Principal Employers
Current Year and Nine Years Ago

	2021			2012		
Taxpayer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fort Leavenworth	9,552	1	68.5%	5,601	1	34.4%
Veterans Administration	900	2	6.5%	600	4	3.7%
Lansing Correctional Facility	610	3	4.4%	0		0.0%
Leavenworth USD #453	596	4	4.3%	996	2	6.1%
University of St. Mary	516	5	3.7%	0		0.0%
Basehor USD #458	480	6	3.4%	0		0.0%
Lansing USD #469	440	7	3.2%	0		0.0%
Leavenworth County	426	8	3.1%	370	7	2.3%
VA - Consolidated Patient Account Center	420	9	3.0%	260	10	1.6%
Wal-mart Supercenter	380	10	2.7%	0		0.0%
Northrop Grumman			0.0%	700	3	4.3%
Leavenworth Federal Penitentary				390	5	2.4%
Hallmark Card, Inc.				320	8	2.0%
Cushing Memorial Hospital				310	9	1.9%
Cubic Defense Applications Group				390	6	2.4%
	14,320		102.70%	9,937		61.10%

Source: Kansas Statistical Abstract
Leavenworth County Development Corporation

City of Leavenworth, Kansas
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	Full-Time Equivalent Employees as of December 31									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	26	29	29	27	33	34	32	33	33	31
Public safety										
Police	89	86	84	85	72	77	73	75	75	76
Fire	57	57	55	54	54	54	52	50	50	51
Public works	29	30	30	27	25	30	29	29	29	21
Culture and recreation	34	35	37	31	32	30	35	40	40	37
Housing and urban redevelopment	7	7	7	7	7	8	8	10	10	13
Sewer	19	18	14	19	17	16	16	13	13	15
Refuse	14	13	13	14	12	13	13	14	14	12
Total	275	275	269	264	252	262	258	264	264	256

Source: City of Leavenworth Human Resources Department

City of Leavenworth, Kansas
Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Police										
Physical arrests	2,544	2,608	2,029	1,918	1,762	2,126	2,175	1,893	1,427	1,489
Traffic violations	9,148	3,974	5,230	4,927	4,576	4,459	2,296	2,307	2,360	1,983
Fire										
Calls answered	2,353	2,303	2,199	2,508	2,543	2,606	2,645	2,747	2,544	2,996
Inspections conducted	854	1,004	796	951	830	854	873	848	441	340
Housing and urban redevelopment										
Certificates/vouchers for low-income rental assistance	444	444	444	444	469	469	469	469	469	469
Sewer										
Daily average treatment (thousands of gallons)	3,325	3,609	3,983	4,753	4,778	4,240	4,530	5,598	5,599	3,746
Refuse										
Refuse disposed (tons)	10,967	11,325	11,259	11,696	11,710	11,928	11,291	11,597	12,126	12,458

Note: 2020 Statistics for the Police and Fire departments were significantly impacted by COVID-19.

Sources: Various City departments

Note: No operating indicators are available for the general government, public works or culture/recreation functions.

City of Leavenworth, Kansas
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/Program	Fiscal Year 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
*Public works										
Miles of street:										
Improved	156.6	156.6	156.6	156.6	164.3	164.3	164.33	164.33	165.13	165.21
Unimproved	0.4	0.4	0.4	0.4	0.3	0.3	0.25	0.25	0.25	0.25
Controlled intersections	43	43	42	42	1034	1034	104	1034	1039	1042
Culture and recreation										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	22	22	22	22	22	22	22	22	22	22
Park acreage	424	424	424	424	424	424	424	424	424	424
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	8	8	8	8	8	8	8	8	8	8
Ball fields	10	12	12	12	12	12	12	12	12	12
Housing and urban redevelopment										
Elderly high-rise occupancy (units)	105	105	105	105	105	105	105	105	105	105
Sewer										
Sanitary sewer (miles)	130	130	130	130	130	130	158	158	158	160
Treatment plants	1	1	1	1	1	1	1	1	1	1
Treatment capacity (thousands of gallons)	6,880	6,880	6,880	6,880	6,880	6,880	6,880	6,880	6,880	6,880

* The City has started the implementation of GIS methods for determining the miles of improved, unimproved, and controlled intersections so the classification have changed.

Sources: Various city departments

Note: No capital asset indicators are available for the general government or refuse functions.

CITY OF LEAVENWORTH, KANSAS

SINGLE AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

City of Leavenworth, Kansas

Single Audit Report

For the Year Ended December 31, 2021

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A copy of the City of Leavenworth, Kansas Basic Financial Statements for the year ended December 31, 2021 accompanies this report. The Independent Auditor's Report and the Basic Financial Statements are hereby incorporated by reference.	
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Independent Auditor's Report on Schedule of Expenditures of Federal Awards

To the Honorable Mayor and Members of the City Commission
City of Leavenworth, Kansas

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Leavenworth, Kansas (the City), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We did not audit the financial statements of the Leavenworth Public Library, a discretely presented component unit, which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit is based solely on the report of the other auditors.

We issued our report thereon dated June 30, 2022 which contained an unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinions on the financial statements that collectively comprise the basic financial statements. 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hood and Associates CPAs, PC

Overland Park, Kansas
June 30, 2022

ADDITIONAL INFORMATION

City of Leavenworth, Kansas

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2021

(With Unaudited Cumulative Totals from Inception of the Project)

Federal Grantor/Program Title	Catalog of Assistance Listing Number	Pass-Through Grantor's Number	Cumulative Awards Through December 31, 2021 (Unaudited)	Reported Expenditures: Cumulative Through December 31, 2020 (Unaudited)	Reported Expenditures: Total for the Year ended December 31, 2021	Reported Expenditures: Cumulative Through December 31, 2021	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development							
CDBG - Entitlement Grants Cluster:							
2020 Community Development Block Grant-Entitlement	14.218		$ 591,336	$ 161,059	$ 266,487	$ 427,546	$ 53,384
2021 Community Development Block Grant-Entitlement	14.218		349,809	-	134,901	134,901	21,935
COVID-19 Community Development Block Grant	14.218		321,386	145,952	158,317	304,269	151,862
Total CDBG - Entitlement Grants Cluster			1,262,531	307,011	559,705	866,716	227,181
Passed through the Kansas Housing Resources Corporation:							
COVID-19 Emergency Solutions Grant	14.231	ESGCV-FFY2020	85,437	19,222	66,037	85,259	64,011
2020 Emergency Solutions Grant	14.231	ESG-FFY2020	43,135	-	21,413	21,413	21,413
2021 Emergency Solutions Grant	14.231	ESG-FFY2021	35,946	-	-	-	-
Home Investment Partnerships Program (TBRA)	14.239	M20SG200160	90,950	-	11,944	11,944	-
Public Housing	14.850	KS06800000120D	245,749	-	245,749	245,749	-
COVID-19 Public Housing Operating Fund	14.850	KS06800000120DC	34,826	24,543	10,283	34,826	-
Capital Fund Program	14.872	KS01P06850120	146,692	37,543	-	37,543	-
Capital Fund Program	14.872	KS01P06850121	163,585	-	-	-	-
Housing Voucher Cluster:							
Section 8 - Housing Choice Vouchers	14.871		2,010,636	-	1,932,292	1,932,292	-
COVID-19 Section 8 - Admin	14.871		84,180	2,261	81,919	84,180	-
Total U.S. Department of Housing and Urban Development			4,203,667	390,580	2,929,342	3,319,922	312,605
U.S. Department of Justice							
Bulletproof Vest Partnership Program - 2019	16.607		2,166	361	1,805	2,166	-
Bulletproof Vest Partnership Program - 2020	16.607		2,145	-	2,145	2,145	-
Bulletproof Vest Partnership Program - 2021	16.607		2,145	-	347	347	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020DJBX0097	24,384	-	24,384	24,384	10,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA21GG01485JAGX	30,016	-	-	-	-
COVID-19 Emergency Response & Mitigation Grant - 2020	16.034	2020VDBX0723	76,918	-	46,074	46,074	-
Total U.S. Department of Justice			137,774	361	74,755	75,116	10,000
U.S. Department of Transportation							
Passed through the Kansas Department of Transportation:							
Highway Safety Cluster:							
State and Community Highway Safety (A) (STEP)	20.600	PT-1008-21	3,500	-	1,523	1,523	-
State and Community Highway Safety (A) (STEP)	20.600	PT-1008-22	3,500	-	-	-	-
Total U.S. Department of Transportation			7,000	-	1,523	1,523	-
U.S. Department of Treasury							
Coronavirus State and Local Fiscal Recovery Funds	21.027		8,549,063	-	1,145,290	1,145,290	-
Department of Homeland Security							
Sub-recipient of the Mid-America Regional Council:							
Homeland Security Grant Program	97.067	(HSGP)FY2020	29,881	-	29,881	29,881	-
Total Expenditures of Federal Awards			$ 12,927,385	$ 390,941	$ 4,180,791	$ 4,571,732	$ 322,605

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

City of Leavenworth, Kansas
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Note 1. Organization

The City of Leavenworth, Kansas 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.

Note 2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Leavenworth, Kansas, and is presented on the modified accrual basis of accounting. The information presented in this schedule is in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* (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.

Note 3. Local Government Contributions

Local cost sharing, as defined by Title 2 CFR Part 200, Subpart D, Section 200.306 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.

Note 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 of Leavenworth, Kansas. 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, 2021.

Note 5. Indirect Cost Rate

The City does not allocate indirect costs, and therefore has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

City of Leavenworth, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

Section 1 - Summary of Auditor's Results

Financial Statements:

Type Audit Report Issued on the Basic Financial Statements of Auditee
Unmodified

Internal Control Over Financial Reporting
No significant deficiencies reported, no material weaknesses identified.

General Compliance
The audit did not disclose any instances of noncompliance, which would be material to the basic financial statements.

Federal Awards:

Internal Control Over Major Programs
No significant deficiencies reported, no material weaknesses identified.

Type Audit Report Issued on Compliance for Major Programs
Unmodified

Audit Findings
None

Major Programs

CFDA Number	Name of Federal Program
14.871	Section 8 Housing Choice Vouchers
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar Threshold Used to Distinguish Between Type A and Type B Program
$750,000

Auditee Qualified as a Low-risk Auditee
Yes

City of Leavenworth, Kansas
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2021

Section 2 – Financial Statement Findings

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None

Summary Schedule of Prior Audit Findings

None

Section 3 – Federal Award Findings and Questioned Costs

Federal Award Findings Required to be Reported in Accordance with the Uniform Guidance

None

Summary Schedule of Prior Audit Findings

None

COMPLIANCE REPORTS

HOOD AND ASSOCIATES CPAs, PC

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*

To the Honorable Mayor and Members of the City Commission
City of Leavenworth, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Leavenworth, Kansas (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2022. Our report includes a reference to other auditors who audited the financial statements of the Leavenworth Public Library, a discretely presented component unit, as described in our report on the City's financial statements. The financial statements of the Leavenworth Public Library were not audited in accordance with *Government Auditing Standards*.

Report on 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 control* 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's 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 charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 determination of financial statement amounts. 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hood and Associates CPAs, PC

Overland Park, Kansas
June 30, 2022

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Honorable Mayor and City Commission
City of Leavenworth, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Leavenworth, Kansas's (the City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the City's major federal programs for the year ended December 31, 2021. 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 types of compliance requirements referred to above that could have a direct and material effect on each its major federal programs for the year ended December 31, 2021.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements 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 grant 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 on 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 generally accepted auditing standards, *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 judgment 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment 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 the City'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.

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 a 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 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 internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit 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 in internal control over compliance 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.

Hood and Associates CPAs, PC

Overland Park, Kansas
June 30, 2022