

ANNUAL COMPREHENSIVE FINANCIAL REPORT

City of Leavenworth, Kansas
For the Year Ended December 31, 2023

City of Leavenworth, Kansas

Annual Comprehensive Financial Report

Year Ended
December 31, 2023

Prepared by:
Roberta Beier
Director of Finance

City of Leavenworth, Kansas

Annual Comprehensive Financial Report

Year Ended December 31, 2023

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Introductory Section

June 28, 2024

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Leavenworth, Kansas (the City) for the year ended December 31, 2023. 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 ACFR 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, 2023, 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 report that is provided in conjunction with this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the 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 36,849 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, the Commission selects the Mayor from amongst themselves based on the number of votes in the most recent election. 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 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 that intend to exceed the Revenue Neutral Rate (RNR):

(a) Preparation of the budget for the succeeding calendar year on or before July 20 of each year.
(b) Notify the County Clerk of intent to exceed the RNR on or before July 20 of year.
(c) A minimum of 10 days' notice of public hearing, published in the local newspaper and on the City's website, for the purpose of hearing and answering objections of taxpayers relating to the proposed use of all funds and the amount of ad valorem tax.
(d) Hold RNR hearing prior to or in conjunction with the budget hearing between August 20 and September 20 of each year.
(e) Hold budget hearing between August 20 and September 20 of each year.
(f) Governing body holds recorded roll call vote on the resolution to exceed the RNR between August 20 and October 1 of each year.
(g) Governing body formally adopts the final budget between August 20 and October 1 of each year.
(h) Governing body certifies budget to County Clerk between August 30 and October 1 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 Federal Correctional Institution, formally called 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.

2023 is defined by a period of stabilization as the nation continued to recover from the COVID-19 pandemic. 2022's relatively high inflation of an 8.0% increase in the Consumer Price Index (CPI) was followed by a lower 4.1% increase in the CPI in 2023. Pandemic induced supply chain issues began to resolve in 2023, though the City continued to encounter price increases for vehicles, machinery, and construction projects. Toward the end of 2023 the City began to experience a decrease in sales tax receipts as consumers, businesses, and local governments stopped receiving pandemic related financial assistance. In spite of the lower-than-budgeted sales tax receipts, the City's General Fund reserve position strengthened in 2023 due to higher-than-budgeted interest earnings and lower-than-budgeted expenditures.

The City has received a total of $8,549,063 in ARPA funds, with the first half received in 2021 and the second half received in 2022. As of December 31, 2023, $5,750,278 of the ARPA funds had been expended. The remaining $2,798,786 of ARPA funds were recorded as unearned revenue as of December 31, 2023. As of March 31, 2024, the remaining APRA funds were either expended or encumbered. The ARPA grant and expenditures are accounted for in the ARPA Fund, a special revenue fund set up specifically for this purpose.

The City 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 (2024–2028) that contains approximately $50.5 million in identified projects. The following table identifies the spending requirements by category:

Streets and bridges	$18,593,842
Sidewalks, curbs, and gutters	3,770,334
Sewer and stormwater	11,589,500
Equipment	7,642,735
Buildings	7,687,065
Parks	1,195,300

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, $41,590,000 of identified projects are projected to be funded in this manner. Approximately $604,000 of these projects will be funded from the ARPA Fund and an additional $3,785,000 of these projects will be funded with Federal, Kansas Department of Transportation (KDOT), or other grants. Finally, the 2024-2028 plan includes $4,500,000 for the replacement of Fire Station #3, which will be funded with long-term debt in the form of a G.O. Bond.

Budgetary Initiatives

The 2024 budget was crafted in the midst of a continuing upward trend in revenue at the same time as the economy was facing a second year of inflation, price increases and wage pressures.

On the revenue side, assessed valuations increased from $272,008,599 to $303,997,319. The City reduced its total mill levy by 3.121 mills and the library's pass-thru mill levy was decreased by 0.052. Combined, the 3.173 mill reduction (from 30.135 in 2023 to 26.962 in 2024) caused ad valorem property tax to be revenue neutral for the 2024 budget. The City's portion of ad valorem tax decreased by $128,137 and the library's pass-through mill-levy increased by the same amount. Sales tax revenues were estimated to increase approximately 4% over 2023 budgeted sales tax revenues.

The 2024 budget included several initiatives:

(a) First, the 2024 budget utilized a portion of the City's cash reserves to transition to a pay-as-you-go pavement management program. This program breaks the cycle of borrowing money every year for something that is an annual expense. The pay-as-you-go pavement management program eliminates the issuance costs and interest expense associated with borrowing money for annual street repairs and improvements.

(b) Second, the 2024 budget created and funded a grant matching fund to enable the City to take advantage of grants that have local matching requirements.

(c) Third, the 2024 budget invested in the recruitment and retention of employees in the lower pay-scale classifications. In the 2022 and 2023 budgets, the Commission allocated significant funding to increase the starting salaries for Police and Fire Department employees. These increases were necessary in the competitive environment for public safety employees. With the 2024 budget, a significant investment was made in the pay for labor-class and entry-level positions throughout the City, including an increase in starting wages. The budget included a graduated pay increase, effective January 1, 2024, that resulted in higher percentage increases (up to 15%) going to the lowest ends of the pay scale.

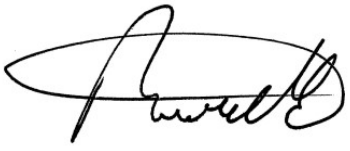
(d) Finally, the 2024 budget maintained a reserve position of approximately 30%.

Awards and Acknowledgements

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Leavenworth for its annual comprehensive financial report in the fiscal year ended December 31, 2022. This was the 29th 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 comprehensive 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 comprehensive 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, P.A. for their assistance in the preparation of this report.



Patrick Kitchens
Interim City Manager

City of Leavenworth, Kansas

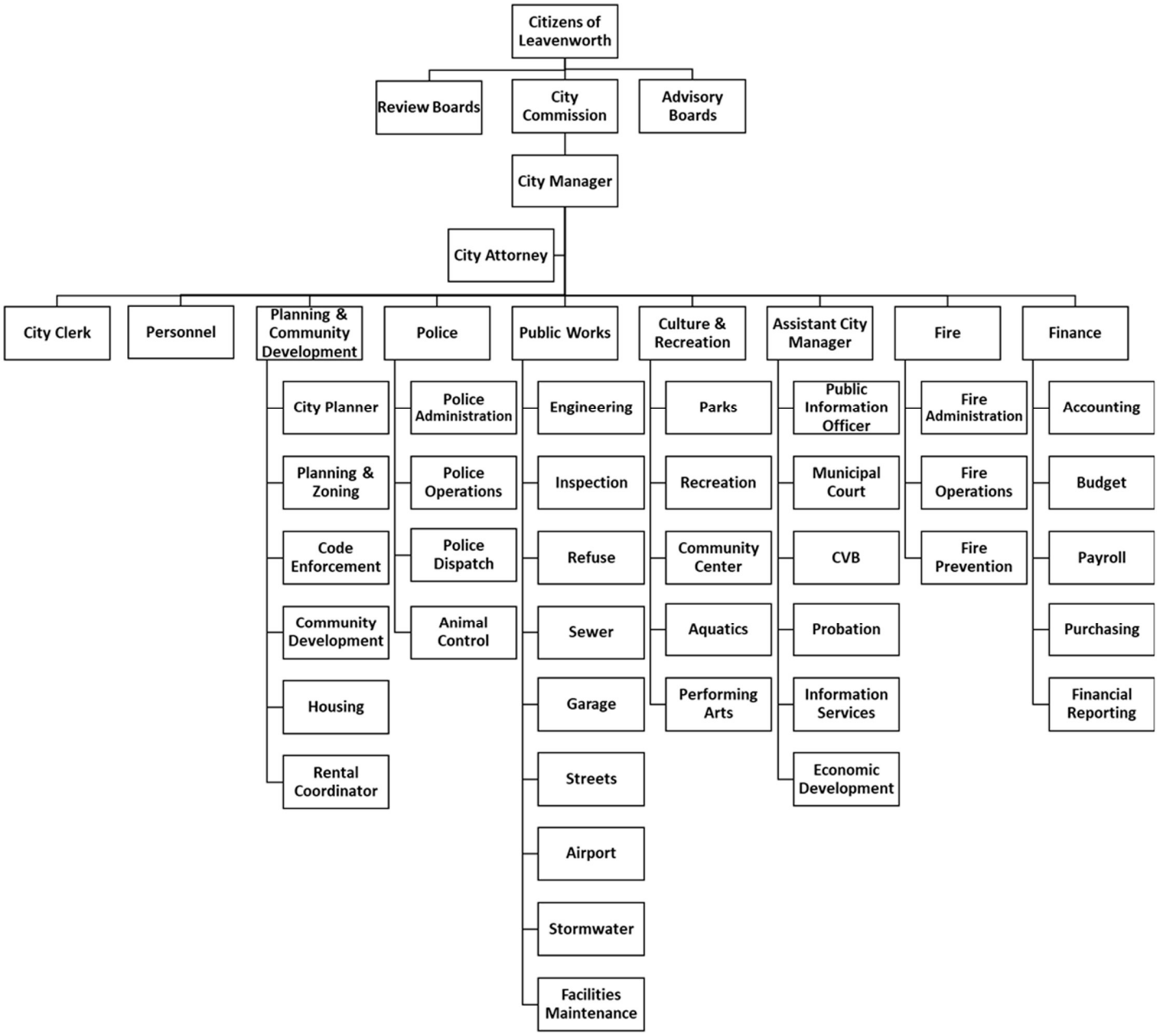
List of Elected and Appointed Officials

December 31, 2023

Elected Officials	Position	Term Expires
Griff Martin	Mayor	2025
Holly Pittman	Mayor Pro Tem	2027
Nancy Bauder	Commissioner	2027
Ed Hingula	Commissioner	2025
Jermaine Wilson	Commissioner	2025

Appointed Officials	Position	Length of Service with City
Paul Kramer	City Manager	14 years
David Waters	City Attorney	6 years
Penny Holler	Assistant City Manager	3 years
Melissa Bower	Public Information Officer	11 years
Lona Lanter	Human Resources Director	20 years
Sarah Bodensteiner	City Clerk	2 years
Roberta Beier	Finance Director	3 years
Steve Grant	Director of Parks & Community Activities	22 years
Brian Faust	Director of Public Works	3 years
Pat Kitchens	Police Chief	33 years
Gary Birch	Fire Chief	10 years
Julie Hurley	Director of Community Development	9 years

City of Leavenworth Organization Chart



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, 2022

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, 2023, 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, 2023, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) No. 96 Subscription-Based Information Technology Arrangements. Our opinion is not modified with respect to this matter.

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 28, 2024 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 28, 2024

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, 2023. 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 2023 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 $57,778,385 *(net position*), which is a total net position increase of $6,568,976 or 12.8%. As of the close of the fiscal year, the City has an unrestricted net position deficit of ($5,579,539).

- In 2023, the City Commission approved a pay-as-you-go Pavement Management Program (PMP). Prior to 2023, the City funded the PMP by issuing temporary notes which were redeemed the following year by issuing bonds. In 2023, the City did not issue any temporary notes or recognize any bonds payable. The City redeemed $1,560,000 in temporary notes in 2023.

- As of December 31, 2023, the City's governmental funds reported combined ending fund balances of $31,396,817, an increase of $3,306,008 over the prior year.

- At the end of the current fiscal year, the fund balance of the General Fund was $12,014,419, or 57.9% percent of total General Fund expenditures. The Reserve Policy adopted by the City Commission requires two months of expenditures (16.67%) as fund balance.

- During the current fiscal year, the City's total bonded debt decreased $4,265,000 and temporary notes payable decreased by $1,580,000. No new debt was issued in 2023.

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 nineteen 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, Capital Projects Funds, and the ARPA Fund, all of which are considered to be major funds. Data from the other fifteen 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 and Storm Water Funds are considered to be major funds 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.

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 $57,778,385 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 are still outstanding. As of December 31, 2023, the City's net investment in capital assets is $50,942,672. 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. An additional portion of the City's net position, $12,415,252, represents resources that are subject to external restrictions on how they may be used.

The City's change in net position related to 2023 activities increased $6,568,976 from the prior year. The reasons for this change are discussed in the following sections for governmental activities and business-type activities.

City of Leavenworth's Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 43,225,949	$ 45,236,289	$ 9,654,731	$ 9,298,080	$ 52,880,680	$ 54,534,369
Capital assets	54,754,278	56,415,926	17,221,471	15,701,523	71,975,749	72,117,449
Total assets	97,980,227	101,652,215	26,876,202	24,999,603	124,856,429	126,651,818
Total deferred outflows of resources	7,301,079	7,069,851	479,876	470,896	7,780,955	7,540,747
Long-term debt	52,068,990	52,925,465	6,450,579	7,067,454	58,519,569	59,992,919
Other liabilities	5,370,488	10,190,674	295,824	1,214,276	5,666,312	11,404,950
Total liabilities	57,439,478	63,116,139	6,746,403	8,281,730	64,185,881	71,397,869
Total deferred inflows of resources	10,267,040	11,146,606	406,078	438,681	10,673,118	11,585,287
Net position:						
Net investment in capital assets	37,991,201	33,335,236	12,951,471	10,452,991	50,942,672	43,788,227
Restricted	12,415,252	14,288,806	-	-	12,415,252	14,288,806
Unrestricted	(12,831,665)	(13,164,721)	7,252,126	6,297,097	(5,579,539)	(6,867,624)
Total net position	$ 37,574,788	$ 34,459,321	$ 20,203,597	$ 16,750,088	$ 57,778,385	$ 51,209,409

Governmental activities

The 2023 governmental activities increased the City's net position $3,115,467. Key elements of the increase in the current year are as follows:

- Total revenues increased by $6,488,920 in 2023.
  - Total grants and contributions (operating grants and capital grants, combined) increased by $4,595,284 primarily because the City recognized $4,385,902 in ARPA grants in 2023. The City received ARPA funds totaling $8,549,063 in 2021 and 2022. ARPA funds that are not expended by the end of a fiscal year are recorded as deferred revenue. As of December 31, 2022, the deferred revenue in the ARPA fund was $7,184,687. The City expended $4,385,902 of those funds in 2023; therefore, as of December 31, 2023, the deferred revenue in the ARPA fund is $2,798,785.
  - Total taxes increased by $422,621. This increase was a result of the following activity:
    - Property taxes increased by $778,885 (11.7%). Of this amount, $324,895 is attributed to property tax increases in the TIF Fund. The increases resulted from a 13.1% increase in assessed values which was offset somewhat by a 1 mill reduction in the tax levy.
    - Sales taxes decreased by $171,916 (-1.0%), of which ($87,988) is attributable to the TIF Fund. A decrease in 2023 sales tax collections was observed throughout the state and was likely caused by the end of Covid 19 pandemic related economic incentives.
    - Franchise taxes decreased by $238,698 (-7.3%). Franchise taxes are based on utility usage and are therefore variable from year to year, depending on the weather.
    - Motor vehicle taxes were relatively flat (decrease of $5,151) and transient guest tax increased by $59,501 (9.3%) due to an increase in hotel occupancy rates.
  - The City's reserves and idle funds are invested in short term investments including an overnight investment pool, treasury bonds, treasure notes, and certificates of deposit. Due to higher interest rates and an increase in reserves, investment income increased by $1,233,673 (247.1%).
  - When capital assets are sold, a gain or loss on sale of capital assets is recorded. In 2023, the City sold several vehicles; therefore, the gain on sale of capital assets increased by $212,487 (101.3%).

- Total expenses in the Governmental Funds increased by $3,321,910 (8.8%). This is a combination of:
  - General government expenses increased by $583,513 (11.4%) primarily due to the following items:
    - General government salary, taxes, and benefits increased by $89,144 (3.34%) due to a mid-year 5% salary increase for all employees, a market adjustment increase for Fire Department employees, and an 8% increase in health insurance rates. These increases were offset, somewhat, by position vacancies.
    - Expenses of $203,879 from the ARPA Fund for City Commission approved program grants including $60,000 to establish a Leavenworth Big Brother Big Sister program, $26,036 in small business grants, and $114,843 to support attainable housing projects within City limits.
    - Expenses in the Capital Project Fund increased by $341,220 (237.1%). In 2021 the City Commission approved a transition from purchasing all City vehicles to a lease program. The lease program expense in 2023 was $317,044. In addition, the City invested $123,000 in IT equipment in 2023.
  - Public safety expenses increased by $1,470,978 (9.9%).
    - Salaries increased by $745,214 (9.81%) due to market-rate adjustments made to Fire Department salaries as of January 1, 2023 and Police Department salaries on June 1, 2022. An additional $337,123 is attributed to an increase in health insurance premiums, retirements contributions, taxes, and other personnel related expenses. OPEB and pension expenses increased by $357,240 in 2023.
    - The City's portion of the Justice Center's expenses increased by $89,069 because the City did not receive the County's billing for the fourth quarter of

2022 until December 2023, and equipment purchases increased by $69,667 (41.2%) because the Police Department replaced its handguns and rifles in 2023.

- Public works expenses increased by $816,817 (10.8%) largely due to the $625,805 purchase of polycarts and cart tippers for the City's trash collection division. This purchase was made from the ARPA Fund. Planning and Design expense increased by $366,125 because the Engineering Department conducted a Street Assessment and Downtown ADA Ramp Upgrades Study, both of which will put the City in a position to apply for and receive grants for infrastructure improvements in future years.
- Community and economic development expenditures increased by $729,012 (42.6%). The majority of this increase ($555,355) is attributed to an increased expenditure for the City's various Tax Increment Financing (TIF) projects. The City collects incremental sales and property tax increases and disperses them to the developers of the projects, per development agreements. Also, in 2023, the City expended $87,000 as a participant in the new Ride Leavenworth program.

- Transfers from Governmental Activities to Business Activities were $1,451,424 in 2023. This is primarily due to transfers from the ARPA fund to the Sewer Fund.

Business-type activities

The 2023 Business-type activities increased the City's net position $3,453,509. Key elements of this increase are as follows:

- Grants and contributions increased by $349,836. This is attributed to using $342,336 of ARPA funds to purchase capital assets in the Sewer Fund and the Refuse Fund receiving a $7,500 operating grant.

- Expenses for business-type activities decreased by $487,410 (-6.5%) as follows:

  - Refuse Fund expenses decreased by $445,481 (-18.8%). The majority of that decrease was attributable to a $431,945 decrease in personnel services. Salaries, taxes and benefits decreased by $83,309 due to vacancies. The remaining decrease of $348,636 was attributed to a decrease in pension and other post-employment benefit (OPEB) expenses.
  - Sewer Fund expenses decreased by $106,190 (-2.3%). This is primarily attributable to a $41,681 decrease in personnel services and a $174,843 decrease in utility expenses, offset by an increase in other operating expenses.
  - Storm Water Capital Projects Fund expenses increased by $64,261. This is due to a $252,754 increase in depreciation expense offset by a $173,928 decrease in professional services. Depreciation expense increased because a $3.8 million project at 2nd & Chestnut was completed and put into service in 2023. Professional services decreased because professional expenses were incurred for the 2nd & Chestnut project in 2022, but not in 2023.

City of Leavenworth's Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	$ 4,246,504	$ 4,223,880	$ 8,684,242	$ 8,742,790	$ 12,930,746	$ 12,966,670
Operating grants and contributions	5,815,699	3,539,467	7,500	-	5,823,199	3,539,467
Capital grants and contributions	3,484,156	1,165,104	342,336	-	3,826,492	1,165,104
General revenues:						
Property taxes	6,773,790	6,679,368	-	-	6,773,790	6,679,368
Sales taxes	16,645,747	17,716,291	-	-	16,645,747	17,716,291
Other taxes	6,161,381	4,762,638	-	-	6,161,381	4,762,638
Miscellaneous	332,270	330,039	17,107	8,940	349,377	338,979
Gain on sale of capital assets	422,346	209,859	-	-	422,346	209,859
Unrestricted investment earnings	1,732,847	499,174	-	-	1,732,847	499,174
	45,614,740	39,125,820	9,051,185	8,751,730	54,665,925	47,877,550
Expenses:						
General government	5,716,119	5,132,606	-	-	5,716,119	5,132,606
Public safety	16,290,284	14,819,306	-	-	16,290,284	14,819,306
Public w orks	8,383,767	7,566,950	-	-	8,383,767	7,566,950
Culture and recreation	3,763,013	3,757,762	-	-	3,763,013	3,757,762
Housing and urban redevelopment	3,676,763	3,784,765	-	-	3,676,763	3,784,765
Community and economic	2,442,071	1,713,059	-	-	2,442,071	1,713,059
Unallocated depreciation expense	172,798	177,169	-	-	172,798	177,169
Interest on long term debt	603,034	774,322	-	-	603,034	774,322
Solid w aste disposal	-	-	1,928,537	2,374,018	1,928,537	2,374,018
Sew er utility	-	-	4,575,305	4,681,495	4,575,305	4,681,495
Storm w ater	-	-	545,258	480,997	545,258	480,997
Total expenses	41,047,849	37,725,939	7,049,100	7,536,510	48,096,949	45,262,449
Change in net position before transfers	4,566,891	1,399,881	2,002,085	1,215,220	6,568,976	2,615,101
Transfers	(1,451,424)	(11,500)	1,451,424	11,500	-	-
Change in net position	3,115,467	1,388,381	3,453,509	1,226,720	6,568,976	2,615,101
Net position, beginning	34,459,321	30,838,422	16,750,088	15,523,368	51,209,409	46,361,790
Prior period adjustment	-	2,232,518	-	-	-	2,232,518
Net position, beginning - adjusted	34,459,321	33,070,940	16,750,088	15,523,368	51,209,409	48,594,308
Net position, ending	$ 37,574,788	$ 34,459,321	$ 20,203,597	$ 16,750,088	$ 57,778,385	$ 51,209,409

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 $31,396,817, an increase of $3,306,008 over the prior year. Of this amount $12,014,419 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.* The amount restricted for particular purposes totaled $12,415,252 and the amount assigned for particular purposes totaled $6,967,146. The increase in unassigned fund balance is attributed to the excess of revenues over expenditures in the General Fund for 2023.

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 $12,014,419. Of this amount, $12,014,419 is unassigned fund balance, which is available for spending at the City's discretion.

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. As of December 31, 2023, unassigned fund balance and total fund balance are the same, and they represent 57.9 percent of total General Fund expenditures.

The fund balance of the City's General Fund increased $1,447,764 during the current fiscal year. Total revenue increased by $1,488,601 over 2022. The most significant increase in revenue in the General Fund is investment earnings, which increased by $1,222,830 (304.3%) due to higher interest rates and a larger reserve balance. Total expenses increased by $1,127,488 for reasons that are highlighted in the analysis of governmental activities.

The Debt Service Fund had a restricted fund balance of $290,079, at the end of the current year, which is $44,283 higher than the prior year. Tax revenue increased $13,532. In the Debt Service Fund, the City retired $2,705,000 in outstanding General Obligation Bond principal. Interest and fiscal charges of $602,762 were $107,768 lower than in 2022.

At the end of the year, the fund balance of the Capital Projects Fund was $6,967,146, an increase of $3,731,798 from the prior year. 2023 transfers of $8,519,893 into the Capital Projects Fund covered $4,432,700 in expenditures and the encumbrances for several projects that began in 2023 but will not be completed until 2024.

In 2023, the City incurred $4,385,902 in expenditures from the ARPA fund; therefore, the same amount was recognized as revenue. As of December 31, 2023, the ARPA fund had $2,798,786 remaining in unearned revenue. As of March 31, 2024, all APRA funds were either expended or encumbered. Per federal requirements, all ARPA funds must be committed by December 31, 2024, and all ARPA funds must be expended by December 31, 2026.

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 $4,861,019, and the Storm Water Fund and Refuse Funds unrestricted net positions were $1,342,225 and $1,048,882, respectively. In comparison with the prior year, the unrestricted net position for the Sewer Fund increased $1,942,625, the unrestricted net position of the Storm Water Fund decreased $1,411,203, and the unrestricted net

position of the Refuse Fund increased $196,006. 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 was unchanged from its original budget.

During the year, revenues were $1,405,695 higher than budget, primarily due to investment earnings being $1,474,695 over budget.

During the year, expenditures were $1,039,180 less than budgetary estimates, exclusive of operating reserves, due to:

- General Government expenditures were $394,490 (9.7%) below budgetary expectations primarily due to personnel costs being $225,497 under budget. Salary related expenses were under budget due to positions being vacant for a portion of the year. Other General Government expenditures that were under budget are as follows.
    - City Commission expenditures were $10,705 under budget and contingencies were $29,900 under budget;
    - The City Clerk's Office was under budget by $36,595, primarily due to no spending on a primary election and lower than budgeted insurance expense;
    - The Human Resources Department was $23,115 under budget, primarily due to the underutilization of the City's tuition reimbursement program;
    - The Finance Department was under budget by $29,695, partly due to no travel or training expenditure; and
    - The Code Enforcement Division was $41,194 under budget (primarily due to fewer than budgeted demolitions),

- Public Safety expenditures were $155,086 (1.1%) less than anticipated due to personnel costs being below budget by $228,101; IT services, including software maintenance, being under budget by $23,642; utilities being under budget by $16,403; travel and registration expenses being $24,088 under budget; classified advertising being over budget by $15,125; rental expenses being $50,707 over budget; vehicle maintenance and repairs being over budget $21,142; and non-capitalized equipment purchases being $26,466 over budget. Personnel costs were low because of unbudgeted vacancies. IT services were lower than budget because back-up expenses did not cost as much as anticipated, utilities were under budget due to mild weather, travel and related expenses were under budget and classified advertising was over budget due to vacancies, and rental expenses were over budget because the City was not billed for the 2022's fourth quarter expenses at the Justice Center until December of 2023.

- Public works expenditures were $478,971 under budgetary expectations. Personnel costs were $264,973 under budget due to vacancies. Utilities were $14,999 under budget; professional services were $14,699 under budget, and vehicle expenses including fuel and vehicle parts was $159,577 under budget

- Culture and recreation expenditures were $26,305 over budgetary expectations primarily due to library maintenance being $25,166 over budget.

- The Community and Economic Development function was $49,491 under budget primarily due to personnel expenses being $48,200 less than budgeted.

The budget included $1,034,833 for transfers into the General Fund and $0 for transfers out of the General Fund. Actual transfers in were $903,151 under budget because the budgeted transfer from the Special Projects Fund went to the Streets Project Fund for the Downtown 4th Street project instead of the General Fund. Actual Transfer out were $588,828 because the City Commission approved the creation of a Grant Matching Capital Projects Fund, and the first transfer to that fund occurred in 2023.

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, 2023, amounts to $66,250,389 (net of accumulated depreciation). The Commission approved the City's capital asset policy which defined the thresh-hold for capitalizing asset purchases. The policy establishes the GFOA recommended $5,000 minimum for capitalizing assets.

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

- Total improvements to streets and sidewalk were $2,280,861. As of December 31, 2023, there are four street projects in Construction in Progress (CIP). The first is the 4th Street between Choctaw and Seneca project. This project was redesigned because the original project scope came in significantly over budget. As of December 31, 2023, the planning for the updated project was just about complete and the construction bids were opened in May, 2024. The total cost of construction is estimated to be between $3,200,000 and $3,800,000. The City expended $49,802 on this project in 2023. The second project is the 2023 Pavement Management Program (PMP) which consists primarily of mill and overlay improvements to various City streets. The 2023 PMP is budgeted at $2,000,000. The City expended $1,631,271 on this project in 2023. The third and fourth projects have been designed but construction will not begin until 2025 or later. The first is the Wilson Avenue Improvements project and the second is the Vilas Street Sidewalk Improvements project. The City expended $344,196 on these two projects in 2023.

- The City completed five park projects in 2023 totaling $400,065 and had one park project in CIP. The completed projects include new restrooms in Havens Park and Stubby Park, a trail extension in Havens Park, and a shelter at Stubby Park. The project in CIP is new hard courts (pickleball and basketball) at Cody Park. The City expended $24,615 for design costs for this project in 2023 and the project, totaling approximately $700,000, will be completed in 2024. The City purchased $155,868 in parks equipment in 2023.

- 2023 Police equipment expenditures were $29,568, street lights and street signal equipment expenditures were $29,773, and street equipment expenditures were $398,799.

- Expenditures on six different building improvement projects were $463,392. The City expended $155,356 on the planning and design of a new Fire Station #3. The cost of the project is estimated to cost $5,000,000. This project will be financed with general obligation bonds which were issued in early 2024. Construction on the Fire Station will begin in 2024.

- The Planters II Fund spent $159,866 on common area improvements.

- The Refuse Fund purchased equipment in 2023 in the amount of $100,074.

- The Sewer Fund had the following capital asset purchases: $127,686 to replace air handlers in the Waste Water Treatment Plant (WWTP) building, $200,585 to upgrade WWTP equipment, and $520,118 in sanitary and storm sewer line improvements. The Sewer Fund had two projects in CIP at the end of 2023. The first is a new WWTP administration building. 2023 expenditures for this project were $53,544 for planning and design work. The project budget is $775,000 and it is expected to be completed in 2024. The second CIP project is the replacement of a trickling filter, the belt press, and a mixing system in the WWTP. The 2023 expenditures for this project were $26,250 and the project budget is $2,498,000. This project will be completed in 2024 and 2025.

Additional information on the City of Leavenworth's capital assets can be found in Notes 1.G and 3.D in the Notes to the Basic Financial Statements.

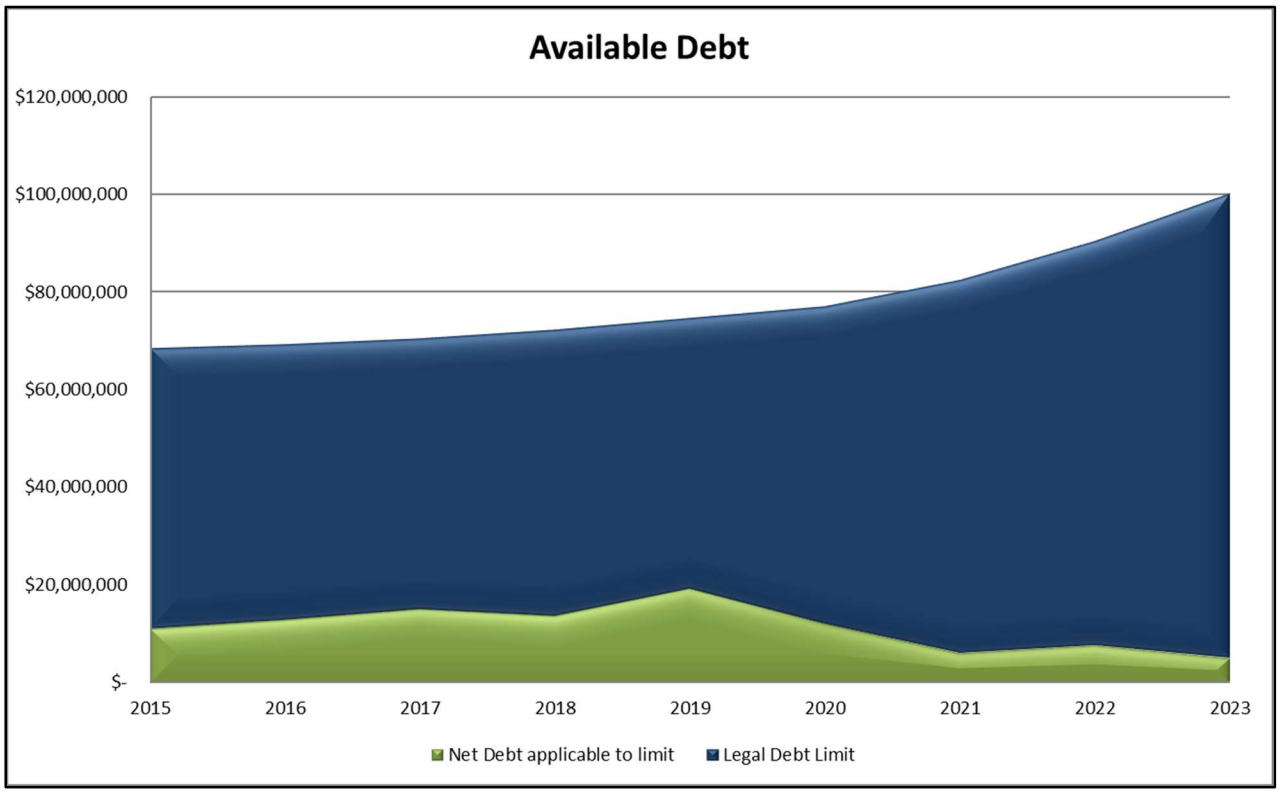
Long-term debt

At the end of the year, the City had total bonded debt outstanding of $23,400,000, all of which is debt backed by the full faith and credit of the City. Of this amount, $19,130,000 relates to governmental activities while $4,270,000 relates to business-type activities.

The City's total bonded debt decreased by $3,485,000 during the current fiscal year. No new general obligation bonds were issued in 2023.

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 $100,038,574, which is significantly in excess of the City's outstanding general obligation debt.



The increase in legal debt limit is due to an increase 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 3.E in the Notes to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The issues causing the most uncertainty while preparing the 2023 budget were historic levels of inflation, price increases, and wage pressures. The City Commission approved a 1 mill reduction in the City supported portion of the mill levy while the Library's mill levy remained flat. There was a 11.65% increase in assessed values, which increased budgeted ad valorem taxes in spite of the mill reduction.

The Neighborhood Revitalization Area (NRA) tax refunds were approximately $106,277. TIF related property tax refunds were budgeted to be $667,400.

Local sales and use tax and the City's portion of countywide sales and use tax were budgeted to increase by 4.18% over 2021 actual sales tax; however, the end result was slightly higher than that and resulted in sales tax collections $185,447 over budget. 2022 sales tax were higher than budgeted, therefore there was a decrease in sales tax collections between 2023 and 2022 of $83,928.

Franchise revenues were budgeted to increase by 8.82% over 2021 actual franchise tax and generate revenue of $3,014,296 in 2023, however 2023 actuals came in higher than budgeted and totaled $3,041,520. 2022 franchise tax generated $3,280,218; therefore, franchise taxes decreased by $238,698 between 2022 and 2023. The 2023 budget included a 5% salary increase for all City personnel, with the exception of the Fire Department which increased its minimum salary from $36,500 to $40,000, with corresponding increases for all positions based on length of service.

As the 2024 budget was being developed, inflation had become a significant concern, therefore the 2024 budget included a sliding scale increase in salaries. The highest increase of 15% was applied to City personnel at the lowest end of the pay scale because their purchasing power was being hit the hardest by inflation. The salary increases decreased as pay scales increased, with the lowest salary increase being 5%. The City's 2024 assessed valuations increased by 10.48%. The 2024 budget included a 3.121 mill reduction in the City's portion of the mill rate from 25.654 to 22.533 and a 0.052 mill reduction in the Library's portion of the mill rate from 4.481 to 4.429; therefore, the combined ad valorem tax for the City and the Library was revenue neutral in 2024.

During 2021 the 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. Counties provide the revenue neutral rates to taxing jurisdictions no later than June 15th of each year. If taxing jurisdictions 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 being held to adopt the budget and a notice of the public hearing must be published at least 10 days before the public hearing. The revenue neutral rate hearing and the budget hearing may occur on the same day. At this time, the 2025 budget is still being developed, but the City anticipates that the 2025 budget will include a flat mill rate, which will not meet the revenue neutral rate requirement. Therefore, the City will notify the County Clerk prior to July 20, 2024, that it intends to exceed the revenue neutral rate for the 2025 budget. The City will hold a public hearing between August 20, 2024, and September 20, 2024, the purpose of which is to hear and answer objections of taxpayers relating to the proposed use of all funds, the amount of ad valorem tax, and the revenue neutral rate. The City is required to certify and submit the 2025 budget to the County Clerk's office no later than October 1, 2024.

In 2018, the Commission approved a Storm Water impact fee for the City to address deferred maintenance of the storm water system. In 2023 the fee generated $1,327,111 to address specific projects. The fee has generated approximately $7.8 million through 2023. These fees funded the $3.8 million construction project at 2nd and Chestnut streets, which was completed in 2023. This area of the City is home to the City's oldest infrastructure and City residents were experiencing significant flooding due to the collapse of the storm water sewer system. In addition to this large project, the fee funds several smaller storm sewer rehabilitation projects, stream bank restoration projects, stone arch replacement projects, and curb inlet replacement projects. All of these projects are designed to reduce storm water flooding throughout the City.

The City Commission opted to keep the Refuse rates flat and increase the Sewer rates by 5% in the 2024 budget. The 2025 proposed budget includes a 3% increase in the Refuse and Sewer rates. These rate increases are recommended because of raising operational costs, particularly the increased cost of landfill fees.

City Commission goals and priorities are updated annually. The 2024 budget was based on these priorities and the 2025 budget will also be based on the City Commission goals and priorities.

The 2023 compensation plan for employees included a 5% COLA allocated at mid-year. Health insurance benefits rates increased by 8% for 2023. The 2024 compensation plan included a base 5% increase for all employees and additional increases targeted towards City employees in labor, clerical, and other positions that are in the lower portion of the job classification scale. The 2024 budget included an estimated 8% increase in health care costs. Actual health care costs increased by more than 30% in 2024. The proposed 2025 budget includes a 3.5% COLA for all employees.

In summary, the approved 2024 budget levies a lower mill levy than was established in the 2023 budget for City operations and the proposed 2025 budget establishes a mill rate that is the same as the 2024 approved budget. The 2023 mill rate was 30.135, the 2024 mill is 26.962, and the mill rate in the proposed 2025 budget is approximately also 26.962.

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.

Basic Financial Statements

City of Leavenworth, Kansas
Statement of Net Position
December 31, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
ASSETS				
Cash and cash equivalents	$ 31,131,056	$ 7,624,755	$ 38,755,811	$ 843,710
Deposits restricted for tenant deposit refunds	31,801	-	31,801	-
Receivables (net of uncollectibles)				
Taxes	9,584,918	-	9,584,918	1,156,418
Accounts	414,653	2,029,976	2,444,629	-
Special assessments	86,186	-	86,186	-
Interest	407,739	-	407,739	-
Due from other governments	69,057	-	69,057	-
Lease receivable	216,088	-	216,088	-
Other assets	24,051	-	24,051	-
Assets held for resale	1,260,400	-	1,260,400	-
Capital assets				
Not being depreciated	5,637,213	171,105	5,808,318	-
Being depreciated, net of depreciation	49,117,065	17,050,366	66,167,431	923,828
Total assets	97,980,227	26,876,202	124,856,429	2,923,956
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	6,373,245	355,444	6,728,689	152,146
OPEB related deferred outflows	927,834	124,432	1,052,266	280
Total deferred outflows of resources	7,301,079	479,876	7,780,955	152,426
LIABILITIES				
Accounts payable	1,533,158	230,320	1,763,478	7,230
Accrued expenses	520,830	43,518	564,348	-
Tenant related liabilities	31,801	-	31,801	-
Accrued interest	174,487	21,986	196,473	-
Temporary notes	-	-	-	-
Unearned revenues	2,840,212	-	2,840,212	-
Long-term liabilities:				
Due within one year	3,366,650	674,365	4,041,015	-
Due in more than one year	48,972,340	5,776,214	54,748,554	616,623
Total liabilities	57,439,478	6,746,403	64,185,881	623,853
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows	650,158	50,678	700,836	34,564
OPEB related deferred inflows	2,799,937	355,400	3,155,337	11,390
Property taxies levied for a subsequent period	6,605,880	-	6,605,880	1,156,418
Deferred revenue - leases	211,065	-	211,065	-
Total deferred inflows of resources	10,267,040	406,078	10,673,118	1,202,372
NET POSITION				
Net investment in capital assets	37,991,202	12,951,471	50,942,673	923,828
Restricted for:				
Capital outlay	5,369,946	-	5,369,946	-
Tax increment financing	779,476	-	779,476	-
Street maintenance	462,242	-	462,242	-
Law enforcement	101,450	-	101,450	-
Recreation programs	279,287	-	279,287	-
Housing services	1,318,652	-	1,318,652	-
Community development	337,846	-	337,846	-
General obligation debt	290,079	-	290,079	-
Probation	123,955	-	123,955	-
Economic development	2,676,079	-	2,676,079	-
Tourism and convention activities	676,240	-	676,240	-
Unrestricted (deficit)	(12,831,666)	7,252,126	(5,579,540)	326,329
Total net position	$ 37,574,788	$ 20,203,597	$ 57,778,385	$ 1,250,157

See accompanying notes to the basic financial statements

City of Leavenworth, Kansas
Statement of Activities
For the Year Ended December 31, 2023

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: Total	Component Unit: Library
Primary government:								
Governmental activities								
General government	$ 5,716,119	$ 1,408,987	$ 175,036	$ 117,595	$ (4,014,501)	$ -	$ (4,014,501)	$ -
Public safety	16,290,284	177,312	101,943	232,298	(15,778,731)	-	(15,778,731)	-
Public works	8,101,896	1,595,105	2,160,822	2,315,331	(2,030,638)	-	(2,030,638)	-
Culture and recreation	3,763,013	510,155	118,362	619,747	(2,514,749)	-	(2,514,749)	-
Housing and urban redevelopment	3,676,763	531,267	2,833,209	159,866	(152,421)	-	(152,421)	-
Community and economic development	2,442,071	23,678	426,327	39,319	(1,952,747)	-	(1,952,747)	-
Unallocated depreciation expense	172,798	-	-	-	(172,798)	-	(172,798)	-
Interest on long term debt	603,034	-	-	-	(603,034)	-	(603,034)	-
Total governmental activities	40,765,978	4,246,504	5,815,699	3,484,156	(27,219,619)	-	(27,219,619)	-
Business-type activities:								
Sewer	4,575,305	5,019,346	-	342,336	-	786,377	786,377	-
Stormwater	545,258	1,327,111	-	-	-	781,853	781,853	-
Refuse	1,928,537	2,337,785	-	-	-	409,248	409,248	-
Total business-type activities	7,049,100	8,684,242	-	342,336	-	1,977,478	1,977,478	-
Total primary government	$ 47,815,078	$ 12,930,746	$ 5,815,699	$ 3,826,492	$ (27,219,619)	$ 1,977,478	$ (25,242,141)	$ -
Component unit:								
Library	1,568,386	16,472	7,453	-	-	-	-	(1,544,461)
Total component unit	$ 1,568,386	$ 16,472	$ 7,453	$ -	$ -	$ -	$ -	$ (1,544,461)
General revenues:								
Taxes:								
Property taxes					6,773,790	-	6,773,790	1,362,332
Tax increment property taxes					684,463	-	684,463	-
Sales taxes					16,645,747	-	16,645,747	-
Tax increment sales taxes					898,628	-	898,628	-
Franchise taxes					3,041,520	-	3,041,520	-
Motor vehicle taxes					835,307	-	835,307	-
Transient guest tax					701,463	-	701,463	-
Intergovernmental revenue not restricted to specific programs					-	-	-	102,151
Miscellaneous					332,270	24,607	356,877	19,338
Unrestricted investment earnings					1,732,847	-	1,732,847	17,864
Gain on sale of capital assets					140,475	-	140,475	-
Transfers					(1,451,424)	1,451,424	-	-
Total general revenues					30,335,086	1,476,031	31,811,117	1,501,685
Change in net position					3,115,467	3,453,509	6,568,976	(42,776)
Total net position - beginning					34,459,321	16,750,088	51,209,409	1,292,933
Total net position - ending					$ 37,574,788	$ 20,203,597	$ 57,778,385	$ 1,250,157

See accompanying notes to the basic financial statements

City of Leavenworth, Kansas
Balance Sheet
Governmental Funds
December 31, 2023

	General	Debt Service	Capital Projects	ARPA Fund	NonMajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 10,211,050	$ 290,079	$ 8,023,607	$ 2,825,886	$ 9,780,434	$ 31,131,056
Tenant deposits	-	-	-	-	31,801	31,801
Receivables, net						
Taxes	6,053,047	1,841,089	-	-	1,690,782	9,584,918
Accounts	382,048	-	6,519	-	26,086	414,653
Special assessments	84,121	2,065	-	-	-	86,186
Interest	406,442	-	110	-	1,187	407,739
Leases	-	-	-	-	216,088	216,088
Due from other funds	27,925	-	-	-	-	27,925
Due from other governments	-	-	32,799	-	36,258	69,057
Other assets	-	-	-	-	24,051	24,051
Assets held for resale	-	-	-	-	1,260,400	1,260,400
Total assets	$ 17,164,633	$ 2,133,233	$ 8,063,035	$ 2,825,886	$ 13,067,087	$ 43,253,874
LIABILITIES						
Accounts payable	$ 338,967	$ -	$ 1,095,889	$ 27,100	$ 71,202	$ 1,533,158
Accrued liabilities	444,474	-	-	-	76,356	520,830
Tenant deposits	-	-	-	-	31,801	31,801
Due to other funds	-	-	-	-	27,925	27,925
Unearned revenues	-	-	-	2,798,786	41,426	2,840,212
Total liabilities	783,441	-	1,095,889	2,825,886	248,710	4,953,926
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues						
Property tax	4,282,652	1,841,089	-	-	482,139	6,605,880
Special assessments	84,121	2,065	-	-	-	86,186
Leases	-	-	-	-	211,065	211,065
Total deferred inflows of resources	4,366,773	1,843,154	-	-	693,204	6,903,131
FUND BALANCES				-		
Restricted	-	290,079	-	-	12,125,173	12,415,252
Committed	-	-	-	-	-	-
Assigned	-	-	6,967,146	-	-	6,967,146
Unassigned	12,014,419	-	-	-	-	12,014,419
Total fund balances	12,014,419	290,079	6,967,146	-	12,125,173	31,396,817
Total liabilities, deferred inflows of resources, and fund balances	$ 17,164,633	$ 2,133,233	$ 8,063,035	$ 2,825,886	$ 13,067,087	$ 43,253,874

See accompanying notes to the basic financial statements

City of Leavenworth, Kansas
Reconciliation of Balance Sheet -
Governmental Funds to the Statement of Net Position
December 31, 2023

Fund balances of governmental funds	$	31,396,817
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 governmental fund statements.		54,754,278
Deferred outflows and inflows related to pension and OPEB activity are not required to be reported in the governmental funds but are required to be reported in the Statement of Net Position		3,850,984
The issuance of long-term debt 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 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:		
Long-term liabilities		(22,933,091)
Total Pension liability		(23,347,495)
Total OPEB liability		(6,058,404)
Certain revenues are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the governmental funds.		86,186
Liabilities for interest on long-term debt are recognized only when due in the governmental fund statements but are accrued in the government-wide statements.		(174,487)
Net position of governmental activities	$	37,574,788

See accompanying notes to the basic financial statements

City of Leavenworth, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2023

	General	Debt Service	Capital Projects	ARPA Fund	NonMajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 18,200,755	$ 2,130,339	$ -	$ -	$ 9,286,166	$ 29,617,260
Intergovernmental	188,999	-	102,962	4,385,902	4,621,993	9,299,856
Licenses and permits	433,695	-	-	-	-	433,695
Charges for services	1,727,320	-	455,904	-	1,228,283	3,411,507
Fines and forfeitures	401,301	-	-	-	-	401,301
Investment earnings	1,624,695	-	1,334	-	12,737	1,638,766
Miscellaneous	55,556	-	107,565	-	169,149	332,270
Total revenues	22,632,321	2,130,339	667,765	4,385,902	15,318,328	45,134,655
EXPENDITURES						
Current:						
General government	3,664,634	-	485,156	204,983	887,197	5,241,970
Public safety	14,305,478	-	224,034	-	85,847	14,615,359
Public works	2,373,446	-	634,441	782,600	1,055,083	4,845,570
Culture and recreation	44,605	-	49,952	8,194	2,740,439	2,843,190
Housing and urban redevelopment	51,000	-	39,655	-	3,438,964	3,529,619
Community and economic development	267,109	-	17,999	-	2,147,107	2,432,215
Debt service:						
Principal retirement	13,460	2,705,000	-	-	4,837	2,723,297
Interest and fiscal charges	24	602,762	56,775	-	2	659,563
Capital outlay	37,544	-	2,924,688	707,510	239,044	3,908,786
Total expenditures	20,757,300	3,307,762	4,432,700	1,703,287	10,598,520	40,799,569
Excess (deficiency) of revenues over (under) expenditures	1,875,021	(1,177,423)	(3,764,935)	2,682,615	4,719,808	4,335,086
OTHER FINANCING SOURCES (USES)						
Insurance proceeds	29,889	-	76,885	-	22,473	129,247
Sale of assets	-	-	264,192	-	28,907	293,099
Transfers in	131,682	1,221,706	8,519,893	-	2,340,654	12,213,935
Transfers out	(588,828)	-	(1,364,237)	(2,682,615)	(9,029,679)	(13,665,359)
Total other financing sources (uses)	(427,257)	1,221,706	7,496,733	(2,682,615)	(6,637,645)	(1,029,078)
Net change in fund balances	1,447,764	44,283	3,731,798	-	(1,917,837)	3,306,008
Fund balance - beginning	10,566,655	245,796	3,235,348	-	14,043,010	28,090,809
Fund balances - ending	$ 12,014,419	$ 290,079	$ 6,967,146	$ -	$ 12,125,173	$ 31,396,817

See accompanying notes to the basic financial statements

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, 2023

Amounts reported for governmental activities are different because:

Net change in fund balances - total governmental funds	$	3,306,008
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.		
Capital outlay costs in excess of capitalization threshold		4,313,274
Depreciation		(5,693,051)
Capital asset retirements		(281,871)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the governmental funds.		
Special assessments and notes receivable		(36,342)
The issuance of long-term debt 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 has any effect on net position.		
Principal payment on long-term debt		2,705,000
Bond premium amortization		94,081
Proceeds from long term debt		18,302
Changes in accrued interest payable		56,524
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.		
Change in compensated absences and other post employment benefits payable		(93,993)
Changes in net pension obligations, deferred outflows and inflows		(1,272,465)
Change in net position of governmental activities	$	3,115,467

See accompanying notes to the basic financial statements

City of Leavenworth, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds			
ASSETS	**Sewer**	**Storm Water**	**Refuse**	**Total**
Current assets				
Cash and cash equivalents	$ 5,773,662	$ 61,671	$ 1,789,422	$ 7,624,755
Accounts receivable	502,828	1,347,246	179,902	2,029,976
Total current assets	6,276,490	1,408,917	1,969,324	9,654,731
Noncurrent assets				
Capital assets				
Not being depreciated	119,691	6,780	44,634	171,105
Being depreciated (net of depreciation)	9,895,555	6,594,196	560,615	17,050,366
Total capital assets (net of depreciation)	10,015,246	6,600,976	605,249	17,221,471
Total assets	16,291,736	8,009,893	2,574,573	26,876,202
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	212,663	9,118	133,663	355,444
OPEB related deferred outflows	73,812	837	49,783	124,432
Total deferred outflows of resources	286,475	9,955	183,446	479,876
LIABILITIES				
Current liabilities				
Accounts payable	164,178	29,626	36,516	230,320
Accrued expenses	27,032	1,132	15,354	43,518
Accrued interest payable	13,044	8,942	-	21,986
Current maturities on long-term debt	407,975	240,119	26,271	674,365
Total current liabilities	612,229	279,819	78,141	970,189
Long-term liabilities				
Total Pension liability	728,972	31,256	458,173	1,218,401
Total OPEB liability	445,249	2,193	304,465	751,907
Due in more than one year	2,204,611	1,500,640	100,655	3,805,906
Total long-term liabilities	3,378,832	1,534,089	863,293	5,776,214
Total liabilities	3,991,061	1,813,908	941,434	6,746,403
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows	30,321	1,300	19,057	50,678
OPEB related deferred inflows	210,563	1,440	143,397	355,400
Total deferred inflows of resources	240,884	2,740	162,454	406,078
NET POSITION				
Net investment in capital assets	7,485,247	4,860,975	605,249	12,951,471
Unrestricted	4,861,019	1,342,225	1,048,882	7,252,126
Total net position	$ 12,346,266	$ 6,203,200	$ 1,654,131	$ 20,203,597

See accompanying notes to the basic financial statements

City of Leavenworth, Kansas
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	Sewer	**Storm Water**	**Refuse**	**Total**
OPERATING REVENUES				
Charges for services	5,019,346	1,327,111	2,337,785	8,684,242
Miscellaneous	7,553	6,157	10,897	24,607
Total operating revenues	5,026,899	1,333,268	2,348,682	8,708,849
OPERATING EXPENSES				
Personnel services	1,266,862	38,811	692,033	1,997,706
Contractual services	1,751,259	94,961	969,691	2,815,911
Commodities	295,197	2,980	163,276	461,453
Depreciation and amortization	1,237,816	380,114	103,537	1,721,467
Total operating expenses	4,551,134	516,866	1,928,537	6,996,537
Operating income (loss)	475,765	816,402	420,145	1,712,312
NONOPERATING REVENUES (EXPENSES)				
Interest expense	(43,448)	(28,392)	-	(71,840)
Insurance proceeds	5,102	-	-	5,102
Gain (loss) on disposal of assets	14,175	-	-	14,175
Total nonoperating revenues (expenses)	(24,171)	(28,392)	-	(52,563)
Income before contributions and transfers	451,594	788,010	420,145	1,659,749
CAPITAL CONTRIBUTIONS & TRANSFERS				
Transfers in	1,451,424	39,750	-	1,491,174
Transfers out	(39,750)			(39,750)
Contributed capital	342,336	-	-	342,336
Changes in net position	2,205,604	827,760	420,145	3,453,509
Total net position - beginning	10,140,662	5,375,440	1,233,986	16,750,088
Total net position - ending	$ 12,346,266	$ 6,203,200	$ 1,654,131	$ 20,203,597

See accompanying notes to the basic financial statements

City of Leavenworth, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			
	Sewer	Storm Water	Refuse	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	5,213,359	1,382,090	2,433,006	9,028,455
Payments to suppliers	(2,092,456)	(987,173)	(1,146,661)	(4,226,290)
Payments to employees	(1,240,707)	(39,189)	(712,854)	(1,992,750)
Net cash provided (used) by operating activities	1,880,196	355,728	573,491	2,809,415
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	1,411,674	39,750	-	1,451,424
Net cash provided (used) by noncapital financing activities	1,411,674	39,750	-	1,451,424
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(928,182)	(2,213,158)	(100,075)	(3,241,415)
Sale of capital assets - proceeds	19,277	-	-	19,277
Capital Contributions from Governmental Funds	342,336	-	-	342,336
Principal paid on long-term obligations	(395,000)	(235,000)	-	(630,000)
Interest paid	(45,605)	(29,175)	-	(74,780)
Net cash provided (used) by capital and related financing activities	(1,007,174)	(2,477,333)	(100,075)	(3,584,582)
Net increase (decrease) in cash and cash equivalents	2,284,696	(2,081,855)	473,416	676,257
Cash and Cash equivalents, January 1	3,488,966	2,143,526	1,316,006	6,948,498
Cash and cash equivalents, December 31	$ 5,773,662	$ 61,671	$ 1,789,422	$ 7,624,755
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	$ 475,765	$ 816,402	$ 420,145	$ 1,712,312
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,237,816	380,114	103,537	1,721,467
Changes in compensated absences	(135,254)	(183)	8,976	(126,461)
Changes in total pension liability	57,350	5,925	(64,035)	(760)
Changes in total OPEB liability	125,236	(3,615)	46,037	167,658
Changes in deferred outflows of resources	(27,174)	(548)	18,742	(8,980)
Changes in deferred inflows of resources	462	(2,105)	(30,960)	(32,603)
Landfill closure/postclosure care costs	-	-	(27,312)	(27,312)
Changes in:				
Receivables	186,460	48,822	84,324	319,606
Accounts payable	(46,000)	(889,232)	13,618	(921,614)
Accrued liabilities	5,535	148	419	6,102
Net cash provided (used) by operating activities	$ 1,880,196	$ 355,728	$ 573,491	$ 2,809,415

See accompanying notes to the basic financial statements

City of Leavenworth, Kansas
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	Pension Trust	Custodial Fund Leavenworth Public Library
ASSETS		
Cash and cash equivalents	$ 425,583	$ -
Accrued interest receivable	5,008	-
Property tax receivable	110,648	1,320,237
Total assets	541,239	1,320,237
LIABILITIES		
Accounts Payable	-	-
Total liabilities	-	-
DEFERRED INFLOWS OF RESOURCES		
Property taxes	110,648	1,320,237
Total deferred inflows of resources	110,648	1,320,237
NET POSITION		
Restricted		
Pension benefits	430,591	-
Library	-	-
Total net position	$ 430,591	$ -

See accompanying notes to the basic financial statements

City of Leavenworth, Kansas
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2023

	Pension Trust	Custodial Fund Leavenworth Public Library
ADDITIONS		
Taxes	$ 28,950	$ 1,362,332
Interest	18,926	-
Total additions	47,876	1,362,332
DEDUCTIONS		
Benefits	105,207	-
Distributions	-	1,362,332
Total deductions	105,207	1,362,332
Net changes in fiduciary net position	(57,331)	-
Net position - beginning	487,922	-
Net position - ending	$ 430,591	$ -

See accompanying notes to the basic financial statements

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 fiduciary fund 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 twelve 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, 2023, investment earnings allocated to the various funds were $1,657,692. Of this amount $1,334 is allocated to the Capital Projects Funds, $3,607 is allocated to the Police Seizure Fund, $9,130 is allocated to the Housing Funds, $18,926 is allocated to the Police and Fire Pension Trust fiduciary fund and $1,624,695 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, 2023, such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies of $160,736, 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 $2,213 is for the fiduciary fund (Police and Fire Pension Trust) and $158,523 is for the City funds. Delinquent taxes held by the County Treasurer at December 31, 2023 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 is 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, 2023, the special assessment taxes levied are a lien on the property and the amount due in 2022 is recorded in the fund financial statements as special assessments receivable of $2,065, net of anticipated delinquencies, 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, 2023, the amount due for such assessments is recorded in the fund financial statements as special assessments receivable of $84,121, net of anticipated delinquencies, 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 acquisition 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 three sources: property taxes, special assessments, and long-term leases. The governmental activities report deferred receivables from property taxes and long-term leases receivable. 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 4 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. New Accounting Standard

The City implemented GASB Statement No 96, Subscriptions-Based Information Technology Arrangements (SBITA), effective for the year ended December 31, 2023. The statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for subscription-based information technology arrangements by governments. This Statement increases the usefulness of City's financial statements by defining and establishing a SBITA that results in a right-to-use subscription intangible asset and a corresponding subscription liability. The Statement establishes a single model for SBITA accounting based on the foundational principle that SBITAs are financings of the right to use and underlying asset much like the standards established in Statement No. 87, Leases. Under this Statement, the City is required to recognize a SBITA liability and an intangible right-to-use asset and recognize amortization of the discount on the subscription liability as an outflow of resources in subsequent financial reporting periods, thereby enhancing the relevance and consistency of information about the City's subscription activities.

As part of implementing the Statement, the City performed a comprehensive review of its subscriptions and applied the criteria within the guidance. As a result, beginning net position and fund balance was not affected.

2. 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 ARPA, 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.

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before October 1st. The City did hold a revenue neutral rate hearing for this 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, five 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.

B. Compliance with Kansas Statutes-Component Unit

No funds exceeded budgetary appropriation in 2023.

3. 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, 2023, the City's carrying amount of deposits was $3,742,744 and the bank balance was $5,231,331. Of the bank balance, $257,970 was covered by Federal depository insurance and $4,973,361 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, 2023, the Library's deposits were not exposed to custodial credit risk.

At December 31, 2023, the City had the following investments:

	Maturities	Fair Value
Repurchase agreements	1-89 days	$ 4,500,000
Treasury bills	< 1 year	4,000,001
Treasury notes	< 1 year	9,487,729
Certificates of deposit	< 1 year	17,500,000
Total investments		$ 35,487,730

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, 2023, 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, 2023, the Library cash and investments consisted of the following:

Cash	$ 236,033
Investments	607,677
Total	$ 843,710

	Fair Value
Certificate of Deposits	$ 607,677
Total Investments	$ 607,677

B. Interfund receivables, payables and transfers

The composition of interfund balances as of December 31, 2023, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Non-major governmental	$ 27,925

These interfund 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:

Interfund transfers for the year ended December 31, 2023, are as follows:

Fund	Transfers In	Transfers Out
Major Funds:		
General Fund	$ 131,682	$ 588,828
Debt Service Fund	1,221,706	-
Capital Projects Fund	8,519,893	1,364,237
ARPA Fund	-	2,682,615
Sewer Fund	1,451,424	39,750
Storm Water Capital Fund	39,750	-
Non-major governmental funds	2,340,654	9,029,679
Total Transfers	$ 13,705,109	$ 13,705,109

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.

C. Lease Arrangements

Under GASB 87, a lessor is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflows of resources are measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that related to future periods. Additional information for each lease receivable is as follows:

The City entered into three lease agreements for the right to place communication equipment on facilities owned by the City. Under the leases, the City received approximately $31,543 in 2023. The leases contain options to renew in 60-month increments. The lease receivable is measured as the present value of the future rent payments expected to be received during the lease term at discount rates ranging from 0.5% to 1.24 which is the increment borrowing rate at the inception of the leases. At December 31, 2023 the leases receivable balance was $216,088.

For the year ended December 31, 2023, the City recognized $30,872 in lease revenue and $2,811 of interest revenue under these leases.

The City's leases receivable activity for the year ended December 31, 2023, is as follows:

Lease Description	Balance January 1, 2023	Additions	Retirements	Balance December 31, 2023	Current
Tower attachments	$ 251,797	$ -	$ 35,709	$ 216,088	$ 29,396
Total leases receivable	$ 251,797	$ -	$ 35,709	$ 216,088	$ 29,396

The future minimum lease revenue due for governmental and business-type activities under lease arrangement for the year ended December 31, 2023 is as follows:

	Principal	Interest	Total
2024	$ 29,396	$ 2,327	$ 31,723
2025	29,685	2,038	31,723
2026	29,977	1,746	31,723
2027	18,717	1,475	20,192
2028-2032	20,219	1,235	21,454
2029-2033	88,094	2,350	90,444
	$ 216,088	$ 11,171	$ 227,259

D. Capital assets

Capital assets activity for the year ended December 31, 2023, was as follows:

Primary government

Governmental activities:	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated				
Land	$ 2,796,179	$ -	$ (125)	$ 2,796,054
Construction in progress	495,553	2,560,718	(215,112)	2,841,159
Total capital assets, not being depreciated	3,291,732	2,560,718	(215,237)	5,637,213
Capital assets being depreciated				
Buildings	34,693,299	178,154	(526,587)	34,344,866
Improvements	20,805,979	351,168	(71,997)	21,085,150
Machinery & equipment	14,237,707	707,274	(1,605,945)	13,339,036
Infrastructure	117,493,256	515,960	-	118,009,216
IT equipment	1,552,528	-	(22,031)	1,530,497
Leased equipment	38,686	-	(34,507)	4,179
Total capital assets being depreciated	188,821,455	1,752,556	(2,261,067)	188,312,944
Less accumulated depreciation for:				
Buildings	28,776,725	875,739	(519,898)	29,132,566
Improvements	14,083,357	624,779	(71,997)	14,636,139
Machinery & equipment	10,149,597	565,923	(1,555,514)	9,160,006
Infrastructure	81,464,365	3,512,606	-	84,976,971
IT equipment	1,203,460	95,748	(12,566)	1,286,642
Leased equipment	19,757	18,256	(34,458)	3,555
Total accumulated depreciation	135,697,261	5,693,051	(2,194,433)	139,195,879
Total capital assets being depreciated, net of depreciation	53,124,194	(3,940,495)	(66,634)	49,117,065
Total governmental activities capital assets, net of depreciation	$ 56,415,926	$ (1,379,777)	$ (281,871)	$ 54,754,278

Business-type activities:	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated				
Land	$ 58,634	$ -	$ -	$ 58,634
Construction in progress	1,982,759	105,691	(1,975,979)	112,471
Total capital assets, not being depreciated	2,041,393	105,691	(1,975,979)	171,105
Capital assets being depreciated				
Buildings	17,173,939	-	-	17,173,939
Improvements	12,586,932	127,686	-	12,714,618
Machinery & equipment	4,403,803	300,660	(20,680)	4,683,783
Leased equipment	3,000	-	(3,000)	-
Infrastructure	8,156,644	4,683,335	-	12,839,979
Total capital assets being depreciated	42,324,318	5,111,681	(23,680)	47,412,319
Less accumulated depreciation for:				
Buildings	15,768,769	352,847	-	16,121,616
Improvements	8,398,548	416,899	-	8,815,447
Machinery & equipment	2,948,072	233,147	(20,680)	3,160,539
Leased equipment	1,565	1,435	(3,000)	-
Infrastructure	1,547,234	717,117	-	2,264,351
Total accumulated depreciation	28,664,188	1,721,445	(23,680)	30,361,953
Total capital assets being depreciated, net of depreciation	13,660,130	3,390,236	-	17,050,366
Total business-type capital assets, net of depreciation	$ 15,701,523	$ 3,495,927	$ (1,975,979)	$ 17,221,471

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

Governmental activities:	
General government	$ 325,732
Public safety	643,205
Public works	3,564,643
Housing and urban redevelopment	120,257
Culture and recreation	866,417
Unallocated depreciation expense	172,797
Total depreciation expense - governmental activities	$ 5,693,051
Business-type activities:	
Sewer	$ 1,237,795
Storm water	380,113
Refuse	103,537
Total depreciation expense - business-type activities	$ 1,721,445

Discretely presented component unit

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets being depreciated				
Books, furniture, & fixtures	$ 2,644,584	$ 240,930	$ (93,154)	$ 2,792,360
Total capital assets being depreciated	2,644,584	240,930	(93,154)	2,792,360
Less accumulated depreciation for:				
Books, furniture, & fixtures	1,793,439	168,247	(93,154)	1,868,532
Total accumulated depreciation	1,793,439	168,247	(93,154)	1,868,532
Library capital assets, net of depreciation	$ 851,145	$ 72,683	$ -	$ 923,828

Construction commitments

The City has active construction projects as of December 31, 2023. The City's commitments with contractors totaled $7,126,892 at December 31, 2023.

E. Long-term debt

Long-term liability activity for the year ended December 31, 2023, was as follows:

Governmental activities	Beginning Balance 1/1/2023	Additions	Retired	Ending Balance 12/31/2023	Due Within One Year
General obligation bonds	$ 21,835,000	$ -	$ 2,705,000	$ 19,130,000	$ 2,620,000
Temporary notes	545,000	-	-	545,000	270,000
Bond premium	985,051	-	94,081	890,970	95,630
Lease liability	18,897	-	18,297	600	600
Employee compensated absences	2,172,127	194,394	-	2,366,521	380,420
Net pension liability	22,366,914	980,581	-	23,347,495	-
Other post-employment benefits	5,002,455	1,055,949	-	6,058,404	-
	$ 52,925,444	$ 2,230,924	$ 2,817,378	$ 52,338,990	$ 3,366,650

Business-type activities	Beginning Balance 1/1/2023	Additions	Retired	Ending Balance 12/31/2023	Due Within One Year
General obligation bonds	$ 5,050,000	$ -	$ 780,000	$ 4,270,000	$ 635,000
Lease liability	1,458	-	1,458	-	-
Employee compensated absences	115,294	10,962	-	126,256	25,645
Net pension liability	1,219,161	(760)	-	1,218,401	-
Accrued landfill closure/postclosure	97,295	-	13,280	84,015	13,720
Other post-employment benefits	584,249	167,658	-	751,907	-
	$ 7,067,457	$ 177,860	$ 794,738	$ 6,450,579	$ 674,365

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

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, no bond anticipation notes 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, 2023:

Governmental Activities	Series	Interest Rate	Issue Maturity Date	Balance 12/31/2023
2022 Parks Project	A2022	1.50%	12/1/2024	$ 270,000
Short-term				270,000
2022 Parks Project	A2022	1.50%	12/1/2025	275,000
Long-term				275,000
Total				$ 545,000

Short-term liability activity for the year ended December 31, 2023, was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance
Bond anticipation notes	$ 1,580,000	$ -	$ 1,580,000	$ -

Discretely presented component unit

At December 31, 2023, the Library reported a liability of $612,861 for its proportionate share of the net pension liability.

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, no general obligation bonds were issued for governmental activities to provide permanent financing for general infrastructure improvements.

General obligation bonds currently outstanding are as follows:

Governmental activities Purpose	Series	Rates	Date	Balance 12/31/2023
Computer hardware/software	2014B	2.250% - 3.000%	9/1/2024	$ 55,000
Business & technology park - taxable	2017-A	2.750% - 4.000%	9/1/2036	3,890,000
Traffic	2017-B	2.000% - 2.750%	9/1/2027	710,000
Traffic	2018-A	3.000% - 3.125%	9/1/2028	760,000
Traffic	2019-A	3.000%	9/1/2029	855,000
Traffic & refunding	2020-A	1.000% - 1.750%	9/1/2030	1,510,000
Fire equipment & refunding	2021-A	1.500% - 3.000%	9/1/2036	7,880,000
Refunding	2021-B	3.000% - 4.000%	9/1/2031	2,155,000
Traffic	2022-A	2.000%	9/1/2032	1,315,000
Total governmental activities G.O. bonds				19,130,000

Business-type activities Purpose	Series	Rates	Date	Balance 12/31/2023
G.O. refunding & sewer	2020-A	1.000% - 1.750%	9/1/2032	2,530,000
Stormwater bonds	2020-A	1.000% - 1.750%	9/1/2030	1,740,000
Total business-type activities G.O. Bonds				4,270,000
Total G.O. bonds: balances as of December 31, 2023				$ 23,400,000

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

Governmental activities

Year	Principal	Interest	Total
2024	$ 2,620,000	$ 512,275	$ 3,132,275
2025	2,475,000	439,550	2,914,550
2026	2,125,000	365,878	2,490,878
2027	1,790,000	301,618	2,091,618
2028	1,650,000	250,975	1,900,975
2029-2033	5,975,000	682,725	6,657,725
2034-2038	2,495,000	134,602	2,629,602
	$ 19,130,000	$ 2,687,623	$ 21,817,623

Business-type activities

Year	Principal	Interest	Total
2024	$ 635,000	$ 65,950	$ 700,950
2025	640,000	59,600	699,600
2026	480,000	50,000	530,000
2027	485,000	42,800	527,800
2028	490,000	35,525	525,525
2029-2033	1,540,000	56,481	1,596,481
	4,270,000	310,356	4,580,356
Total	$ 23,400,000	$ 2,997,979	$ 26,397,979

At December 31, 2023, the statutory limit on indebtedness for general obligation bonds and bond anticipation notes is $100,038,574, which, after reduction of applicable outstanding debt of $4,754,921 ($5,045,000 minus debt service fund balance of $$290,079) provides a debt margin of $95,283,653. General obligation bonds of $18,900,000 for traffic way, sewer and refuse improvements and refundings issued under K.S.A. 10-427 are exempt from this calculation.

Leases Liabilities

The City entered into lease agreements (2) as lessee for the use of office equipment. One of those lease agreements terminated on November 30, 2023. The City is required to make monthly payments on the remaining lease agreement of $150. The leases have an implicit interest rate of .033%. As of December 31, 2023, the value of the right to use assets is $2,428 with accumulated amortization of $1,755, and the value of the lease liability is $600.

The City has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred. These leases are not included as lease liabilities or right-to-use leases assets on the statement of net position.

The future minimum lease payment for governmental and business-type activities for the year ended December 31, 2023 is as follows:

	Principal	Interest	Total
Governmental			
2024	$ 600	$ -	$ 600
	600	-	600
Business-type			
2024	-	-	-
Total	$ 600	$ -	$ 600

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, 2023, there is one series of Industrial Revenue Bonds (IRB) outstanding, with an aggregate principal amount payable of $535,273.

F. 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, 2023 were reported as follows:

	General	Debt Service	Capital Projects	ARPA	NonMajor Governmental	Total
Restricted for:						
Capital outlay	$ -	$ -	$ -	$ -	$ 5,369,946	$ 5,369,946
Tax increment financing	-	-	-	-	779,476	779,476
Street maintenance	-	-	-	-	462,242	462,242
Law enforcement	-	-	-	-	101,450	101,450
Tourism and conventions	-	-	-	-	676,240	676,240
Recreation programs	-	-	-	-	279,287	279,287
Housing services	-	-	-	-	1,318,652	1,318,652
Probation services	-	-	-	-	123,955	123,955
Community and economic development	-	-	-	-	3,013,925	3,013,925
General obligation debt	-	290,079	-	-	-	290,079
Total restricted fund balance	-	290,079	-	-	12,125,173	12,415,252
Assigned to:						
Capital improvements	-	-	6,967,146	-	-	6,967,146
Total assigned fund balance	-	-	6,967,146	-	-	6,967,146
Unassigned	12,014,419	-	-	-	-	12,014,419
Total fund balance	$ 12,014,419	$ 290,079	$ 6,967,146	$ -	$ 12,125,173	$ 31,396,817

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.

4. 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, 2023, 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 (ACFR) 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 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 Annual Comprehensive Financial Report (ACFR), 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 8.43%. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2023 is 6%. The actuarially determined employer contribution rate and the statutory contribution rate for the police and fire group are both 22.86%. 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 $548,440 and $1,673,683, respectively, for the year ended December 31, 2023. Contributions from the Library were $67,027 for the year ended December 31, 2023.

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, 2023 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, 2023. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2023, the City's proportion in the local employee group was 0.317896%, which was a decrease of 0.015456% from 2022. At June 30, 2023, the City's proportion in the police and fire group was 1.083354%, which was a decrease of 0.009160% from 2022. At June 30, 2023, the Library's proportion in the police and fire group was .029213%, which was a decrease of 0.00074% from 2022.

Net Pension Liability

At June 30, 2023, the City's local employee group reported a liability of $6,669,156 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 $17,303,933 at June 30, 2023. The Library reported its proportionate share of the net pension liability of $612,861 at June 30, 2023.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023, 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	7.00%

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

The 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 weighing 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, 2023 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 7.00%. 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 7.00% 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 (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Local	$ 9,562,858	$ 6,669,156	$ 4,258,401
Police and Fire	23,334,471	17,303,933	12,268,941
Net Pension Liability	$ 32,897,329	$ 23,973,089	$ 16,527,342

The following presents the Library's proportionate share of the net pension liability calculated using the discount rate of 7.00% 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 (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Net Pension Liability	$ 878,777	$ 612,861	$ 391,325

For the year ended December 31, 2023, the City recognized Local pension expense of $1,020,064, Police and Fire pension expense of $3,174,037, and the Library recognized $54,935 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, 2023, 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	$ 282,112	$ 869,730	$ 1,151,842
Differences between actual and expected experience	554,399	1,601,973	2,156,372
Net differences between projected and actual earnings on investments	389,516	779,521	1,169,037
Changes of assumptions	706,838	1,401,040	2,107,878
Changes in proportion	12,728	113,327	126,055
Total	$ 1,945,593	$ 4,765,591	$ 6,711,184
Deferred inflows of resources			
Differences between actual and expected experience	$ (939)	$ -	$ (939)
Changes in proportion	(276,460)	(420,721)	(697,181)
Total	$ (277,399)	$ (420,721)	$ (698,120)

The City reported $1,151,842 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, 2024.

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

Year Ending June 30,	Local Group Deferred (Inflows) Outflows Amount	Police and Fire Deferred (Inflows) Outflows Amount
2024	$ 482,188	$ 1,144,111
2025	239,868	698,727
2026	595,565	1,331,625
2027	65,890	292,489
2028	1,569	8,189
Total	$ 1,385,080	$ 3,475,141

At December 31, 2023, 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	$ 50,946
Net differences between projected and actual earnings on investments	35,795
Changes of assumptions	64,955
Changes in proportion	450
Total	$ 152,146
Deferred inflows of resources	
Differences between actual and expected experience	$ 86
Net differences between projected and	
Changes in proportion	34,478
Total	$ 34,564

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,	Library Deferred (Inflows) Outflows Amount
2024	$ 37,445
2025	16,737
2026	55,245
2027	7,951
2028	204
Total	$ 117,582

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, 2023, 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, 2023 was $47,876.

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, treasury notes, treasury bills, 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, 2023, the annual long-term expected rate of return on pension plan investments, net of pension plan investment expenses, was 3.00%. 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2023 using the following actuarial assumptions:

Actuarial cost method	Entry age method
Asset method	Fair value of assets
Interest rates:	
Discount rate	3%
Expected long term rate of return	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 weighing 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, 2023 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Cash	100%	3.0%

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	$ 1,715,290	$ 512,986	$ 1,202,304
Changes for the year:			
Interest	49,880	-	49,880
Difference between expected and actual	(525,918)	-	(525,918)
Change in assumptions	-	-	-
Contributions - employer	-	114,534	(114,534)
Net investment income	-	18,925	(18,925)
Benefit payments, including refunds	(105,206)	(105,206)	-
Net changes	(581,244)	28,253	(609,497)
Balances at end of year	$ 1,134,046	$ 541,239	$ 592,807

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-percentage point higher (4.00%) than the current rate:

	1% Decrease 2.00%	Current Discount Rate 3.00%	1% Increase 4.00%
Net pension liability	$ 691,588	$ 592,807	$ 506,673

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

For the year ended December 31, 2023, the City recognized pension expense of ($480,598). At December 31, 2023, the City reported deferred outflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred
Differences between projected and actual earnings on pension plan investments	$ 17,505	$ (2,716)	$ 14,789

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
2023	$ 8,730
2024	5,184
2025	1,554
2026	(679)
Total	$ 14,789

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

	KPERS		Police	
	Local	Police and Fire	and Fire	Total
Governmental activities:				
Net Pension Liability	$ 5,450,755	$ 17,303,933	$ 592,807	$ 23,347,495
Business-type activities:				
Net Pension Liability	1,218,401	-	-	1,218,401
Citywide Net Pension Liability	$ 6,669,156	$ 17,303,933	$ 592,807	$ 24,565,896
Governmental activities:				
Pension related deferred outflows	$ 1,590,149	$ 4,765,591	$ 17,505	$ 6,373,245
Pension related deferred inflows	(226,721)	(420,721)	(2,716)	(650,158)
Business-type activities:				
Pension related deferred outflows	355,444	-	-	355,444
Pension related deferred inflows	(50,678)	-	-	(50,678)
Total	$ 1,668,194	$ 4,344,870	$ 14,789	$ 6,027,853
Pension expense	$ 1,020,064	$ 3,174,037	$ (480,598)	$ 3,713,503

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). The plan is considered to be funded on a pay-as-you-go basis and there are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

At December 31, 2023, the following employees were covered by the benefit terms:

Active employees	237
Inactive members currently receiving benefits	9
Total	246

Total OPEB Liability

The City's total OPEB liability of $6,648,386 was measured as of December 31, 2023 as determined by actuarial valuation as of December 31, 2023. The total OPEB liability in the December 31, 2023 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, 2023
Actuarial valuation date	January 1, 2023. Liabilities as of December 31, 2023 are based on an actuarial valuation date of January 1, 2023 projected to December 31, 2023, on a rolled forward basis with adjustments for actual premium and discount rate changes from 2023 to 2024. Liabilities as of December 31, 2022 are based on actuarial valuation date of January 1, 2023 with no adjustment to get to the December 31, 2022 Measurement date.
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, 2021. KPERS employees are assumed to follow the KPERS Local rates, while KPF employees are assumed to follow the KPF rates.
Discount rate	4.00% as of December 31, 2023 and 4.31% as of December 31, 2022 for accounting disclosure purposes.
Disability	None

Changes in the total OPEB liability are as follows:

Balance 1/1/2023	$ 5,439,346
Service Cost	348,057
Interest	245,625
Changes of benefit terms	-
Difference between expected and actual experience	590,458
Changes of assumptions/methodology	203,662
Benefit payments	(178,762)
Net change in total OPEB liability	1,209,040
Total OPEB liability 12/31/2023	$ 6,648,386
Covered payroll	$ 14,671,099
Total OPEB liability as a percentage of covered payroll	45.3%

The following presnts the total OPEB liability, calculated using the current discount rate of 4.00%, 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	$ 7,356,380	$ 6,648,386	$ 6,016,709

The following presents the total OPEB liability, calculated using the current healthcare cost trend rate of 7.00% decreasing to 4.50%, 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 Discount Rate	1% Increase
Total OPEB liability	$ 6,113,806	$ 6,648,386	$ 7,300,625

For the year ended December 31, 2023, the City recognized OPEB expense of $113,165.

Deferred Outflows* of *Resources and Deferred Inflows of Resources

At December 31, 2023, the City reported deferred outflows related to other postemployment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ 516,651	$ (2,032,239)
Changes of assumptions	399,120	(953,173)
Total	$ 915,771	$ (2,985,412)

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
2024	$ (480,517)
2025	(480,515)
2026	(299,407)
2027	(212,978)
2028	(212,978)
Thereafter	(383,246)
Total	$(2,069,641)

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 may be 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, 2023, the following employees were covered by the benefit terms:

Active plan members	131
Inactive employees or beneficiaries currently receiving benefits	3
Total	134

Total OPEB liability and Actuarial Assumptions

The City's total OPEB liability of $161,925 was measured at June 30, 2023 (the measurement date), and was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023, using the following actuarial assumptions:

Valuation date	December 31, 2022
Measurement date	June 30, 2023
Inflation	2.75%
Actuarial cost method	Entry Age Normal
Payroll growth	3.00%
Salary increases including inflation	3.50%
Discount rate	3.65%

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, 2022	$ 147,358
Changes for the year:	
Service cost	15,772
Interest	5,563
Changes in economic/demographic gains or losses	5,900
Changes in assumptions or other inputs	(668)
Benefit payments	(12,000)
Balance at December 31, 2023	$ 161,925

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 (2.65%) or 1-percentage-point higher (4.65%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	$ 168,000	$ 161,925	$ 155,910

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, 2023, the City recognized OPEB expense for this plan of $22,276. At December 31, 2023, 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
Difference between actual and expected experience	$ 123,164	$ (143,497)
Changes of assumptions	13,331	(26,428)
Total	$ 136,495	$ (169,925)

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:	Annual Recognition
2024	$ 5,941
2025	5,941
2026	6,099
2027	2,330
2028	(10,837)
Thereafter	(42,904)
Total	$ (33,430)

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

	Health Insurance Plan	KPERS	Total
Governmental activities:			
OPEB liability	$ 5,926,061	$ 132,343	$ 6,058,404
Business-type activities:			
OPEB liability	722,325	29,582	751,907
Total OPEB liability	$ 6,648,386	$ 161,925	$ 6,810,311
Governmental activities			
OPEB related deferred outflows	$ 816,276	$ 111,558	$ 927,834
OPEB related deferred inflows	(2,661,056)	(138,881)	(2,799,937)
Business-type activities:			
OPEB related deferred outflows	99,495	24,937	124,432
OPEB related deferred inflows	(324,356)	(31,044)	(355,400)
Total	$ (2,069,641)	$ (33,430)	$ (2,103,071)
Total OPEB Expense	$ 113,165	$ 22,276	$ 135,441

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 $84,015 reported as landfill closure and postclosure care liability in the Refuse Fund at December 31, 2023 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, 2023.

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, 2023, the City's recorded encumbrances in governmental funds were as follows:

General Fund	$ 3,094
Streets Fund	18,968
ARPA Fund	913,979
Capital Projects Fund	872,485
Street Capital Projects Fund	534,579
Sewer Fund	47,287
Housing Funds	2,469
Sewer Capital Projects Fund	7,767
	$ 2,397,534

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, 2023, the City abated taxes totaling $936,804, 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. Inter-local 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 $106,277 for the year ending December 31, 2023.

- **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, 2023, the City has the following **Sales Tax TIF** agreements:

  - 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 2023 was $71,799.

  As of December 31, 2023, 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. For the year ending December 31, 2023, the district generated $109,575.
  - 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. In 2022, the GO bonds issued on behalf of the developer towards the construction of an extended stay hotel at that same location were retired. The taxes generated by the TIF are now distributed to the developer. For the year ending December 31, 2023, the district generated $346,214.
  - 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. For the year ended December 31, 2023, the district generated $154,511. The City has Inter-local 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 complete; but neither the sales tax nor property tax distributions exceeded 10% of the total amount abated in 2023 for these projects.

I. Subsequent Events

The City evaluated subsequent events through June 28, 2024, the date the financial statements were available to be issued.

Subsequent to year end, the City issued general obligation bonds with a principal amount of $5,000,000 for the purpose of funding Fire Station No. 3.

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 18,225,400	$ 18,225,400	$ 18,200,755	$ (24,645)
Intergovernmental	85,600	85,600	188,999	103,399
Licenses and permits	486,500	486,500	433,695	(52,805)
Charges for services	1,664,250	1,664,250	1,727,320	63,070
Fines and forfeitures	584,800	584,800	401,301	(183,499)
Investment earnings	150,000	150,000	1,624,695	1,474,695
Miscellaneous	30,600	30,600	55,556	24,956
Total revenues	21,227,150	21,227,150	22,632,321	1,405,171
EXPENDITURES				
Current:				
General government	4,059,124	4,059,124	3,664,634	394,490
Public safety	14,463,658	14,463,658	14,308,572	155,086
Public works	2,852,417	2,852,417	2,373,446	478,971
Culture and recreation	18,300	18,300	44,605	(26,305)
Housing & urban redevelopment	52,170	52,170	51,000	1,170
Community and economic development	316,600	316,600	267,109	49,491
Debt service:				
Principal retirement	-	-	13,460	(13,460)
Interest & fiscal charges	-	-	24	(24)
Capital outlay	37,305	37,305	37,544	(239)
Operating reserves	6,972,569	6,972,569	-	6,972,569
Total expenditures	28,772,143	28,772,143	20,760,394	8,011,749
Excess of revenues over (under) expenditures	(7,544,993)	(7,544,993)	1,871,927	9,416,920
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	29,889	29,889
Transfers in	1,034,833	1,034,833	131,682	(903,151)
Transfers out	-	-	(588,828)	(588,828)
Total other financing sources (uses)	1,034,833	1,034,833	(427,257)	(1,462,090)
Net change in fund balances	$ (6,510,160)	$ (6,510,160)	1,444,670	$ 7,954,830
Fund balances - beginning			10,566,655	
Fund balances , end of year - budget basis			12,011,325	
Adjustments to reconcile to GAAP				
Encumbrances, beginning of year			-	
Encumbrances, end of year			3,094	
Fund balances, end of year - GAAP Basis			$ 12,014,419	

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 3,160,000	$ 3,160,000	$ 3,229,910	$ 69,910
Total revenues	3,160,000	3,160,000	3,229,910	69,910
EXPENDITURES				
Current:				
General Reserves	2,083,207	2,083,207	-	2,083,207
Total expenditures	2,083,207	2,083,207	-	2,083,207
Excess (deficiency) of revenues over (under) expenditures	1,076,793	1,076,793	3,229,910	2,153,117
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	81,125	81,125
Transfers out	(3,248,704)	(3,248,704)	(5,101,237)	(1,852,533)
Total other financing sources (uses)	(3,248,704)	(3,248,704)	(5,020,112)	(1,771,408)
Net change in fund balances	$ (2,171,911)	$ (2,171,911)	(1,790,202)	$ 381,709
Fund balances - beginning			5,039,635	
Fund balances - ending			$ 3,249,433	

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
City's proportion of the collective net pension liability:										
KPERS	0.318%	0.333%	0.341%	0.347%	0.343%	0.338%	0.329%	0.324%	0.368%	0.356%
KP&F	1.083%	1.093%	1.141%	1.114%	1.133%	1.159%	1.110%	1.200%	1.280%	1.271%
City's proportionate share of the collective net pension liability	$ 23,973,089	$ 22,383,771	$ 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-employee payroll	$ 14,269,179	$ 13,056,912	$ 12,007,236	$ 11,569,854	$ 12,194,589	$ 11,964,248	$ 11,552,857	$ 11,250,704	$ 11,932,917	$ 11,476,070
City's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	168.01%	171.43%	124.71%	170.71%	133.39%	132.57%	131.32%	143.58%	118.42%	110.81%
Plan fiduciary net position as a percentage of the total pension liability	68.37%	69.75%	76.40%	66.30%	69.88%	68.87%	67.12%	65.10%	64.95%	66.60%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 2,222,123	$ 2,078,680	$ 2,027,729	$ 1,921,396	$ 1,829,172	$ 1,724,395	$ 1,608,389	$ 1,709,712	$ 1,785,936	$ 1,741,195
Contributions in relation to the contractually required contribution	(2,222,123)	(2,078,680)	(2,027,729)	(1,921,396)	(1,829,172)	(1,724,395)	(1,608,389)	(1,709,712)	(1,785,936)	(1,741,195)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered-employee payroll	$ 13,826,764	$ 12,914,686	$ 12,724,981	$ 11,569,854	$ 12,046,939	$ 12,066,257	$ 11,672,733	$ 11,235,594	$ 11,590,840	$ 11,710,799
Contributions as a percentage of covered-employee payroll	16.07%	16.10%	15.94%	16.61%	15.18%	14.29%	13.78%	15.22%	15.41%	14.87%

City of Leavenworth, Kansas
Schedule of the Library's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Nine Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Library's proportion of the collective net pension liability	2.921%	0.030%	0.031%	0.034%	0.034%	0.033%	0.033%	0.033%	0.030%
Library's proportionate share of the collective net pension liability	$ 612,861	$ 595,419	$ 368,975	$ 585,490	$ 478,279	$ 453,093	$ 470,907	$ 510,628	$ 398,312
Library's covered-employee payroll	$ 791,866	$ 623,059	$ 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-employee payroll	77.39%	95.56%	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	70.55%	69.75%	76.40%	66.30%	69.88%	68.87%	67.12%	65.10%	64.95%

* GASB 67 requires presentation of 10 years. As of December 31, 2023 only nine years of information is available.

City of Leavenworth, Kansas
Schedule of Library's Contributions
Kansas Public Employees Retirement System
Last Nine Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 54,935	$ 53,483	$ 51,808	$ 55,802	$ 54,673	$ 49,020	$ 50,853	$ 51,618	$ 52,587
Contributions in relation to the contractually required contribution	54,935	53,483	51,808	55,802	54,673	49,020	50,853	51,618	52,587
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Library's covered payroll	$ 791,866	$ 623,059	$ 660,315	$ 664,055	$ 656,550	$ 619,185	$ 584,240	$ 679,554	$ 554,714
Contributions as a percentage of covered payroll	0.00%	8.58%	7.85%	8.40%	8.33%	7.92%	8.70%	7.60%	9.48%

* GASB 67 requires presentation of 10 years. As of December 31, 2023 only nine 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 Ten Fiscal Years

Total Pension Liability	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Service cost	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	49,880	49,872	50,936	55,489	57,651	60,014	60,322	61,831	73,102	74,801
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(525,918)	62,352	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	(105,206)	(118,664)	(115,489)	(139,625)	(140,777)	(138,869)	(136,916)	(134,794)	(151,091)	(154,434)
Net change in total pension liability	(581,244)	(6,440)	(33,875)	(163,821)	(72,664)	(77,809)	(9,298)	(49,235)	(383,842)	(58,306)
Total pension liability-beginning	1,715,290	1,721,730	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)	$ 1,134,046	$ 1,715,290	$ 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	114,534	$ 29,383	$ 39,604	$ 37,489	$ 124,249	$ 121,272	$ 162,622	$ 163,144	$ 160,245	$ 159,716
Contributions-employee	-	-	-	-	-	-	-	-	-	-
Contributions-nonemployer contributing member	-	-	-	-	-	-	-	-	-	-
Net investment income	18,925	5,398	873	3,843	11,803	9,107	3,417	1,266	846	846
Benefit payments, including refunds of member contributions	(105,206)	(118,664)	(115,489)	(139,625)	(140,777)	(138,869)	(136,916)	(134,794)	(151,091)	(154,434)
Administrative expenses	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	(48)
Net change in plan fiduciary net position	28,253	(83,883)	(75,012)	(98,293)	(4,725)	(8,490)	29,123	29,616	10,000	6,080
Plan fiduciary net position-beginning	512,986	596,869	671,881	770,174	774,899	783,389	754,266	724,650	714,650	708,570
Plan fiduciary net position-ending (b)	$ 541,239	$ 512,986	$ 596,869	$ 671,881	$ 770,174	$ 774,899	$ 783,389	$ 754,266	$ 724,650	$ 714,650
Net pension liability-ending (a)-(b)	$ 592,807	$ 1,202,304	$ 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	47.73%	29.91%	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	N/A	N/A

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 136,871	$ 128,028	$ 123,345	$ 130,804	$ 138,536	$ 104,627	$ 86,462	$ 91,608	$ 117,310	$ 153,655
Actual contributions	114,534	29,383	39,604	37,489	124,249	121,272	162,622	163,144	160,245	159,716
Contribution deficiency (excess)	$ 22,337	$ 98,645	$ 83,741	$ 93,315	$ 14,287	$ (16,645)	$ (76,160)	$ (71,536)	$ (42,935)	$ (6,061)
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, 2023

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Open level dollar 10 year basis
Asset valuation method	Fair Value of Assets
Inflation	3%
Salary increases	N/A-closed plan
Investment rate of return	3% 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 Ten Fiscal Years

Fiscal Year	Annual Money-weighted Rate of Return
2023	0.00%
2022	0.00%
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 Six Fiscal Years

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 348,057	$ 551,570	$ 567,528	$ 369,404	$ 305,409	$ 389,159
Interest	245,625	175,385	162,362	248,550	275,867	284,813
Benefits paid	(178,762)	(209,161)	(177,448)	(175,496)	(173,928)	(233,622)
Differences between expected and actual experience	590,458	(1,337,158)	(290,284)	(711,757)	(171,361)	(1,778,825)
Changes of assumptions	203,662	(1,088,606)	(94,143)	106,718	613,123	(174,876)
Net change in total OPEB liability	1,209,040	(1,907,970)	168,015	(162,581)	849,110	(1,513,351)
Total OPEB liability-beginning	5,439,346	7,347,316	7,179,301	7,341,882	6,492,772	8,006,123
Total OPEB-liability-ending	$ 6,648,386	$ 5,439,346	$ 7,347,316	$ 7,179,301	$ 7,341,882	$ 6,492,772
Covered-employee payroll	$ 14,671,099	$ 12,792,418	$ 12,007,236	$ 11,569,854	$ 12,046,939	$ 11,238,903
Total OPEB liability as a percentage of covered-employee payroll	45.32%	42.52%	61.19%	62.05%	60.94%	57.77%
Actuarially determined contribution	$ 178,762	$ 209,161	$ 177,448	$ 175,496	$ 173,928	$ 233,622
Actual contribution	$ 178,762	$ 209,161	$ 177,448	$ 175,496	$ 173,928	$ 233,622
Contributions as a percentage of covered-employee payroll	1.22%	1.64%	1.48%	1.52%	1.44%	2.08%

Notes to Schedule:
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.
*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 Six Fiscal Years*

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	$ 15,772	$ 25,308	$ 24,916	$ 21,911	$ 20,579	$ 20,355
Interest	5,563	3,963	7,597	14,004	10,795	6,567
Benefits paid	(12,000)	(10,859)	(70,301)	(46,881)	(67,814)	(51,867)
Effect on economic/demographic gains or losses	5,900	(5,290)	(152,787)	(53,792)	139,941	130,814
Changes of assumptions	(668)	(29,315)	328	17,127	5,973	(2,686)
Net change in total OPEB liability	14,567	(16,193)	(190,247)	(47,631)	109,474	103,183
Total OPEB liability-beginning	147,358	163,551	353,798	401,428	291,954	188,771
Total OPEB-liability-ending	$ 161,925	$ 147,358	$ 163,551	$ 353,797	$ 401,428	$ 291,954
Covered-employee payroll	$ 6,043,708	$ 6,047,419	$ 6,043,270	$ 5,949,759	$ 5,736,648	$ 5,606,308
Total OPEB liability as a percentage of covered-employee payroll	2.68%	2.44%	2.71%	5.95%	7.00%	5.21%
Actuarially determined contribution	$ 12,000	$ 10,859	$ 70,301	$ 46,881	$ 67,814	$ 51,867
Actual contribution	$ 12,000	$ 10,859	$ 70,301	$ 46,881	$ 67,814	$ 51,867
Contributions as a percentage of covered-employee payroll	0.20%	0.18%	1.16%	0.79%	1.18%	0.93%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*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, 2023

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.

Tax Increment Auto Incentive 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
December 31, 2023

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	Special Revenue Funds - Page 1 of 2							
	Convention & Visitors Bureau Fund	Probation Fund	Police Seizure Fund	Police Grants Fund	911 Fund	Streets Fund	Recreation Fund	Special Park Gift Fund
ASSETS								
Cash and cash equivalents	$ 675,387	$ 117,374	$ 96,518	$ -	$ -	$ 485,556	$ 285,961	$ 60,873
Tenant deposits	-	-	-	-	-	-	-	-
Receivables, net								
Taxes	-	-	-	-	-	-	482,139	-
Accounts	9,327	13,289	-	-	-	-	-	-
Interest	-	-	951	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	19,115	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Assets held for resale	-	-	-	-	-	-	-	-
Total assets	$ 684,714	$ 130,663	$ 97,469	$ 19,115	$ -	$ 485,556	$ 768,100	$ 60,873
LIABILITIES								
Accounts payable	$ 3,351	$ 2,381	$ -	$ -	$ -	$ 5,290	$ 29,872	$ 1,294
Accrued liabilities	5,123	4,327	-	-	-	18,024	36,381	-
Tenant deposits	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	15,134	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-	-
Total liabilities	8,474	6,708	-	15,134	-	23,314	66,253	1,294
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues:								
Property taxes	-	-	-	-	-	-	482,139	-
Leases	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	482,139	-
FUND BALANCES								
Restricted	676,240	123,955	97,469	3,981	-	462,242	219,708	59,579
Total fund balances	676,240	123,955	97,469	3,981	-	462,242	219,708	59,579
Total liabilities, deferred inflows of resources, and fund balances	$ 684,714	$ 130,663	$ 97,469	$ 19,115	$ -	$ 485,556	$ 768,100	$ 60,873

City of Leavenworth, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

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	Special Revenue Funds - Page 2 of 2								
	Economic Development Fund	Bus & Tech Park Fund	Housing Fund	Community Development Fund	Community Grant Fund	CIP Sales Tax Fund	Countywide Sales Tax Fund	TIF Funds	Total Nonmajor Governmental Funds
ASSETS									
Cash and cash equivalents	$ 1,337,875	$ 337,905	$ 1,344,461	$ -	$ -	$ 1,676,813	$ 2,695,544	$ 666,167	$ 9,780,434
Tenant deposits	-	-	31,801	-	-	-	-	-	31,801
Receivables, net									
Taxes	97,745	-	-	-	-	443,700	553,889	113,309	1,690,782
Accounts	-	-	3,470	-	-	-	-	-	26,086
Interest	-	-	236	-	-	-	-	-	1,187
Leases	-	-	216,088	-	-	-	-	-	216,088
Due from other governments	-	-	4,543	12,600	-	-	-	-	36,258
Other assets	-	-	24,051	-	-	-	-	-	24,051
Assets held for resale	1,260,400	-	-	-	-	-	-	-	1,260,400
Total assets	$ 2,696,020	$ 337,905	$ 1,624,650	$ 12,600	$ -	$ 2,120,513	$ 3,249,433	$ 779,476	$ 13,067,087
LIABILITIES									
Accounts payable	$ 18,726	$ 59	$ 9,858	$ 371	$ -	$ -	$ -	$ -	$ 71,202
Accrued liabilities	1,215	-	9,430	1,856	-	-	-	-	76,356
Tenant deposits	-	-	31,801	-	-	-	-	-	31,801
Due to other funds	-	-	2,418	10,373	-	-	-	-	27,925
Unearned revenues	-	-	41,426	-	-	-	-	-	41,426
Total liabilities	19,941	59	94,933	12,600	-	-	-	-	248,710
DEFERRED INFLOWS OF RESOURCES									
Unavailable revenues:									
Property taxes	-	-	-	-	-	-	-	-	482,139
Leases	-	-	211,065	-	-	-	-	-	211,065
Total deferred inflows of resources	-	-	211,065	-	-	-	-	-	693,204
FUND BALANCES									
Restricted	2,676,079	337,846	1,318,652	-	-	2,120,513	3,249,433	779,476	12,125,173
Total fund balances	2,676,079	337,846	1,318,652	-	-	2,120,513	3,249,433	779,476	12,125,173
Total liabilities, deferred inflows of resources, and fund balances	$ 2,696,020	$ 337,905	$ 1,624,650	$ 12,600	$ -	$ 2,120,513	$ 3,249,433	$ 779,476	$ 13,067,087

City of Leavenworth, Kansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

Special Revenue Funds - Page 1 of 2

	Convention & Visitors Bureau Fund	Probation Fund	Police Seizure Fund	Police Grants Fund	911 Fund	Streets Fund	Recreation Fund	Special Park Gift Fund	Economic Development Fund
REVENUES									
Taxes	$ 701,463	$ -	$ -	$ -	$ 99,895	$ -	$ 538,686	$ -	$ 569,984
Intergovernmental	-	87,518	-	62,803	-	1,176,415	87,518	-	-
Charges for services	12,066	150,774	24,629	-	-	-	497,394	11,421	-
Investment earnings	-	-	3,607	-	-	-	-	-	-
Miscellaneous	25,273	30	40	-	-	386	14,198	7,948	80,706
Total revenues	738,802	238,322	28,276	62,803	99,895	1,176,801	1,137,796	19,369	650,690
EXPENDITURES									
Current:									
General government	679,559	207,638	-	-	-	-	-	-	-
Public safety	-	-	23,044	62,803	-	-	-	-	-
Public works	-	-	-	-	-	1,055,083	-	-	-
Culture and recreation	-	-	-	-	-	-	2,725,408	15,031	-
Housing and urban redevelopment	-	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-	459,746
Debt service									
Principal retirement	-	1,458	-	-	-	-	1,458	-	-
Interest and fiscal charges	-	2	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	39,518	39,660	-	-
Total expenditures	679,559	209,098	23,044	62,803	-	1,094,601	2,766,526	15,031	459,746
expenditures	59,243	29,224	5,232	-	99,895	82,200	(1,628,730)	4,338	190,944
OTHER FINANCING SOURCES (USES)									
Sale of assets	-	-	-	-	-	-	-	-	-
Insurance proceeds	-	-	-	-	-	22,091	382	-	-
Transfers in	-	-	-	-	-	-	1,710,636	-	7,595
Transfers out	-	-	-	-	(100,839)	-	-	-	-
Total - other financing sources (uses)	-	-	-	-	(100,839)	22,091	1,711,018	-	7,595
Net change in fund balances	59,243	29,224	5,232	-	(944)	104,291	82,288	4,338	198,539
Fund balance - beginning	616,997	94,731	92,237	3,981	944	357,951	137,420	55,241	2,477,540
Fund balances - ending	$ 676,240	$ 123,955	$ 97,469	$ 3,981	$ -	$ 462,242	$ 219,708	$ 59,579	$ 2,676,079

City of Leavenworth, Kansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

Special Revenue Funds - Page 2 of 2

	Bus & Tech Park Fund	Housing Fund	Community Development Fund	Community Grant Fund	CIP Sales Tax Fund	Countywide Sales Tax Fund	TIF Funds	Total Nonmajor Governmental Funds
REVENUES								
Taxes	$ -	$ -	$ -	$ -	$ 2,563,137	$ 3,229,910	$ 1,583,091	$ 9,286,166
Intergovernmental	-	2,953,757	253,982	-	-	-	-	4,621,993
Charges for services	-	531,999	-	-	-	-	-	1,228,283
Investment earnings	-	9,130	-	-	-	-	-	12,737
Miscellaneous	-	40,535	-	-	-	-	33	169,149
Total revenues	-	3,535,421	253,982	-	2,563,137	3,229,910	1,583,124	15,318,328
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	887,197
Public safety	-	-	-	-	-	-	-	85,847
Public works	-	-	-	-	-	-	-	1,055,083
Culture and recreation	-	-	-	-	-	-	-	2,740,439
Housing and urban redevelopment	-	3,184,982	253,982	-	-	-	-	3,438,964
Community and economic development	27,085	-	-	-	-	-	1,660,276	2,147,107
Debt service								
Principal retirement	-	1,921	-	-	-	-	-	4,837
Interest and fiscal charges	-	-	-	-	-	-	-	2
Capital outlay	-	159,866	-	-	-	-	-	239,044
Total expenditures	27,085	3,346,769	253,982	-	-	-	1,660,276	10,598,520
expenditures	(27,085)	188,652	-	-	2,563,137	3,229,910	(77,152)	4,719,808
OTHER FINANCING SOURCES (USES)								
Sale of assets	-	5,945	-	-	22,962	-	-	28,907
Insurance proceeds	-	-	-	-	-	-	-	22,473
Transfers in	-	-	-	-	541,298	81,125	-	2,340,654
Transfers out	-	-	(6,600)	(67,750)	(3,745,658)	(5,101,237)	(7,595)	(9,029,679)
Total - other financing sources (uses)	-	5,945	(6,600)	(67,750)	(3,181,398)	(5,020,112)	(7,595)	(6,637,645)
Net change in fund balances	(27,085)	194,597	(6,600)	(67,750)	(618,261)	(1,790,202)	(84,747)	(1,917,837)
Fund balance - beginning	364,931	1,124,055	6,600	67,750	2,738,774	5,039,635	864,223	14,043,010
Fund balances - ending	$ 337,846	$ 1,318,652	$ -	$ -	$ 2,120,513	$ 3,249,433	$ 779,476	$ 12,125,173

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 2,158,700	$ 2,158,700	$ 2,130,339	$ (28,361)
Total revenues	2,158,700	2,158,700	2,130,339	(28,361)
EXPENDITURES				
Debt service:				
Principal retirement	4,368,960	4,368,960	2,705,000	1,663,960
Interest and fiscal charges	709,912	709,912	602,762	107,150
Operating reserves	349,100	349,100	-	349,100
Total expenditures	5,427,972	5,427,972	3,307,762	2,120,210
Excess (deficiency) of revenues over (under) expenditures	(3,269,272)	(3,269,272)	(1,177,423)	2,091,849
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	1,335,600	1,335,600	-	(1,335,600)
Transfers in	1,712,351	1,712,351	1,221,706	(490,645)
Total - other financing sources (uses)	3,047,951	3,047,951	1,221,706	(1,826,245)
Net change in fund balances	$ (221,321)	$ (221,321)	44,283	$ 265,604
Fund balances - beginning			245,796	
Fund balances - ending			$ 290,079	

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Transient guest tax	$ 683,700	$ 683,700	$ 701,463	$ 17,763
Charges for services	4,800	4,800	12,066	7,266
Miscellaneous	72,600	72,600	25,273	(47,327)
Total revenues	761,100	761,100	738,802	(22,298)
EXPENDITURES				
Current:				
General government	684,290	684,290	679,559	4,731
Operating reserves	556,643	556,643	-	556,643
Total expenditures	1,240,933	1,240,933	679,559	561,374
Net change in fund balances	$ (479,833)	$ (479,833)	59,243	$ 539,076
Fund balances - beginning			616,997	
Fund balances - ending			$ 676,240	

City of Leavenworth, Kansas
Probation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	$ 83,000	$ 83,000	$ 87,518	$ 4,518
Charges for services	162,000	162,000	150,774	(11,226)
Miscellaneous	-	-	30	30
Total revenues	245,000	245,000	238,322	(6,678)
EXPENDITURES				
Current:				
General government	245,083	245,083	207,638	37,445
Debt service:				
Principal retirement			1,458	(1,458)
Interest & fiscal charges			2	(2)
Operating reserves	99,761	99,761	-	99,761
Total expenditures	344,844	344,844	209,098	135,746
Excess (deficiency) of revenues over (under)	(99,844)	(99,844)	29,224	129,068
Net change in fund balances	$ (99,844)	$ (99,844)	29,224	$ 129,068
Fund balances - beginning			94,731	
Fund balances - ending			$ 123,955	

City of Leavenworth, Kansas
911 Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Franchise Taxes-Telephone	$ 159,700	$ 159,700	$ 99,895	$ (59,805)
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	159,700	159,700	99,895	(59,805)
EXPENDITURES				
Current:				
Capital outlay	100,000	100,000	-	100,000
Operating reserves	205,569	205,569	-	205,569
Total expenditures	305,569	305,569	-	305,569
Excess (deficiency) of revenues over (under) expenditures	(145,869)	(145,869)	99,895	245,764
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(100,839)	(100,839)
Net change in fund balances	$ (145,869)	$ (145,869)	(944)	$ 144,925
Fund balances - beginning			944	
Prior year encumbrances relieved			-	
Current year encumbrances			-	
Fund balances - ending			$ -	

City of Leavenworth, Kansas
Streets Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	$ 1,172,300	$ 1,172,300	$ 1,176,415	$ 4,115
Miscellaneous	1,900	1,900	386	(1,514)
Total revenues	1,174,200	1,174,200	1,176,801	2,601
EXPENDITURES				
Current:				
Public works	1,428,795	1,428,795	1,053,173	373,712
Capital outlay	57,219	57,219	39,518	17,701
Total expenditures	1,486,014	1,486,014	1,092,691	391,413
Excess (deficiency) of revenues over (under) expenditures	(311,814)	(311,814)	84,110	394,014
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	22,091	22,091
Total - other financing sources (uses)	-	-	22,091	22,091
Net change in fund balances	$ (311,814)	$ (311,814)	106,201	$ 416,105
Fund balances - beginning			357,951	
Fund balances , end of year - budget basis			464,152	
Adjustments to reconcile to GAAP				
Encumbrances, beginning of year			(20,878)	
Encumbrances, end of year			18,968	
Fund balances, end of year - GAAP Basis			$ 462,242	

City of Leavenworth, Kansas
Recreation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 556,900	$ 556,900	$ 538,686	$ (18,214)
Intergovernmental	83,000	83,000	87,518	4,518
Charges for services	464,800	464,800	497,394	32,594
Miscellaneous	8,000	8,000	14,198	6,198
Total revenues	1,112,700	1,112,700	1,137,796	25,096
EXPENDITURES				
Current:				
Culture and recreation	2,829,459	3,026,793	2,715,053	301,385
Debt service:				
Principal retirement			1,458	(1,458)
Interest & fiscal charges			-	-
Capital Outlay	-	-	39,660	(39,660)
Total expenditures	2,829,459	3,026,793	2,756,171	260,267
Excess (deficiency) of revenues over (under) expenditures	(1,716,759)	(1,914,093)	(1,618,375)	295,718
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	382	382
Transfers In	1,710,636	1,710,636	1,710,636	-
Total - other financing sources (uses)	1,710,636	1,710,636	1,711,018	382
Net change in fund balances	$ (6,123)	$ (203,457)	92,643	$ 296,100
Fund balances - beginning			137,420	
Fund balances , end of year - budget basis			230,063	
Adjustments to reconcile to GAAP				
Encumbrances, beginning of year			(10,355)	
Encumbrances, end of year			-	
Fund balances, end of year - GAAP Basis			$ 219,708	

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 557,700	$ 557,700	$ 569,984	$ 12,284
Miscellaneous	-	-	80,706	80,706
	557,700	557,700	650,690	92,990
EXPENDITURES				
Current:				
Community and economic development	382,843	382,843	459,746	(76,903)
Reserves	1,152,616	1,152,616	-	1,152,616
Total expenditures	1,535,459	1,535,459	459,746	1,075,713
Net change in fund balances	$ (977,759)	$ (977,759)	198,539	$ 1,176,298
Fund balances - beginning			2,477,540	
Fund balances - ending			$ 2,676,079	

City of Leavenworth, Kansas
Business & Technology Park Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Community and economic development	42,500	42,500	27,085	15,415
Operating Reserves	319,331	319,331	-	319,331
Total expenditures	361,831	361,831	27,085	334,746
Net change in fund balances	$ (361,831)	$ (361,831)	(27,085)	$ 334,746
Fund balances - beginning			364,931	
Fund balances - ending			$ 337,846	

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 2,585,800	$ 2,585,800	$ 2,563,137	$ (22,663)
Miscellaneous	-	-	-	-
Total revenues	2,585,800	2,585,800	2,563,137	(22,663)
EXPENDITURES				
Current:				
Capital outlay	-	-	(55,136)	-
Reserves	330,232	330,232	-	330,232
Total expenditures	330,232	330,232	(55,136)	330,232
Excess (deficiency) of revenues over (under) expenditures	2,255,568	2,255,568	2,618,273	307,569
OTHER FINANCING SOURCES (USES)				
Sales of assets	-	-	22,962	22,962
Transfers out	(3,650,793)	(3,650,793)	(3,745,658)	(94,865)
Total other financing sources (uses)	(3,650,793)	(3,650,793)	(3,181,398)	469,395
Net change in fund balances	$ (1,395,225)	$ (1,395,225)	(563,125)	$ 776,964
Fund balances - beginning			2,738,774	
Fund balances , end of year - budget basis			2,175,649	
Adjustments to reconcile to GAAP				
Encumbrances, beginning of year			(55,136)	
Encumbrances, end of year			-	
Fund balances, end of year - GAAP Basis			$ 2,120,513	

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Tax increment taxes	$ 852,300	$ 852,300	$ 624,326	$ (227,974)
Total revenues	852,300	852,300	624,326	(227,974)
EXPENDITURES				
Current:				
Community and economic development	852,300	852,300	582,365	269,935
Total expenditures	852,300	852,300	582,365	269,935
Net change in fund balances	$ -	$ -	41,961	$ 41,961
Fund balances - beginning			186,024	
Fund balances - ending			$ 227,985	

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Tax increment taxes	$ 429,600	$ 429,600	$ 827,469	$ 397,869
Investment earnings	600	600	-	(600)
Total revenues	430,200	430,200	827,469	397,269
EXPENDITURES				
Current:				
Community and economic development	607,778	1,046,216	943,623	102,593
Total expenditures	607,778	1,046,216	943,623	102,593
Excess (deficiency) of revenues over (under) expenditures	(177,578)	(616,016)	(116,154)	499,862
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(7,595)	(7,595)
Total other financing sources (uses)	-	-	(7,595)	(7,595)
Net change in fund balances	$ (177,578)	$ (616,016)	(123,749)	$ 492,267
Fund balances - beginning			659,227	
Fund balances - ending			$ 535,478	

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Tax increment taxes	$ 424,400	$ 424,400	$ 131,296	$ (293,104)
Miscellaneous	1,700	1,700	33	(1,667)
Total revenues	426,100	426,100	131,329	(294,771)
EXPENDITURES				
Current:				
Community and economic development	426,100	426,100	134,288	291,812
Total expenditures	426,100	426,100	134,288	291,812
Net change in fund balances	$ -	$ -	(2,959)	$ (2,959)
Fund balances - beginning			18,972	
Fund balances - ending			$ 16,013	

Statistical Section

Statistical Section

This part of the City of Leavenworth's annual comprehensive 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.*	93-97
Revenue Capacity *These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.*	98-102
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.*	103-106
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.*	107-109
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.*	110-111

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

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net invested in capital assets	$ 39,488,841	$ 38,894,256	$ 36,850,763	$ 43,804,306	$ 37,978,770	$ 37,906,629	$ 41,755,377	$ 36,019,843	$ 35,471,153	$ 37,991,201
Restricted	2,976,464	4,318,029	5,441,382	6,505,234	8,271,724	9,777,992	6,259,773	7,151,510	14,218,483	12,415,252
Unrestricted	3,668,214	(11,464,656)	(11,091,415)	(12,840,376)	(19,160,039)	(23,454,522)	(18,476,680)	(12,332,931)	(15,300,638)	(12,831,665)
Total governmental activities net position	$ 46,133,519	$ 31,747,629	$ 31,200,730	$ 37,469,164	$ 27,090,455	$ 24,230,099	$ 29,538,470	$ 30,838,422	$ 34,388,998	$ 37,574,788
Business-type activities										
Net invested in capital assets	$ 6,926,217	$ 6,502,358	$ 7,732,377	$ 8,154,554	$ 8,435,825	$ 8,500,038	$ 9,006,370	$ 8,046,587	$ 7,830,983	$ 12,951,471
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,858,926	1,185,510	821,504	504,747	2,054,060	3,131,520	3,989,126	7,476,781	8,919,105	7,252,126
Total business-type activities net position	$ 8,785,143	$ 7,687,868	$ 8,553,881	$ 8,659,301	$ 10,489,885	$ 11,631,558	$ 12,995,496	$ 15,523,368	$ 16,750,088	$ 20,203,597
Primary government										
Net invested in capital assets	$ 46,415,058	$ 45,396,614	$ 44,583,140	$ 51,958,860	$ 46,414,595	$ 46,406,667	$ 50,761,747	$ 44,066,430	$ 43,302,136	$ 50,942,672
Restricted	2,976,464	4,318,029	5,441,382	6,505,234	8,271,724	9,777,992	6,259,773	7,151,510	14,218,483	12,415,252
Unrestricted	5,527,140	(10,279,146)	(10,269,911)	(12,335,629)	(17,105,979)	(20,323,002)	(14,487,554)	(4,856,150)	(6,381,533)	(5,579,539)
Total primary government net position	$ 54,918,662	$ 39,435,497	$ 39,754,611	$ 46,128,465	$ 37,580,340	$ 35,861,657	$ 42,533,966	$ 46,361,790	$ 51,139,086	$ 57,778,385

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	$ 3,773,326	$ 4,385,410	$ 3,582,125	$ 4,725,105	$ 3,420,563	$ 4,595,355	$ 5,287,720	$ 6,663,152	$ 5,311,393	$ 5,716,119
Public safety	12,227,523	11,467,939	12,819,901	12,409,485	12,313,792	13,470,550	14,002,745	12,158,406	14,819,306	16,290,284
Public works	4,326,643	4,146,573	3,476,393	7,359,726	8,134,057	9,370,447	7,418,335	7,483,771	7,388,140	8,101,896
Culture and recreation	3,286,242	3,282,317	3,864,795	3,595,821	2,807,665	4,309,317	2,739,289	3,018,811	3,757,762	3,763,013
Housing and urban redevelopment	2,884,617	3,872,406	4,716,419	4,836,524	2,477,772	2,753,076	2,922,574	3,451,547	3,777,000	3,676,763
Community and economic development	-	-	-	-	3,450,479	1,759,370	2,618,787	2,934,105	1,713,059	2,442,071
Unallocated depreciation expense	3,652,203	3,635,561	3,790,328	-	2,014,075	98,042	185,277	171,079	177,169	172,798
Interest & fiscal charges on long-term debt	651,141	620,490	628,329	687,714	582,720	693,730	795,949	821,614	774,345	603,034
Total governmental activities expenses	30,801,695	31,410,696	32,878,290	33,614,375	35,201,123	37,049,887	35,970,676	36,702,485	37,718,174	40,765,978
Business-type activities:										
Sewer	4,399,423	4,148,953	4,123,179	4,709,551	4,480,655	4,903,799	4,715,060	4,218,047	4,681,494	4,575,305
Storm Water	-	-	-	-	3,172	240,036	780,261	261,591	480,997	545,258
Refuse	1,920,283	1,931,036	1,809,659	1,963,188	1,934,057	1,886,380	1,921,485	2,026,859	2,374,018	1,928,537
Total business-type activities expenses	6,319,706	6,079,989	5,932,838	6,672,739	6,417,884	7,030,215	7,416,806	6,506,497	7,536,509	7,049,100
Total primary government expenses	$ 37,121,401	$ 37,490,685	$ 38,811,128	$ 40,287,114	$ 41,619,007	$ 44,080,102	$ 43,387,482	$ 43,208,982	$ 45,254,683	$ 47,815,078
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 1,848,902	$ 1,948,419	$ 2,063,853	$ 1,894,875	$ 1,406,657	$ 1,406,942	$ 1,421,292	$ 2,124,774	$ 1,415,423	$ 1,408,987
Public safety	676,940	588,486	452,930	392,715	382,530	199,487	141,703	143,187	118,752	177,312
Public works	1,383,007	1,244,162	896,938	2,618,014	1,913,001	1,139,509	925,109	799,569	1,707,305	1,595,105
Culture and recreation	638,330	670,945	705,652	710,596	681,841	629,319	172,053	347,354	497,453	510,155
Housing and urban redevelopment	460,988	602,145	506,280	563,009	548,668	557,736	494,935	495,821	480,904	531,267
Community and economic development	-	-	-	-	-	16,695	21,382	25,860	4,042	23,678
Operating grants and contributions	3,296,130	3,459,665	4,031,401	3,686,980	3,595,712	3,505,040	10,919,423	4,317,301	3,490,242	5,815,699
Capital grants and contributions	860,690	1,534,648	970,391	4,885,013	1,416,286	482,388	723,868	1,273,355	1,165,104	3,484,156
Total governmental activities program revenue	9,164,987	10,048,470	9,627,445	14,751,202	9,944,695	7,937,116	14,819,765	9,527,221	8,879,225	13,546,359
Business-type activities:										
Charges for services:										
Sewer	4,093,310	4,076,766	4,176,334	4,323,162	4,513,874	4,527,020	4,770,014	4,994,686	5,056,165	5,019,346
Storm Water	-	-	-	-	1,407,065	1,237,601	1,285,178	1,285,074	1,380,011	1,327,111
Refuse	1,825,802	1,882,466	1,896,702	1,962,730	2,014,217	2,164,811	2,299,782	2,322,260	2,306,614	2,337,785
Operating grants and contributions	-	-	-	-	-	-	-	-	-	7,500
Capital grants and contributions	-	-	772,325	512,256	396,881	143,171	194,459	338,465	-	342,336
Total business-type activities program revenue	5,919,112	5,959,232	6,845,361	6,798,148	8,332,037	8,072,603	8,549,433	8,940,485	8,742,790	9,034,078
Total primary government program revenues	$ 15,084,099	$ 16,007,702	$ 16,472,806	$ 21,549,350	$ 18,276,732	$ 16,009,719	$ 23,369,198	$ 18,467,706	$ 17,622,015	$ 22,580,437
Net (expense)/revenue										
Governmental activities	$ (21,636,708)	$ (21,362,226)	$ (23,250,845)	$ (18,863,173)	$ (25,256,428)	$ (29,112,771)	$ (21,150,911)	$ (27,175,264)	$ (28,838,949)	$ (27,219,619)
Business-type activities	(400,594)	(120,757)	912,523	125,409	1,914,153	1,042,388	1,132,627	2,433,988	1,206,281	1,984,978
Total primary government net expense	$ (22,037,302)	$ (21,482,983)	$ (22,338,322)	$ (18,737,764)	$ (23,342,275)	$ (28,070,383)	$ (20,018,284)	$ (24,741,276)	$ (27,632,668)	$ (25,234,641)

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	$ 9,259,644	$ 5,186,156	$ 5,477,712	$ 5,502,436	$ 5,621,684	$ 5,923,991	$ 6,371,982	$ 6,685,687	$ 6,679,368	$ 7,458,253
Franchise taxes	2,861,614	2,676,007	2,802,922	2,796,945	2,880,135	2,794,211	2,599,791	2,748,361	3,280,218	3,041,520
Sales taxes	8,698,210	11,138,851	11,705,083	13,452,291	14,007,389	14,814,018	15,340,357	16,830,857	17,716,291	17,544,375
Motor vehicle taxes	1,014,989	1,074,498	729,991	714,825	764,659	767,641	800,234	863,278	840,458	835,307
Other taxes	1,134,088	1,812,641	1,858,533	341,317	414,264	520,722	375,020	620,147	641,962	701,463
Intergovernmental revenue not restricted to specific programs	98,434	98,849		-	-	-	-	-	-	-
Gain on sale of capital assets	-	-	52,397	36,438	-	-	39,555	49,158	209,860	140,475
Investment earnings	20,548	21,192	30,963	123,383	212,681	370,343	139,513	47,112	499,174	1,732,847
Miscellaneous	-	-	-	39,010	565,149	1,061,489	800,713	716,714	333,782	332,270
Transfers	-	70,185	47,345	47,345	-	-	(7,883)	(86,098)	(11,500)	(1,451,424)
Total governmental activities	23,087,527	22,078,379	22,704,946	23,053,990	24,465,961	26,252,415	26,459,282	28,475,216	30,189,613	30,335,086
				-						
Business-type activities:										
Gain on sale of capital assets	-	-	834	4,908	-	-	-	-	-	-
Miscellaneous	-	-	-	22,448	15,147	99,285	223,428	7,786	8,940	17,107
Transfers	-	(70,185)	(47,345)	(47,345)	-	-	7,883	86,098	11,500	1,451,424
Total business-type activities	-	(70,185)	(46,511)	(19,989)	15,147	99,285	231,311	93,884	20,440	1,468,531
Total primary government	$ 23,087,527	$ 22,008,194	$ 22,658,435	$ 23,034,001	$ 24,481,108	$ 26,351,700	$ 26,690,593	$ 28,569,100	$ 30,210,053	$ 31,803,617
Change in net position										
Governmental activities	$ 1,450,819	$ 716,153	$ (545,899)	$ 4,190,817	$ (790,467)	$ (2,860,356)	$ 5,308,371	$ 1,299,952	$ 1,350,664	$ 3,115,467
Business-type activities	(400,594)	(190,942)	866,012	105,420	1,929,300	1,141,673	1,363,938	2,527,872	1,226,721	3,453,509
Total primary government	$ 1,050,225	$ 525,211	$ 320,113	$ 4,296,237	$ 1,138,833	$ (1,718,683)	$ 6,672,309	$ 3,827,824	$ 2,577,385	$ 6,568,976

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Restricted	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Committed	2,390,081	-	-	-	-	-	-	-	-	-
Assigned	10,917	54,523	47,985	25,749	1,806	27,007	3,118	28,845	-	-
Unassigned	2,935,340	5,566,724	5,974,476	6,451,103	5,901,914	5,152,505	8,492,770	8,955,317	10,566,655	12,014,419
Total General Fund	5,336,338	5,621,247	6,022,461	6,476,852	5,903,720	5,179,512	8,495,888	8,984,162	10,566,655	12,014,419
All Other Governmental Funds										
Restricted for:										
Capital outlay	$ -	$ -	$ -	$ -	$ 2,697,092	$ 3,413,731	$ 3,729,503	$ 5,448,964	$ 7,778,409	$ 5,369,946
Tax increment financing	-	-	-	-	-	730,860	1,102,439	1,291,973	864,223	779,476
General government	1,197,539	2,925,495	2,418,165	2,846,524	-	-	-	-	-	-
Public safety	149,531	150,246	161,607	169,573	127,583	145,174	87,567	165,923	97,162	101,450
Public works	-	945	72,658	942,987	678,363	646,343	58,777	290,483	357,951	462,242
Tourism and convention activities	-	-	-	-	464,035	402,239	332,703	598,831	616,997	676,240
Culture and recreation	27,162	59,080	113,605	156,810	42,743	34,392	44,005	548,715	192,661	279,287
Housing and urban redevelopment	833,676	942,072	2,331,702	2,284,631	1,361,341	1,399,478	952,896	1,014,660	1,124,056	1,318,652
Community and economic development	-	-	-	-	3,036,712	2,544,195	3,275,281	2,719,838	2,916,821	3,013,925
Debt service	677,320	306,415	415,724	315,640	361,513	361,513	361,473	419,059	245,796	290,079
Probation Services	-	-	-	-	59,998	100,067	44,632	102,028	94,731	123,955
Committed for:										
Capital outlay	468,646	162,483	2,352,854	2,240,305	1,779,484	5,109,580	2,246,078	1,010,578	632,588	-
Public works	825,454	1,214,744	-	-	-	-	-	-	-	-
Culture and recreation	147,212	(28,259)	-	-	-	-	-	-	-	-
Housing and urban redevelopment	89,848	86,755	-	-	-	-	-	-	-	-
Assigned to:										
General government	20,107	20,507	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	2,184,469	2,516,348	2,602,760	6,967,146
Culture and recreation	1,438	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(2,005,400)	(7,529,373)	(7,652,419)	-	-	-
Total all other governmental funds	4,437,933	5,840,483	7,866,315	8,956,470	8,603,464	7,358,199	6,767,404	16,127,400	17,524,155	19,382,398
Total Governmental Funds	$ 9,774,271	$ 11,461,730	$ 13,888,776	$ 15,433,322	$ 14,507,184	$ 12,537,711	$ 15,263,292	$ 25,111,562	$ 28,090,810	$ 31,396,817

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	$ 23,147,239	$ 22,079,326	$ 22,574,241	$ 22,807,814	$ 23,688,132	$ 24,820,583	$ 25,487,384	$ 27,677,325	$ 29,240,057	$ 29,617,260
Intergovernmental	4,152,879	4,929,915	4,482,983	8,564,188	3,822,365	3,987,770	11,683,789	5,590,657	4,704,572	9,299,856
Licenses and permits	378,728	401,505	402,462	392,950	441,537	494,874	412,880	485,308	392,606	433,695
Charges for services	3,158,767	2,996,356	2,658,253	3,101,482	3,215,038	2,881,272	2,209,029	2,960,994	3,347,741	3,411,507
Fines and forfeitures	820,719	862,554	824,540	639,850	616,627	573,542	554,565	490,264	483,527	401,301
Investment earnings	20,548	21,193	30,963	123,383	218,023	370,343	139,513	47,113	407,906	1,638,766
Other revenues	590,081	703,851	1,249,801	2,045,589	1,189,946	852,964	776,356	663,678	330,039	332,270
Total revenues	32,268,961	31,994,700	32,223,243	37,675,256	33,191,668	33,981,348	41,263,516	37,915,339	38,906,448	45,134,655
Expenditures										
General government	3,386,433	3,629,457	3,549,462	3,670,272	4,005,880	4,155,823	4,724,231	5,040,566	4,690,823	5,241,970
Public safety	11,045,497	11,054,380	11,367,068	11,160,771	11,783,843	12,140,010	12,638,688	12,649,800	13,409,203	14,615,359
Public works	3,730,738	3,643,703	3,343,760	3,917,574	5,473,003	8,530,464	3,399,748	3,623,204	4,114,089	4,845,570
Culture and recreation	2,353,510	2,357,827	2,883,746	2,514,505	2,735,930	3,301,809	2,153,643	2,434,815	2,573,545	2,843,190
Housing and urban redevelopment	2,598,116	3,040,727	4,464,750	4,550,691	2,661,033	2,672,386	3,315,605	3,342,900	3,603,939	3,529,619
Community and economic development	-	-	-	-	3,450,479	1,755,931	2,618,420	2,451,628	1,712,538	2,432,215
Debt service										
Principal Retirement	4,009,929	2,924,348	5,484,348	2,843,553	2,899,531	3,024,601	3,855,000	5,985,000	3,785,100	2,723,297
Lease Expenditure	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	657,144	620,978	621,932	550,751	646,467	723,369	893,128	797,600	802,673	659,563
Capital outlay	6,581,595	5,698,832	4,755,873	14,073,071	3,129,648	1,264,523	7,477,551	4,763,903	3,618,789	3,908,786
Total expenditures	34,362,962	32,970,252	36,470,939	43,281,188	36,785,814	37,568,916	41,076,014	41,089,416	38,310,699	40,799,569
Excess of revenues over (under) expenditures	(2,094,001)	(975,552)	(4,247,696)	(5,605,932)	(3,594,146)	(3,587,568)	187,502	(3,174,077)	595,749	4,335,086
Other Financing Sources (Uses)										
Bonds issued	2,900,000	2,300,000	6,575,000	6,550,000	1,410,000	1,340,000	2,395,000	11,970,000	1,435,000	-
Bond premium	-	-	-	-	-	69,571	79,167	1,062,007	40,068	-
Insurance proceeds	-	-	-	39,010	24,117	170,530	24,357	27,980	117,259	129,247
Lease Revenue	-	-	-	-	-	-	-	-	38,686	-
Temporary notes issued	-	-	-	-	-	-	-	-	545,000	-
Capital leases	-	-	-	477,685	-	-	-	-	-	-
Sale of capital assets	-	-	52,397	36,438	5,240	37,995	39,555	48,458	124,036	293,099
Sale of land	-	292,826	-	-	-	-	-	-	-	-
Contributed capital	-	-	-	-	1,228,650	-	-	-	-	-
Transfers in	5,719,587	6,112,012	5,717,005	4,194,786	5,123,232	4,212,409	8,133,817	7,296,182	3,500,275	12,213,935
Transfers out	(5,719,587)	(6,041,827)	(5,669,660)	(4,147,441)	(5,123,232)	(4,212,409)	(8,133,817)	(7,382,280)	(3,511,775)	(13,665,359)
Total other financing sources (uses)	2,900,000	2,663,011	6,674,742	7,150,478	2,668,007	1,618,096	2,538,079	13,022,347	2,288,549	(1,029,078)
Net change in fund balances	$ 805,999	$ 1,687,459	$ 2,427,046	$ 1,544,546	$ (926,139)	$ (1,969,472)	$ 2,725,581	$ 9,848,270	$ 2,884,298	$ 3,306,008
Debt service as a percentage of noncapital expenditures	16.8%	13.0%	19.3%	11.6%	10.5%	10.3%	14.1%	18.7%	13.2%	9.2%

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
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	6,096,164	518,522	10,646,477	2,778,484	3,405,896	2,748,361	863,278	71,001	620,147	27,748,330
2022	6,319,800	359,568	13,368,583	3,361,092	986,616	3,280,218	840,458	54,483	641,962	29,212,780
2023	6,773,790	684,463	13,118,851	3,526,896	898,628	3,041,520	835,307	36,342	701,463	29,617,260
Change 2014 - 2023	-26.8%	100.0%	55.0%	211.0%	284.2%	6.3%	-17.7%	-79.7%	100.0%	28.0%

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							
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	187,173,558	4,497,671	11,983,704	NA	203,654,933	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	228,946,404	31.813	1,711,435,254	13.4%
2022	176,096,219	79,115,693	255,211,912	2,623,954	14,269,443	NA	243,708,732	31.141	1,913,791,971	12.7%
2023	198,662,491	89,254,162	287,916,653	2,703,317	15,933,794	NA	272,008,559	28.327	2,156,307,896	12.6%

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

	City of Leavenworth			Overlapping Rates							
				Leavenworth County			School District				Total
Fiscal Year	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	Direct & Overlapping Rates
2014	43.227	8.802	52.029	36.196	0.374	36.570	49.603	19.750	69.353	1.500	159.452
2015	22.854	8.169	31.023	36.544	-	36.544	43.569	19.778	63.347	1.500	132.414
2016	22.803	8.224	31.027	37.608	-	37.608	43.841	19.484	63.325	1.500	133.460
2017	23.713	7.635	31.348	23.228	8.133	31.361	43.836	19.489	63.335	1.500	127.544
2018	24.110	7.637	31.747	37.112	-	37.112	41.925	17.397	59.322	1.500	129.690
2019	24.120	7.648	31.768	37.184	-	37.184	40.040	17.397	57.437	1.500	127.898
2020	24.033	7.780	31.813	36.946	-	36.946	40.300	17.029	57.329	1.500	127.588
2021	24.033	7.780	31.813	36.691	-	36.691	40.072	17.288	57.360	1.500	127.364
2022	23.752	6.383	30.135	35.924	-	35.924	36.969	16.565	53.534	1.500	121.093
2023	20.785	6.177	26.962	35.779	-	35.779	34.242	21.996	56.238	1.500	120.479

Source: Leavenworth County Clerk

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

	2023			2014		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Westar Energy (Evergy)	$ 7,847,985	1	26.5%	$ 5,886,777	2	19.4%
Correction Corporation of America	4,147,858	2	14.0%	8,412,320	1	27.7%
Kansas Gas Service	3,012,914	3	10.2%	1,887,508	6	6.2%
Walmart Supercenter	2,507,025	4	8.5%	3,303,978	4	10.9%
LCP Leavenworth LLC	2,285,536	5	7.7%			
Prime Healthcare	2,221,585	6	7.5%			
Zeck Brothers Development	2,045,011	7	6.9%			
Cereal Ingredient	1,951,800	8	6.6%			
Development, Inc	1,948,120	9	6.6%	2,653,182	5	8.7%
Mid-County Tradition	1,680,825	10	5.7%			
Hallmark Cards				3,559,191.00	3	
Home Depot				1,283,113.00	7	
Greenamyre Rentals				1,234,387.00	8	
Dillons				1,108,100.00	9	
MPT of Leavenworth				1,062,868.00	10	
	$ 29,648,659		10.9%	$ 30,391,424		15.0%

Source: Leavenworth County Clerk

Total Assessed Values $ 272,008,559

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
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%	120,451	7,167,179	98.4%
2022	7,589,553	7,322,252	96.5%	124,490	7,442,703	98.1%
2023	8,196,376	7,904,875	96.4%	-	8,029,365	98.0%

Source: Leavenworth County Treasurer

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

Fiscal Year	Governmental Activities		Activities Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Finance/ROU Leases	General Obligation Bonds	Finance/ROU Leases			
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%	718
2017	22,405,000	314,132	6,555,000		29,274,132	2.8%	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	24,070,000	-	5,970,000	-	30,040,000	1.9%	833
2022	22,820,051	18,897	5,050,000	1,458	27,890,406	1.5%	750
2023	20,020,970	600	4,270,000	-	24,291,570	1.3%	655

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)	Per Capita (2)
2014	$ 17,990,000	$ 8,780,000	$ 677,320	$ 26,092,680	1.8%	$ 727
2015	17,405,000	8,050,000	320,346	25,134,654	1.8%	698
2016	18,535,000	7,305,000	415,724	25,424,276	1.8%	706
2017	22,405,000	6,555,000	315,640	28,644,360	2.0%	790
2018	21,070,000	5,800,000	361,513	26,508,487	1.8%	732
2019	19,545,000	5,160,000	361,513	24,343,487	1.6%	675
2020	18,085,000	6,855,000	361,473	24,578,527	1.5%	684
2021	24,070,000	5,970,000	419,059	29,620,941	1.7%	821
2022	21,835,000	5,050,000	245,796	26,639,204	1.4%	717
2023	19,130,000	4,270,000	290,079	23,109,921	1.1%	623

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, 2023

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	$ 93,375,000	$ 41,085,000	79.0%	$ 32,457,150
Leavenworth County	23,885,000	16,002,950	29.0%	4,640,856
Subtotal, overlapping debt				37,098,006
City direct debt				(290,079)
Total direct and overlapping debt				$ 36,807,927

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									
	2014	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Debt Limit	$ 66,619,977	$ 68,350,691	$ 69,128,610	$ 70,316,891	$ 72,214,115	$ 74,499,282	$ 76,964,804	$ 82,340,816	$ 90,321,289	$ 100,038,574
Total net debt applicable to limit	10,741,429	11,004,905	10,659,848	15,034,277	13,552,110	19,243,082	11,964,033	6,084,309	7,545,000	4,754,921
Legal debt margin	$ 55,878,548	$ 57,345,786	$ 58,468,762	$ 55,282,614	$ 58,662,005	$ 55,256,200	$ 65,000,771	$ 76,256,507	$ 82,776,289	$ 95,283,653
Total net debt applicable to the limit as a percentage of debt limit	16.1%	16.1%	15.4%	21.4%	18.8%	25.8%	15.5%	7.4%	8.4%	4.8%

Legal debt margin calculation for fiscal year 2023	
Adjusted equalized assessed valuation	$ 333,461,912
Debt limit (30% of total equalized assessed value	100,038,574
Debt applicable to limit	5,045,000
Debt Service Fund Balance	(290,079)
Legal debt margin	$ 95,283,653

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 mo

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)
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%
2022	37,176	1,833,892,080	49,330	3,608	205	3,813	2.9%
2023	37,081	1,854,124,162	50,002	3,695	205	3,900	3.4%

(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
(4) https://fred.stlouisfed.org/series/PCPI20103

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

	2023			2014		
Taxpayer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fort Leavenworth	9,552	1	71.7%	4,185	1	50.3%
Dwight D. Eisenhower VA Medical Center	900	2	6.8%	700	3	8.4%
Leavenworth School District No. 453	642	3	4.8%	996	2	12.0%
Leavenworth County	426	4	3.2%	352	8	4.2%
VA Consolidated Patient Center	380	5	2.9%	260	10	3.1%
Walmart Supercenter	380	6	2.9%	350	9	4.2%
U.S. Federal Penitentiary	300	7	2.3%	380	7	4.6%
St. John Hospital	300	8	2.3%			
University of St. Mary	230	9	1.7%			
Cereal Ingredients	210	10	1.6%			
Northrup Grumman				700	4	8.4%
Central Plains Consolidated Accounts				400	5	4.8%
Cubic Defense Applications Group				390	6	4.7%
	13,320		100.00%	8,323		100.00%

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	29	27	33	34	32	33	33	31	31	30
Public safety										
Police	84	85	72	77	73	75	75	76	76	75
Fire	55	54	54	54	52	50	50	51	52	51
Public works	30	27	25	30	29	29	29	21	25	27
Culture and recreation	37	31	32	30	35	40	40	37	46	70
Housing and urban redevelopment	7	7	7	8	8	10	10	13	13	13
Sewer	14	19	17	16	16	13	13	15	12	13
Refuse	13	14	12	13	13	14	14	12	12	12
Total	269	264	252	262	258	264	264	256	267	291

Source: City of Leavenworth Human Resources Department

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

Function/Program	Fiscal Year 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Police										
Physical arrests	2,029	1,918	1,762	2,126	2,175	1,893	1,427	1,489	1,467	1,778
Traffic violations	5,230	4,927	4,576	4,459	2,296	2,307	2,360	1,983	2,374	1,970
Fire										
Calls answered	2,199	2,508	2,543	2,606	2,645	2,747	2,544	2,996	3,190	3,187
Inspections conducted	796	951	830	854	873	848	441	340	704	827
Housing and urban redevelopment										
Certificates/vouchers for low-income rental assistance	444	444	469	469	469	469	469	469	469	469
Sewer										
Daily average treatment (thousands of gallons)	3,983	4,753	4,778	4,240	4,530	5,598	5,599	3,746	3,419	3,278
Refuse										
Refuse disposed (tons)	11,259	11,696	11,710	11,928	11,291	11,597	12,126	12,458	11,874	11,127

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 2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	164.3	164.3	164.33	164.33	165.13	165.21	166.85	166.85
Unimproved	0.4	0.4	0.3	0.3	0.25	0.25	0.25	0.25	0.25	0.25
Controlled intersections	42	42	1034	1034	104	1034	1039	873	879	879
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	12	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	158	158	158	160	160	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, 2023

City of Leavenworth, Kansas

Single Audit Report

For the Year Ended December 31, 2023

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A copy of the City of Leavenworth, Kansas' Annual Comprehensive Financial Report for the year ended December 31, 2023 accompanies this report. The Independent Auditor's Report and the Basic Financial Statements are hereby incorporated by reference.	
Additional information:	
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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, 2023 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 28, 2024 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming 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 28, 2024

ADDITIONAL INFORMATION

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023
(With Unaudited Cumulative Totals from Inception of the Project)

Federal Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Cumulative Awards Through December 31, 2023 (Unaudited)		Reported Expenditures: Cumulative Through December 31, 2022 (Unaudited)	Reported Expenditures: Total for the Year ended December 31, 2023	Reported Expenditures: Cumulative Through December 31, 2023	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development								
CDBG - Entitlement Grants Cluster:								
2019 Community Development Block Grant-Entitlement	14.218		$306,216	*	$262,157	$44,059	$306,216	$0
2020 Community Development Block Grant-Entitlement	14.218		434,728	*	422,797	11,930	434,727	0
2021 Community Development Block Grant-Entitlement	14.218		523,589	*	316,004	35,139	351,143	0
2022 Community Development Block Grant-Entitlement	14.218		390,994	*	109,022	121,982	231,004	25,792
2023 Community Development Block Grant-Entitlement	14.218		340,093		0	40,872	40,872	6,713
Total CDBG - Entitlement Grants Cluster			1,995,620		1,109,980	253,982	1,363,962	32,505
Passed through the Kansas Housing Resources Corporation:								
2021 Emergency Solutions Grant	14.231	ESG-FFY2021	78,996	*	39,677	39,319	78,996	38,269
2023 Emergency Solutions Grant	14.231	ESG-FFY2023	89,198		0	0	0	0
Home Investment Partnerships Program (TBRA)	14.239	M20SG200160	90,950		62,260	11,985	74,245	0
Public and Indian Housing	14.850	KS06800000123D	303,874		0	303,874	303,874	0
Public Housing Capital Fund	14.872	KS01P06850120	146,692		37,543	0	37,543	0
Public Housing Capital Fund	14.872	KS01P06850121	164,332	*	0	159,866	159,866	0
Public Housing Capital Fund	14.872	KS01P06850122	201,180	*	0	0	0	0
Public Housing Capital Fund	14.872	KS01P06850123	206,099	*	0	0	0	0
Section 8 - Housing Choice Vouchers	14.871		2,515,739		0	2,423,854	2,423,854	0
Total U.S. Department of Housing and Urban Development			5,792,680		1,249,460	3,192,880	4,442,340	70,774
U.S. Department of the Interior								
Passed through the Kansas Historical Society:								
Historic Preservation Fund Grants-In-Aid	15.904	HPF2022-10038	12,600		0	10,785	10,785	0
U.S. Department of Justice								
Bulletproof Vest Partnership Program - 2019	16.607		2,166		361	1,805	2,166	0
Bulletproof Vest Partnership Program - 2020	16.607		2,145		0	1,911	1,911	0
Bulletproof Vest Partnership Program - 2021	16.607		2,145		0	0	0	0
Bulletproof Vest Partnership Program - 2022	16.607		2,500		0	0	0	0
Bulletproof Vest Partnership Program - 2023	16.607		2,500		0	0	0	0
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA21GG01485JAG>	30,016		18,000	12,016	30,016	12,016
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA22GG02508JAG>	31,425		0	31,425	31,425	13,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15PBJA23GG03407JAG>	31,506		0	18,900	18,900	0
COVID-19 Coronavirus Emergency Supplemental Funding Program - 2	16.034	2020VDBX0723	76,918		46,074	30,844	76,918	0
Total U.S. Department of Justice			181,321		64,435	96,901	161,336	25,016
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-1008-23	3,500		0	247	247	0
State and Community Highway Safety (A) (STEP)	20.600	PT-1008-24	3,500		0	215	215	0
Safe Streets and Roads for All (SS4A)	20.939	693JJ32340354	280,000		0	22,014	22,014	0
Total U.S. Department of Transportation			287,000		0	22,476	22,476	0
U.S. Department of Treasury								
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		8,549,063		1,364,376	4,385,902	5,750,278	0
Total expenditures of federal awards			$14,822,664		$2,678,271	$7,708,944	$10,387,215	$95,790

*** Award amended**

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, 2023

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, 2023.

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, 2023

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
21.027	COVID-19 Coronavirus State and Fiscal Recovery Funds
14.850	Public and Indian Housing

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, 2023

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, 2023, 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 28, 2024. 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 28, 2024

HOOD AND ASSOCIATES CPAs, PC

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' (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 program for the year ended December 31, 2023. The City's major federal program is 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 its major federal programs for the year ended December 31, 2023.

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 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 28, 2024