

CITY OF ATCHISON, KANSAS



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

CITY OF ATCHISON, KANSAS

For the Fiscal Year Ended

December 31, 2021

Prepared by:

FINANCE DEPARTMENT

City of Atchison, Kansas

CITY OF ATCHISON, KANSAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
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Introductory Section

2021



June 16, 2022

The Honorable Mayor, Members of the City Commission, and Citizens of the City of Atchison:

It is our pleasure to submit the annual comprehensive financial report of the City of Atchison (City) for the fiscal year ended December 31, 2021. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations for the various activities of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The annual comprehensive financial report is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors' Report.

State law requires that every general-purpose local government publish a complete set of audited financial statements after the close of the fiscal year. This report is published to fulfill that requirement for the fiscal year ended December 31, 2021. BT&Co., P.A. has issued unmodified opinions on the City's financial statements for the year ended December 31, 2021.

Profile of the Government

The City is the primary unit of government and was incorporated in 1858. It is in the northeastern part of the state approximately thirty-five miles from the Kansas City International Airport. It currently occupies 6.9 square miles and serves an estimated 2021 population of 10,561. The City is empowered to levy a property tax on both real and personal property within its boundaries and to extend the city limits by annexation, which it has done from time to time.

The City operates under the commission-manager form of government. Policymaking and legislative authority are vested in a governing commission consisting of the mayor and four other members, all elected on a non-partisan basis. The Commission appoints the city manager, who in turn appoints the heads of the various departments. Three of the commissioners are elected every two years. The two with the largest number of votes serve four-year terms, and the third serves a two-year term. The mayor is elected by the Commission and serves a one-year term.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; and recreational and cultural activities. Sanitation, water, and wastewater services are also provided and are included as an integral part of the City's financial statements.

The City is also financially accountable for a legally separate library which is reported on separately within the City's financial statements. Additional information on this entity can be found in Note 1 of the financial statements.

Local economy

In its early history, Atchison was an important supply center for settling the West and continues to enjoy a strong commercial base today. Major industries located within the City's boundaries, or nearby, include manufacturers of food and mill ingredients, distillery products, concrete poles, steel castings, and rail anchors.

Other economic presences include the headquarters of a publicly traded company, a full-service hospital, a four-year accredited college, a vocational school, national suppliers of leather and textile products, wholesale hardware and more.

The COVID-19 related business shutdowns had a serious impact on Atchison's unemployment rate but at the end of December 2021 the rate was at an all-time low of 2.3%. The most recent figure for Atchison is 2.6% and area employers, including the city, are having trouble hiring new employees.

Specialty retail shops and the tourism industry have contributed to the local economy in the past ten years. The COVID-19 pandemic had a positive impact on the City's sales and use tax collections as residents shopped closer to home or online rather than going to nearby metro areas. Sales tax collections of the City's one-cent sales tax in 2020 were the highest they have ever been. The City one-cent sales tax collections for 2021 were flat when compared to 2020 at \$2,145,217. The City's one-cent sales tax, along with its share of the County's one-cent sales tax, have risen 31% from \$2,647,117 in 2012 to \$3,460,270 in 2021. To date, sales and use tax collections for 2022 are up 5.9% compared to this time last year.

Relevant financial policies

Budgeting -The Commission is required by Statute to adopt a final budget by August 25th of each year, though recent legislation will extend that deadline to October 1st if the City intends to budget an increase to its "revenue neutral rate", defined as a budget that includes revenue produced by property taxes in excess of the amount produced the preceding year. The annual budget is the foundation for the City's financial planning and control. The budget is prepared by fund, and by department (e.g., police). The City's budget is prepared on a modified accrual basis further modified by an encumbrance system of accounting as required by applicable state statutes. The city manager presents recommendations for the budget to the Mayor and Commission members for their review. A series of public meetings are held by commissioners to review alternative spending proposals. After soliciting public input, the Commission adopts the budget. The budget is controlled through an accounting system to ensure effective fiscal management and accountability.

Capital Spending - The City prepares a five-year spending plan for replacing its equipment. The City also maintains a five-year capital improvement (CIP) plan for maintaining and making betterments to infrastructure. Both plans are updated annually and approved by the governing body. Equipment replacements are funded by transfers from other funds, primarily the general fund, in addition to long-term leases for major equipment purchases. Capital improvements are funded through transfers from other funds, intergovernmental grants and revenues and general obligation bonds. The funding of equipment replacement and infrastructure maintenance can be designed to provide a stable and sustainable program that minimizes future cost, or the funding of these capital expenses can be deferred in the short term in order to minimize current expenses. In recent years, the City has made substantial progress in improving its infrastructure and addressing its equipment needs. The City did put projects and equipment purchases on hold where possible in 2020 but returned to completing projects and purchasing equipment as planned in 2021.

Debt Service - The City's debt service is funded by property taxes and includes a 12-mill levy limit established by Ordinance. Debt management policies established by the Commission include a net direct debt outstanding per capita limit of \$1,000, an overall debt limit of 10 percent of assessed value, and a debt-service limit of 15 percent of governmental fund expenses. These policies are specific to general obligation debt related to governmental activities, not any debt related to business type funds as that debt is meant to be repaid with revenues generated by those funds. The Commission reviews debt policy limits annually during the budget process. For 2021, all of the three measures are within the limits set forth: the debt per capita amount is \$681. The ratio of net direct debt to assessed valuation is 9.8% and the ratio of debt service payments to governmental funds expenditures is 6.5%.

Internal Controls - Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Investing – The City determines idle cash available for investing for selected time frames and solicits bids from local banks for certificates of deposit. Local banks are required to match the rate established by the State Municipal Investment Pool, or the money is invested in the state pool. The City does not have any idle cash invested in local banks or the state pool, due to the historic low interest rates. The City earns interest on its operating account at a local bank at a rate of 0.71 above the 91-day Treasury bill yield. Treasury bill yields are currently so low that the City has not earned interest on its operating account since March 2020.

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. All potential claims, and/or liabilities are reported immediately when it becomes evident that a loss has occurred, or a claim may be made.

The City has addressed the potential risk by purchasing various commercial insurance policies for certain insurable causes of loss. These policies cover liability, employee dishonesty, public official's liability, property damage to buildings, contents, and other personal property. Losses

due to earthquakes and terrorism have been excluded. The City established an insurance reserve fund to fund the deductible portion of losses. The balance at the end of 2021 was \$66,486.

Spending Limits - The state limits annual spending in each fund to the amount budgeted. Prior to spending an amount more than the budgeted amount, the City must hold a public hearing with notice published a minimum of 10 days in advance.

Major initiatives

In November of 2011, the City reached an agreement on a consent order with the Kansas Department of Health and Environment (KDHE) to address run-off sewer discharge, a byproduct of the City's combined storm/sewer system. The agreement provides a reasonable plan of action that promotes environmental health without unduly burdening the taxpayers of Atchison.

The City had implemented a Combined Sewer Overflows (CSO) fee in 2015 to begin addressing the revenue requirements of the consent order. The CSO fee is a flat charge for all residential customers, and it is usage based for commercial and industrial customers. In late 2016, KDHE agreed to release the City from the \$3.1 million in revenue requirement and in return, the City agreed to complete certain projects in a timely manner and update the long-term control plan.

The City has made substantial progress addressing the initiatives set forth by the consent agreement. In 2014, preliminary design began on a "store and treat" project to bring the 11th & 14th Street CSO into compliance. After completing a preliminary study, the engineers determined that Watershed Dam 6 overflows are the single largest contributing factor to overflows in the 14th Street sewer shed. The design of a project to directly connect the Dam 6 Overflow to White Clay Creek began in 2016 and after multiple delays, designs were completed in 2018. Construction of Phase I of the project was largely completed in 2019 and Phase II was completed in 2020. The long-term control plan has been finalized and accepted by KDHE.

In 2021 the City completed the removal of the 500 and 600 blocks of the Commercial Street pedestrian mall and the conversion back to through streets with the help of Kansas Department of Transportation (KDOT) grant funding of \$1.45 million. A skatepark at Reisner park was also completed with funding provided by the Skate High with Hope Joshua Kinsman Foundation, a Tony Hawk foundation grant and City funds. The City issued temporary notes to fund the construction of infrastructure in a forty-eight-lot subdivision. Permanent financing was secured in early 2022 and will be paid by the lot owners over the next 15 years via special assessments on the properties.

Through a partnership with an organization called Network Kansas, the City of Atchison offers a locally controlled, revolving small business loan fund. Working with a local bank, aspiring entrepreneurs and existing small businesses in Atchison can lower their overall interest rate as they startup, expand, or acquire a small business in Atchison County. During 2021 the City granted \$267,000 in loans to seven different businesses.

Projects planned for 2022 include the KDOT funded Main Street corridor improvement project, a mill and overlay project on K-7, a small street overlay project, repair of the raw water basin liners at the water treatment plant, a large water main replacement project and continued efforts on the new runway at the Amelia Earhart airport.

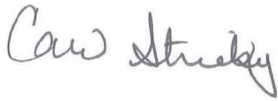
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended December 31, 2020. This was the twenty-fifth consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized annual comprehensive financial report that satisfied 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.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Cari Strieby
Finance Manager



Amy Finch
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Atchison
Kansas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

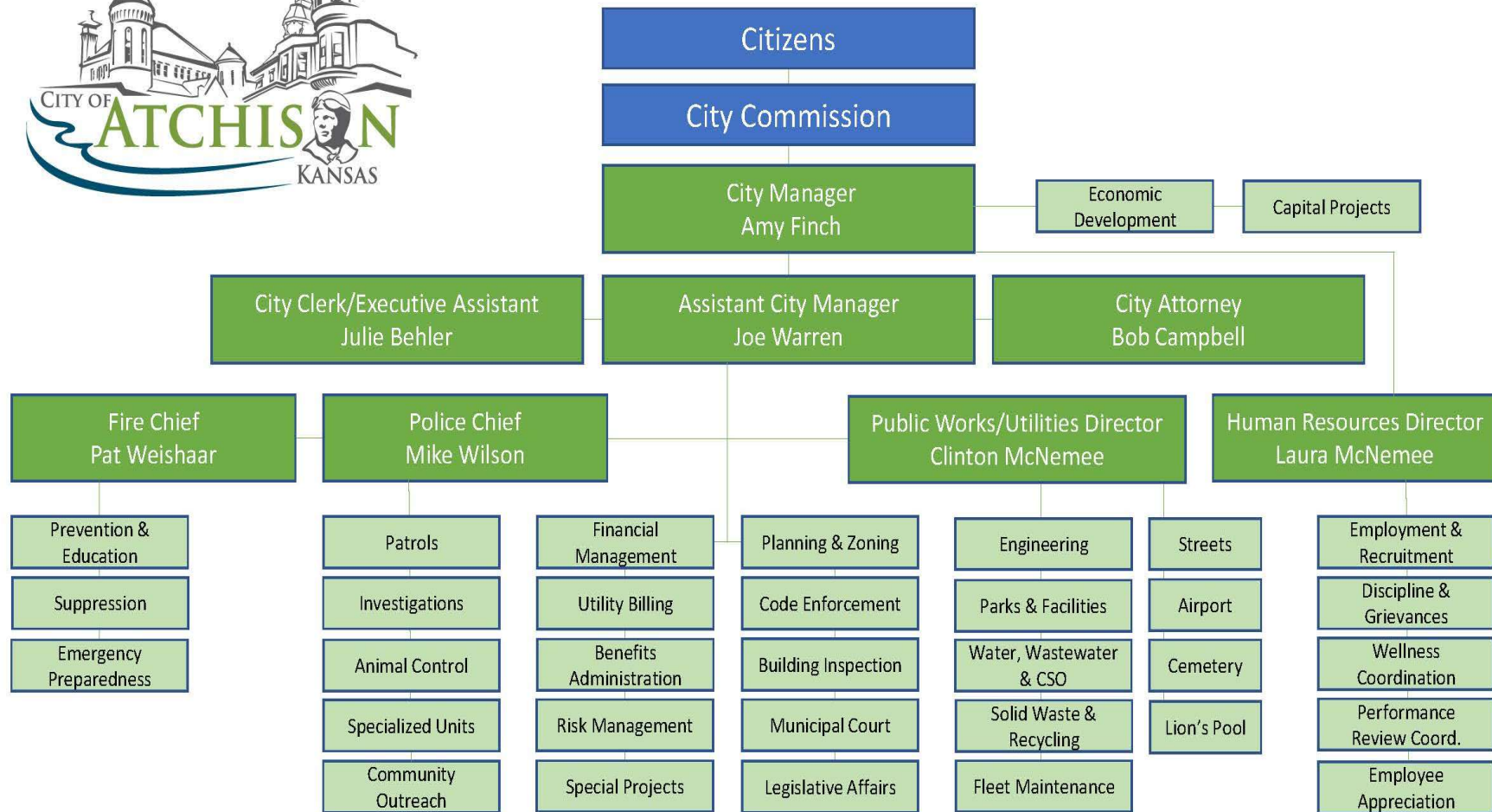
December 31, 2020

Christopher P. Morill

Executive Director/CEO



City of Atchison Organizational Chart



CITY OF ATCHISON, KANSAS

List of Elected and Appointed Officials

December 31, 2021

ELECTED OFFICIALS

Abby Bartlett
Mayor
Term Expires December 2023

Lisa Moody
Vice-Mayor
Term Expires December 2023

Jesse Greenly
Commissioner
Term Expires December 2025

Allen Reavis
Commissioner
Term Expires December 2025

Larry Wilcox
Commissioner
Term Expires December 2023

APPOINTED OFFICIALS

Amy Finch
City Manager

Joe Warren
Assistant City Manager

Michael A. Wilson
Chief/Director of Police Services

Pat Weishaar
Chief/Director of Fire Services

Clinton McNemee
Director of Public Works and Utilities

Laura McNemee
Director of Human Resources

Julie Behler
City Clerk

Robert Campbell
City Attorney

Pat Henderson
Municipal Judge

Financial Section

2021



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Commission
City of Atchison, Kansas

Report on the Audit of 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 Atchison, Kansas (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The statements and schedules listed under supplementary information in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is 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 auditors' report thereon. Our opinions to 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 a report dated June 16, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

BT & Co., P.A.

Topeka, Kansas
June 16, 2022

City of Atchison, Kansas
Management's Discussion and Analysis
Fiscal Year Ended December 31, 2021

This section of the report contains an overview and an analysis of the City of Atchison's financial statements for the fiscal year ended December 31, 2021. This document and the information contained in the transmittal letter are intended to provide the reader of the financial statements with a well-rounded picture of the City's financial condition.

Financial Highlights

- The City's total assets exceeded its total liabilities by \$51,847,500. Of this amount, \$6,924,793 of unrestricted net position may be used to meet the City's ongoing obligations.
- The net position of the City's governmental activities increased by \$3,423,485 (or 16.8%) while the net position of business activities increased by \$723,081 (or 2.6%).
- The City's deferred outflow of resources decreased by \$509,875 (or 21.8%) while the deferred inflow of resources increased by \$1,538,817 (or 36.5%).
- At the end of 2021, the total fund balance for the general fund was \$4,094,951 which is 49% of general fund expenditures.

Overview of the Financial Statements

The City's basic financial statements include the government-wide financial statements and the fund financial statements. The notes to the financial statements follow the basic financial statements and are essential for understanding them. The report also contains additional supplementary information to assist the reader.

Government-wide Financial Statements

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

The Statement of Net Position presents information for the assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position. Increases or decreases in net position may serve as a useful indicator over time of whether the financial position of the City of Atchison is improving or deteriorating.

The Statement of Activities shows the revenues and expenses related to specific programs, and how the government's net position changed during the fiscal year. This statement is presented on the accrual basis so that transactions are reflected as they occur, and not as cash is impacted.

Both statements distinguish functions of the City that are supported by taxes and intergovernmental revenues from functions that recover their costs through user fees and charges. The governmental activities include general government, public safety, public works, and parks and recreation. The business-type activities include the water and wastewater utilities and refuse operations. Business activities are operations that are intended to recover most, if not all, of their costs through user fees and charges.

The government-wide financial statements include a city library as a discretely presented component unit. See note 1 to the financial statements for a more complete description of the relationship between this entity and the City.

Fund Financial Statements

A fund is a fiscal entity with accounts for recording balances of resources, liabilities, equity, revenues, and expenditures. Funds are segregated for specific activities or objectives, in accordance with regulations, restrictions or limitations. City funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental fund financial statements are prepared on the modified accrual basis. Under this approach, revenues are recognized when measurable and available, and expenditures are recognized when the related fund liabilities are incurred except for capital outlays and long-term debt and other similar items that are recorded when due. Governmental funds are used to account for the same functions included in the government-wide financial statements, but the focus is on the short-term financial condition rather than the City as a whole. The reconciliation at the end of the fund financial statements explains the relationship between governmental fund financial statements and government-wide financial statements.

The City maintains one type of proprietary fund, enterprise funds. The City uses enterprise funds to account for its water and wastewater utilities and refuse operations. These funds are prepared on the accrual basis of accounting and present the same information included in the government-wide financial statements in greater detail.

Fiduciary funds are used by the City to account for resources held for the benefit of third parties. Because the resources of these funds are not available for the City's operations, they are not presented in the government-wide financial statements. The Fiduciary funds include the Amelia Earhart Festival, Santa Fe Depot Enhancement, and Veterans Memorial Park funds. A combining statement can be found in the supplementary information following the notes to the financial statements.

Notes to the Financial Statements

The notes are an integral part of the financial statements and provide essential information for a full understanding of the data provided in those statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the City's progress in funding its obligation to provide pension and post-employment benefits to its employees and the City's general fund budgeted and actual expenditures. The combining statements for the combined general fund and non-major funds are included after the required supplementary information. The Statistical section of the report includes historical financial information and other data about the City.

Analysis of the Government-wide Statements

Net Position

Net position may serve as a useful indicator of the City's financial condition. The City's government-wide net position increased by \$4,146,566 or 8.7% for the fiscal year ended December 31, 2021. The largest portion of the City's net position (83.9%) is in capital assets (land, buildings, infrastructure, vehicles and machinery and equipment); less any debt related to those assets still outstanding.

Combined Net Position of the City on December 31 was:

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Current and other assets | \$ 11,317,488 | \$ 10,496,013 | \$ 8,962,544 | \$ 8,209,290 | \$ 20,280,032 | \$ 18,705,303 |
| Capital assets | <u>32,485,428</u> | <u>30,486,686</u> | <u>33,027,004</u> | <u>34,010,585</u> | <u>65,512,432</u> | <u>64,497,271</u> |
| Total assets | <u>43,802,916</u> | <u>40,982,699</u> | <u>41,989,548</u> | <u>42,219,875</u> | <u>85,792,464</u> | <u>83,202,574</u> |
| Deferred outflows of resources | <u>1,554,641</u> | <u>1,980,178</u> | <u>273,607</u> | <u>357,945</u> | <u>1,828,248</u> | <u>2,338,123</u> |
| Long-term liabilities | 14,098,563 | 16,605,122 | 13,617,018 | 14,764,338 | 27,715,581 | 31,369,460 |
| Other liabilities | <u>1,968,145</u> | <u>1,806,117</u> | <u>331,818</u> | <u>445,335</u> | <u>2,299,963</u> | <u>2,251,452</u> |
| Total liabilities | <u>16,066,708</u> | <u>18,411,239</u> | <u>13,948,836</u> | <u>15,209,673</u> | <u>30,015,544</u> | <u>33,620,912</u> |
| Deferred inflows of resources | <u>5,478,408</u> | <u>4,162,682</u> | <u>279,260</u> | <u>56,169</u> | <u>5,757,668</u> | <u>4,218,851</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 23,250,701 | 20,448,417 | 20,224,827 | 20,375,480 | 43,475,528 | 40,823,897 |
| Restricted | 1,447,179 | 611,918 | - | - | 1,447,179 | 611,918 |
| Unrestricted | <u>(885,439)</u> | <u>(671,379)</u> | <u>7,810,232</u> | <u>6,936,498</u> | <u>6,924,793</u> | <u>6,265,119</u> |
| Total Net Position | <u>\$ 23,812,441</u> | <u>\$ 20,388,956</u> | <u>\$ 28,035,059</u> | <u>\$ 27,311,978</u> | <u>\$ 51,847,500</u> | <u>\$ 47,700,934</u> |

Governmental Activities

The City's governmental activities ended 2021 with positive net position. Cash balances increased by \$943,163 or 15.6%, compared to a 25.2% increase from 2019 to 2020. The cash balance increase is attributable in large part to the receipt of our first tranche of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). Capital assets increased by \$1,998,742, or 6.6%. Notable projects completed in 2021 include the mall streetscape on the 500 and 600 blocks of Commercial Street, a new skatepark, and curbs and gutters in a subdivision with forty-eight lots.

The deferred outflow of resources decreased by \$425,537 or 21.5% largely due to changes in the net difference between projected and actual earnings on pension plan investments as well as changes in assumptions and our proportionate share of the pension plan.

Total liabilities decreased \$2,344,531 or 12.7%. Short-term liabilities which include accounts payable, temporary notes payable and accrued interest payable increased by \$162,028 or 9.0% due to increased accounts payable. Long-term liabilities decreased by \$2,506,559 or 15.1%. The decrease in long-term liabilities is due to a reduction of the City's net pension liability.

The deferred inflow of resources increased by \$1,315,726 or 31.6% due to the net difference between projected and actual earnings on pension plan investments.

Business-type activities

The City's business-type activities ended 2021 with positive net position.

The total cash position increased by \$762,802, or 10.9%. Receipts from customers increased in 2021 by 1.3% and operating expenses increased by 3.5%. Rates for residential water customers were unchanged while commercial rates increased by 5% in 2021. Wastewater and combined sewer overflow charges were increased by 1% and 2.5% respectively in 2021.

Capital assets decreased by \$983,581 or 2.9%. After several years of large water system and combined sewer system improvements, the increase accumulated depreciation outstripped any new capital asset additions in 2021. The biggest water and sewer project for 2021 was the installation of water and sewer piping in a new 38-lot subdivision.

The deferred outflow of resources decreased by \$84,338 or 23.6% largely due to changes in the net difference between projected and actual earnings on pension plan investments as well as changes in assumptions and our proportionate share of the pension plan.

Total liabilities decreased by \$1,260,837 or 8.3%. The decrease in liabilities is due to the issuance of \$4,490,000 of bonded debt to refund the remaining state revolving loans in 2021 resulting in a net decrease in the liability. Additionally, there was a decrease in the City's net pension liability.

The deferred inflow of resources increased by \$223,091 or 397.2% due to the net difference between projected and actual earnings on pension plan investments.

Statement of Activities

Changes in net position of the City for the years ended December 31 were:

| <u>Changes in Net Position</u> | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|--|--------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,037,219 | \$ 627,270 | \$ 7,446,552 | \$ 7,351,188 | \$ 8,483,771 | \$ 7,978,458 |
| Operating grants and contributions | 1,586,811 | 847,596 | - | - | 1,586,811 | 847,596 |
| Capital grants and contributions | 2,247,925 | 1,289,438 | - | - | 2,247,925 | 1,289,438 |
| General revenues: | | | | | | |
| Property taxes | 4,192,137 | 4,022,258 | - | - | 4,192,137 | 4,022,258 |
| Other taxes | 3,725,717 | 3,679,122 | 1,315,053 | 1,380,591 | 5,040,770 | 5,059,713 |
| Unrestricted investment earnings | 169 | 20,780 | - | 15,580 | 169 | 36,360 |
| Other | 12,795 | 28,090 | 5,100 | 3,300 | 17,895 | 31,390 |
| Total revenues | <u>12,802,773</u> | <u>10,514,554</u> | <u>8,766,705</u> | <u>8,750,659</u> | <u>21,569,478</u> | <u>19,265,213</u> |
| Expenses: | | | | | | |
| General government | 3,673,249 | 3,362,531 | - | - | 3,673,249 | 3,362,531 |
| Public safety | 3,846,626 | 4,053,961 | - | - | 3,846,626 | 4,053,961 |
| Public works | 2,145,577 | 2,080,994 | - | - | 2,145,577 | 2,080,994 |
| Parks and recreation | 802,623 | 684,490 | - | - | 802,623 | 684,490 |
| Interest on long-term debt | 228,798 | 278,475 | - | - | 228,798 | 278,475 |
| Water | - | - | 3,380,518 | 3,448,341 | 3,380,518 | 3,448,341 |
| Wastewater | - | - | 2,349,352 | 2,157,463 | 2,349,352 | 2,157,463 |
| Refuse | - | - | 996,169 | 948,025 | 996,169 | 948,025 |
| Total expenses | <u>10,696,873</u> | <u>10,460,451</u> | <u>6,726,039</u> | <u>6,553,829</u> | <u>17,422,912</u> | <u>17,014,280</u> |
| Increase (decrease) in net position before transfers | 2,105,900 | 54,103 | 2,040,666 | 2,196,830 | 4,146,566 | 2,250,933 |
| Transfers | <u>1,317,585</u> | <u>1,109,428</u> | <u>(1,317,585)</u> | <u>(1,109,428)</u> | <u>-</u> | <u>-</u> |
| Change in net position | 3,423,485 | 1,163,531 | 723,081 | 1,087,402 | 4,146,566 | 2,250,933 |
| Net position, beginning | <u>20,388,956</u> | <u>19,225,425</u> | <u>27,311,978</u> | <u>26,224,576</u> | <u>47,700,934</u> | <u>45,450,001</u> |
| Net position, ending | <u>\$23,812,441</u> | <u>\$20,388,956</u> | <u>\$28,035,059</u> | <u>\$27,311,978</u> | <u>\$51,847,500</u> | <u>\$47,700,934</u> |

Governmental Activities

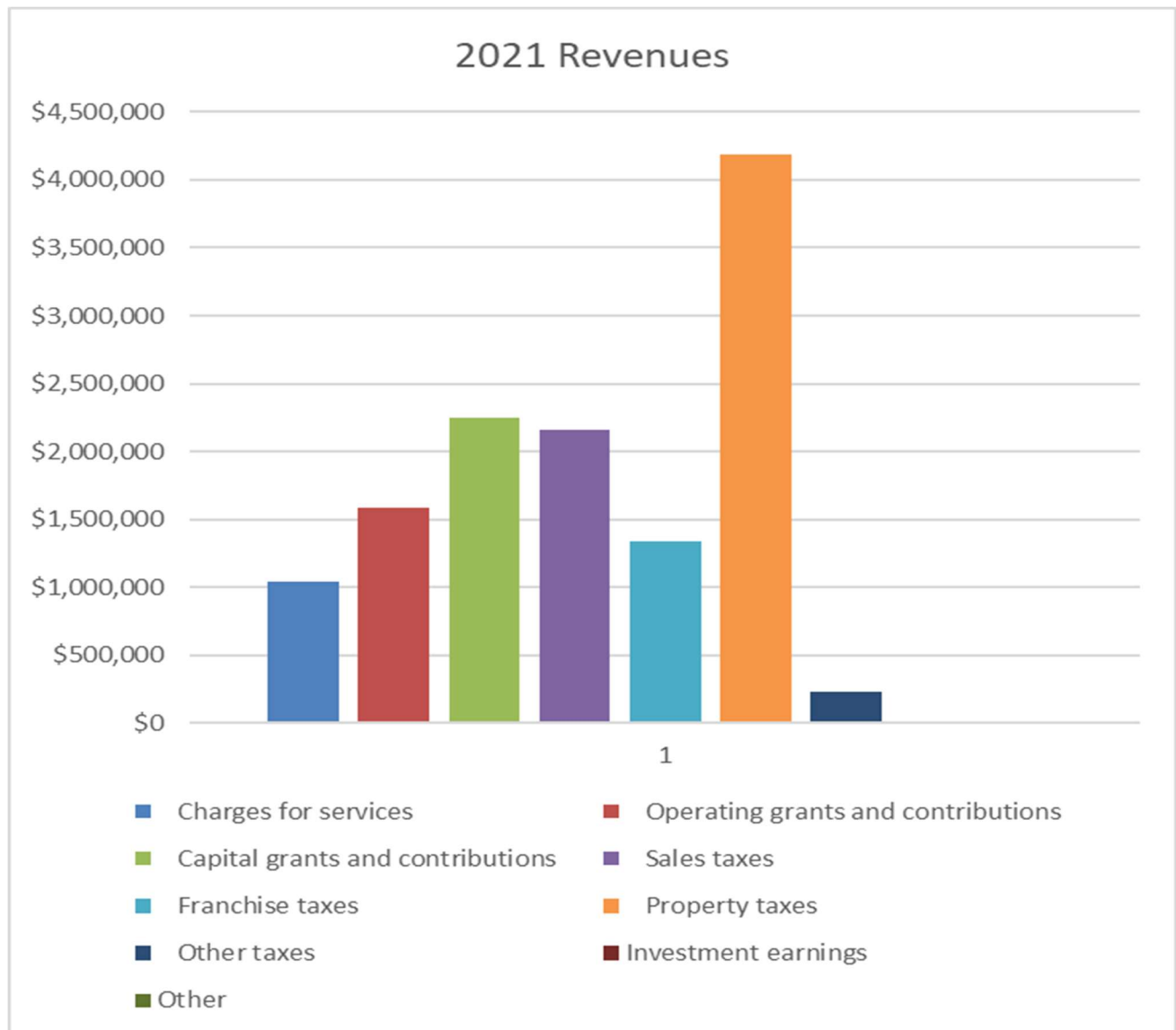
- Total revenues from governmental programs increased by \$2,288,219, or 21.8%. Charges for services, capital, and operating grants and contributions all increased significantly in 2021. The City received the first tranche of the SLFRF as well as two COVID related grants for airport operations and increased funding for the Emergency Solutions housing grants. The City also received capital grants for the Mall streetscape project in the 500 and 600 blocks of Commercial Street and for the 2020 purchase of land near the airport for the new runway. The increase in charges for services is related to the return of operations to a more normal status after the COVID-19 pandemic curtailed some operations during 2020. The municipal swimming pool operated in 2021 and other activities like park reservations returned to normal levels. Municipal court fines and fees increased as did revenues for nuisance abatements. Property tax collections increased by 4.2% based on increased

property valuations (see below for more detail) and strong delinquent tax collections. Sales tax collections were flat in 2021 after a 13.8% increase in 2020.

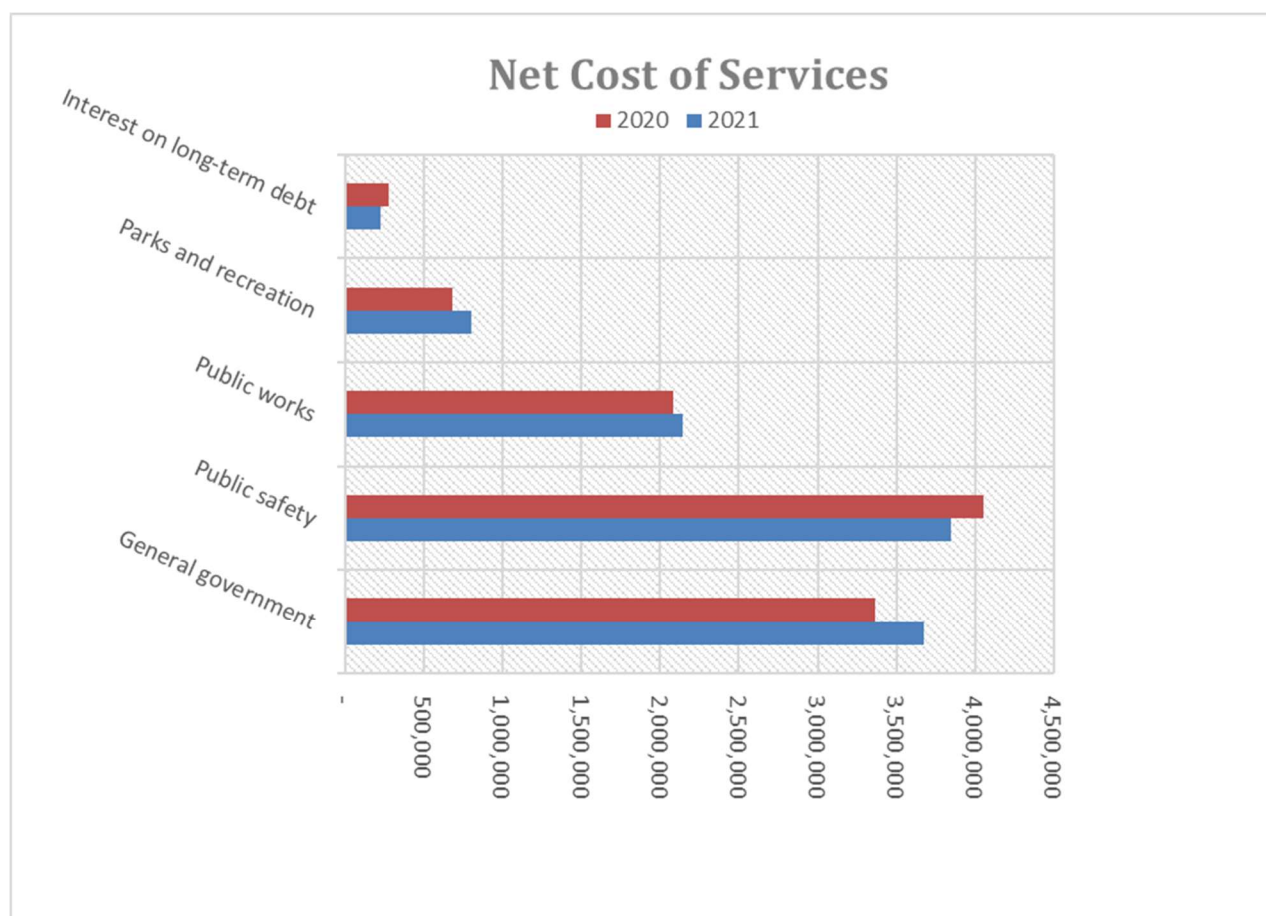
- Total expenses increased by \$236,422, or 2.3%. As noted above some operations were curtailed in 2020 and expenditures did increase in 2021 as operations returned to normal levels.
- The tables below compare the mill levies and the related assessed values for the 2020 and 2021 budget. Per the County Appraiser, total assessed values increased by 1.9%. The real estate valuation increased 1.3% while the personal property valuation increased by 7.8%. The Utilities valuation increased 4.2%. Finally, the value of property in the Neighborhood Revitalization program decreased in 2021. The owners of the property enjoy tax rebates for up to 10 years after construction or improvements to the property, but the improved value of the property is added back to the tax rolls based on the program's graduated rebate schedule. The net impact of the changes is a net increase in valuation of 2.5%. As noted in the table below, the mill levy decreased by just 0.013 mills.

| Mill Levy Rates | | | Assessed Valuation | | | | |
|-----------------|--|--|-----------------------------|--|--|---|----------|
| | 2020 Levy to Support 2021 Budget | 2019 Levy to Support 2020 Budget | | 2020 Valuation to Support 2021 Budget | 2019 Valuation to Support 2020 Budget | Increase/ (Decrease) Over Prior Year | % Change |
| General | 41.041 | 41.052 | Real Estate | \$ 65,415,683 | \$ 64,551,036 | \$ 864,647 | 1.34% |
| Debt Service | 9.996 | 9.998 | Personal Property | 3,189,951 | 2,958,473 | 231,478 | 7.82% |
| Library | 7.000 | 7.000 | Utilities | 9,337,633 | 8,962,929 | 374,704 | 4.18% |
| Total Levy | 58.037 | 58.050 | Neighborhood Revitalization | (4,514,879) | (4,840,704) | 325,825 | -6.73% |
| | | | | \$ 73,428,388 | \$ 71,631,734 | \$ 1,796,654 | 2.51% |

The following graph illustrates the composition of 2021 primary government revenues.



The following graph compares the net cost of services for governmental activities in 2021 and 2020:



The total cost of services in 2021 was \$10,696,873; however, \$4,871,955 was funded by users directly benefiting from the services, or by other organizations through operating and capital grants and contributions. The City's taxpayers, primarily through property taxes, franchise fees and sales taxes, paid the remaining \$5,824,918 of these services.

Business-type Activities

- Total revenues for business activities increased by \$16,046 or 0.2%. Revenue from charges for services increased 1.3%. The City did implement rate increases in 2021: water 5% for commercial users, wastewater 1% and CSO fees by 2.5%. Sales tax collections used to fund the solid waste department decreased by \$65,538 or 4.7%.
- Expenses for business-type activities increased by \$172,210 (2.6%). Personnel costs decreased slightly as the City struggled to fill all open positions. Increased spending for contractual services, specifically repair and maintenance accounts for the bulk of the expense increase after concerted efforts made in 2020 to reduce spending because of COVID-19 related uncertainty.

Analysis of the Fund Financial Statements

The City uses fund accounting to enhance and demonstrate fiscal responsibility and compliance with finance related legal requirements.

| | <u>Total Fund Balance at December 31</u> | | <u>Unrestricted Fund Balance at December 31</u> | |
|------------------|--|----------------------|---|----------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| General | \$ 4,094,951 | \$ 3,546,226 | \$ 4,094,951 | \$ 3,546,226 |
| Capital Projects | 1,374,590 | 967,453 | 1,289,407 | 885,338 |
| Debt Service | 390,745 | 434,343 | - | - |
| Water | 14,570,733 | 14,484,107 | 2,502,626 | 2,175,913 |
| Wastewater | 12,325,038 | 11,955,609 | 4,160,453 | 3,880,572 |
| Refuse | 1,139,288 | 872,262 | 1,147,153 | 880,013 |
| Total | <u>\$ 33,895,345</u> | <u>\$ 32,260,000</u> | <u>\$ 13,194,590</u> | <u>\$ 11,368,062</u> |

Financial Analysis of the Government's Funds

The focus of the City's governmental funds is to provide information about current inflows, outflows, and balances of spendable resources. The unrestricted fund balance is a helpful measure of the City's resources available for expenditure at the end of the year. Overall, the City's major funds experienced a 5.0% increase in total fund balance because of 2021 operations.

The general fund is the main operating fund of the City. As of December 31, 2021, the unassigned balance for the general fund was \$3,753,473. To assess the liquidity of a fund it may be useful to compare the fund balance (total and unassigned) to the fund's total expenditures. For 2021, the unassigned fund balance is 44.9% of fund expenditures and the total fund balance is 48.9% of expenditures. The General Fund balance increased by 15.5% from 2020. General fund revenues increased by 2.8% and expenditures were virtually unchanged from 2020. Other financing sources decreased by \$267,945 (23.3%).

There was an increase in the capital projects fund balance of 42.1%. The capital projects fund does not lend itself to year over year comparison because project spending tends to vary depending upon the priorities of the City Commission and the resources available.

The Water Fund remained virtually unchanged at \$14,570,733. The operating revenues and expenses remained steady with revenues decreasing by less than one percent, and operating expenses increasing by 1.5%. Most of the increase in the fund balance is attributable to the decrease in debt interest costs as general obligation bonds were issued to refund state loans at significant savings.

The Wastewater Fund balance increased 3.1% to \$12,325,038. Revenues increased by 4.1% while operating expenses, less depreciation, increased by 3.6%. The fund had an operating income of \$629,366 at year end. Capital contributions to the fund increased \$430,247.

The Refuse Fund balance increased 30.6% to \$1,139,288. While the sales tax revenues used for this fund decreased by 4.7% in 2021 that was still more than sufficient to fund operations. Operating expenses increased by 5.2%.

General Fund Budgetary Highlights

The following revenue and expenditure categories experienced significant differences between budgeted versus actual expenditures. Overall, the General Fund ended the year with a positive budget variance.

- Sales taxes and Transient Guest Taxes: sales taxes exceeded budget expectations in 2021 coming in 26% higher than budgeted. Sales tax collections were flat compared to the all-time high 2020 collections. Transient Guest Tax collections also exceeded expectations.
- Licenses and permits: building permits were higher than expected with three large projects permitted.
- Fines and fees: municipal court operations returned to more normal levels after a COVID-19 impacted 2020.
- Expenditures: Several departments experienced significant variances against budget. Most of the variances are positive as the City took measures to conserve cash during the pandemic:
 - Finance: personnel costs were less than budget because of mid-year personnel changes resulted in one employee being partially expensed to the community development department.
 - Municipal Court: personnel costs were lower than budget as the court clerk position moved to the police department.
 - Community Development: the budget included a vacant position that was not filled until mid-year but included a partial employee (split with finance, see above). This department had savings in contractual services i.e., neighborhood assistance, nuisance abatement and professional services.
 - Atchison Event Center: At the end of 2020, the operations of the Event Center were turned over to a local non-profit resulting in budget savings to the City for all personnel costs and significant contractual services costs.
 - Fire: Personnel costs at the Fire department were under budget due to health insurance, workers compensation insurance and overtime costs being lower than were budgeted for.
 - Police: Overtime, health insurance and workers compensation insurance costs were lower than budget in this department. Lower fuel prices created a positive budget variance in materials and supplies.
 - Facilities: personnel costs for a full-time janitor were budgeted in this department but expensed in the public works administration department.
 - Public Works Administration: this department had savings in the materials and supplies section because staffing shortages made executing all planned work difficult.
 - Parks: Personnel services are under budget because of savings in health insurance costs and difficulty in keeping positions filled. Lower fuel and utilities costs had a positive impact on the budget.
 - Municipal Pool: As noted above the pool did re-open in 2021 but staffing shortages led to reduced hours of operation leading to personnel, and materials and supplies savings when compared to budget.

Capital Assets and Debt Administration

Capital Assets

The City's total investment in capital assets as of December 31, 2021, was \$65,512,432 (net of accumulated depreciation). This is a 1.6% increase from 2020. A breakdown of assets by category is presented below.

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|--------------------------|--------------------------------|----------------------|---------------------------------|---------------------|----------------------|----------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Land | \$ 3,123,254 | \$ 3,123,254 | \$ 101,537 | \$ 101,537 | \$ 3,224,791 | \$ 3,224,791 |
| Construction in Progress | 1,140,930 | 342,293 | 153,222 | 219,662 | 1,294,152 | 561,955 |
| Buildings and systems | 5,811,252 | 6,090,529 | 30,884,374 | 31,460,555 | 36,695,626 | 37,551,084 |
| Improvements | 5,612,939 | 5,033,760 | - | - | 5,612,939 | 5,033,760 |
| Machinery and equipment | 1,253,530 | 1,352,862 | 1,887,871 | 2,228,831 | 3,141,401 | 3,581,693 |
| Infrastructure | 15,543,523 | 14,543,988 | - | - | 15,543,523 | 14,543,988 |
| | <u>\$ 32,485,428</u> | <u>\$ 30,486,686</u> | <u>\$ 33,027,004</u> | <u>\$34,010,585</u> | <u>\$ 65,512,432</u> | <u>\$ 64,497,271</u> |

Construction in progress increased significantly with the start of several projects including the Main Street corridor and the installation of a secondary raw water intake at the water treatment plant. Notable projects completed in 2021 include the skatepark at Reisner Park, the Mall streetscape in the 500 and 600 blocks of Commercial Street, and water and sewer infrastructure for a subdivision with forty-eight lots.

Additional information regarding the City's capital assets can be found in Notes 1 and 5 in the notes to basic financial statements.

Debt Administration

Long-term debt – The outstanding general obligation bonds for governmental activities on December 31, 2021, totaled \$7,190,064 and the outstanding bonds supported by revenues of business activities totaled \$12,744,950. In 2021, Moody's Investor Services gave the City an "A1" credit rating, positively impacting rates for future bond issuances.

The ratio of general obligation bonded debt to assessed valuation and the amount of bonded debt per capita provide useful indicators of the City's debt position to citizens, elected officials, City management and investors. This data for the City at the end of 2021 is presented below.

| | <u>Net General Obligation Debt</u> | <u>Ratio of Debt To Assessed Value</u> | <u>Debt Per Capita</u> |
|-------------|--|--|--------------------------------|
| 2021 | \$7,190,064 | 9.79% | \$681 |

State statutes limit net general obligation debt to 30 percent of assessed value. On December 31, 2021, taxable assessed valuation was \$73,428,388 and net bonded debt was \$6,820,608. The City's debt margin totaled \$15,207,908.

Additional information regarding the City's debt can be found in Note 10 in the notes to basic financial statements.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. In compliance with the Kansas Open Records Act, questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk, 515 Kansas Avenue, Atchison, Kansas 66002.

Basic Financial Statements

2021

CITY OF ATCHISON, KANSAS
STATEMENT OF NET POSITION
December 31, 2021

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|----------------------|-------------------|
| | Governmental Activities | Business-type Activities | Total | Public Library |
| Assets: | | | | |
| Cash and cash equivalents | \$ 6,890,219 | \$ 7,753,204 | \$ 14,643,423 | \$ 373,278 |
| Restricted cash and investments | 85,183 | - | 85,183 | - |
| Receivables, net of allowance for uncollectibles: | | | | |
| Taxes | 4,145,979 | 228,881 | 4,374,860 | 530,672 |
| Intergovernmental | 5,591 | 5,307 | 10,898 | - |
| Accounts | 118,332 | 975,152 | 1,093,484 | - |
| Loans | 72,184 | - | 72,184 | - |
| Capital assets, net of accumulated depreciation: | | | | |
| Land | 3,123,254 | 101,537 | 3,224,791 | 8,995 |
| Construction in progress | 1,140,930 | 153,222 | 1,294,152 | - |
| Books | - | - | - | 33,119 |
| Buildings and systems | 5,811,252 | 30,884,374 | 36,695,626 | 727,666 |
| Improvements | 5,612,939 | - | 5,612,939 | - |
| Machinery and equipment | 1,253,530 | 1,887,871 | 3,141,401 | 46,446 |
| Infrastructure | 15,543,523 | - | 15,543,523 | - |
| Total assets | <u>43,802,916</u> | <u>41,989,548</u> | <u>85,792,464</u> | <u>1,720,176</u> |
| Deferred outflows of resources: | | | | |
| Deferred outflows - OPEB | 185,366 | - | 185,366 | - |
| Deferred outflows - pension | 1,369,275 | 273,607 | 1,642,882 | 51,159 |
| Total deferred outflows of resources | <u>1,554,641</u> | <u>273,607</u> | <u>1,828,248</u> | <u>51,159</u> |
| Liabilities: | | | | |
| Accounts payable | 598,150 | 225,986 | 824,136 | 15 |
| Accrued liabilities | 94,061 | 23,646 | 117,707 | 2,656 |
| Temporary notes payable | 1,200,000 | - | 1,200,000 | - |
| Accrued interest payable | 75,934 | 82,186 | 158,120 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | 1,090,576 | 963,395 | 2,053,971 | 10,824 |
| Due in more than one year | 13,007,987 | 12,653,623 | 25,661,610 | 158,124 |
| Total liabilities | <u>16,066,708</u> | <u>13,948,836</u> | <u>30,015,544</u> | <u>171,619</u> |
| Deferred inflows of resources: | | | | |
| Deferred inflows - property taxes | 3,657,067 | - | 3,657,067 | 530,672 |
| Deferred inflows - OPEB | 335,440 | - | 335,440 | - |
| Deferred inflows - pension | 1,485,901 | 279,260 | 1,765,161 | 72,369 |
| Total deferred inflows of resources | <u>5,478,408</u> | <u>279,260</u> | <u>5,757,668</u> | <u>603,041</u> |
| Net position: | | | | |
| Net investment in capital assets | 23,250,701 | 20,224,827 | 43,475,528 | 816,226 |
| Restricted for: | | | | |
| Substance abuse prevention and emergency shelter | 833,261 | - | 833,261 | - |
| Capital projects and maintenance | 127,688 | - | 127,688 | - |
| Debt service | 369,456 | - | 369,456 | - |
| Library projects | - | - | - | 31,567 |
| Public safety | 24,691 | - | 24,691 | - |
| Parks and recreation facilities | 56,477 | - | 56,477 | - |
| Acquisition and re-development of property | 35,606 | - | 35,606 | - |
| Unrestricted | (885,439) | 7,810,232 | 6,924,793 | 148,882 |
| Total net position | <u>\$ 23,812,441</u> | <u>\$ 28,035,059</u> | <u>\$ 51,847,500</u> | <u>\$ 996,675</u> |

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|--------------------------------------|----------------------|-------------------------|--|--|---|-----------------------------|----------------------|---------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Component |
| | | | | | Governmental Activities | Business-type Activities | Total | Unit Public Library |
| Primary government: | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 3,673,249 | \$ 666,829 | \$ 1,217,570 | \$ - | (1,788,850) | \$ - | \$ (1,788,850) | \$ - |
| Public safety | 3,846,626 | 97,398 | 32,514 | 11,273 | (3,705,441) | - | (3,705,441) | - |
| Public works | 2,145,577 | 272,992 | 303,362 | 2,236,652 | 667,429 | - | 667,429 | - |
| Parks and recreation | 802,623 | - | 33,365 | - | (769,258) | - | (769,258) | - |
| Interest on long-term debt | 228,798 | - | - | - | (228,798) | - | (228,798) | - |
| Total governmental activities | <u>10,696,873</u> | <u>1,037,219</u> | <u>1,586,811</u> | <u>2,247,925</u> | <u>(5,824,918)</u> | <u>-</u> | <u>(5,824,918)</u> | <u>-</u> |
| Business-type activities: | | | | | | | | |
| Water | 3,380,518 | 4,602,319 | - | - | - | 1,221,801 | 1,221,801 | - |
| Wastewater | 2,349,352 | 2,827,590 | - | - | - | 478,238 | 478,238 | - |
| Refuse | 996,169 | 16,643 | - | - | - | (979,526) | (979,526) | - |
| Total business-type activities | <u>6,726,039</u> | <u>7,446,552</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>720,513</u> | <u>720,513</u> | <u>-</u> |
| Total primary government | <u>\$ 17,422,912</u> | <u>\$ 8,483,771</u> | <u>\$ 1,586,811</u> | <u>\$ 2,247,925</u> | <u>(5,824,918)</u> | <u>720,513</u> | <u>(5,104,405)</u> | <u>-</u> |
| Component unit: | | | | | | | | |
| Public Library | <u>\$ 658,407</u> | <u>\$ 5,300</u> | <u>\$ 41,663</u> | <u>\$ -</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(611,444)</u> |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 4,192,137 | - | 4,192,137 | 623,007 |
| Sales taxes | | | | | 2,156,694 | 1,315,053 | 3,471,747 | - |
| Franchise taxes | | | | | 1,338,530 | - | 1,338,530 | - |
| Guest taxes | | | | | 201,113 | - | 201,113 | - |
| Payment in lieu of taxes | | | | | 29,380 | - | 29,380 | - |
| Unrestricted investment earnings | | | | | 169 | - | 169 | 545 |
| Gain on sale of capital assets | | | | | 12,795 | 5,100 | 17,895 | - |
| Transfers | | | | | 1,317,585 | (1,317,585) | - | - |
| Total general revenues and transfers | | | | | <u>9,248,403</u> | <u>2,568</u> | <u>9,250,971</u> | <u>623,552</u> |
| Change in net position | | | | | 3,423,485 | 723,081 | 4,146,566 | 12,108 |
| Net position, beginning of year | | | | | 20,388,956 | 27,311,978 | 47,700,934 | 984,567 |
| Net position, end of year | | | | | <u>\$ 23,812,441</u> | <u>\$ 28,035,059</u> | <u>\$ 51,847,500</u> | <u>\$ 996,675</u> |

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

| | General* | Capital Projects | Debt Service | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|---------------------|--------------------------------|--------------------------------|
| Assets: | | | | | |
| Cash and cash equivalents | \$ 3,919,428 | \$ 1,482,800 | \$ 374,079 | \$ 1,113,912 | \$ 6,890,219 |
| Restricted cash and investments | - | 85,183 | - | - | 85,183 |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Taxes | 3,465,252 | - | 680,727 | - | 4,145,979 |
| Intergovernmental | - | - | - | 5,591 | 5,591 |
| Other | - | - | 16,666 | - | 16,666 |
| Accounts | 101,666 | - | - | - | 101,666 |
| Loans | 72,184 | - | - | - | 72,184 |
| Total assets | <u>\$ 7,558,530</u> | <u>\$ 1,567,983</u> | <u>\$ 1,071,472</u> | <u>\$ 1,119,503</u> | <u>\$ 11,317,488</u> |
| Liabilities, deferred inflows of resources, and fund balances: | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 393,178 | \$ 193,393 | \$ - | \$ 11,579 | \$ 598,150 |
| Accrued payroll | 94,061 | - | - | - | 94,061 |
| Total liabilities | <u>487,239</u> | <u>193,393</u> | <u>-</u> | <u>11,579</u> | <u>692,211</u> |
| Deferred inflows of resources: | | | | | |
| Deferred inflows - property taxes | <u>2,976,340</u> | <u>-</u> | <u>680,727</u> | <u>-</u> | <u>3,657,067</u> |
| Fund balances: | | | | | |
| Restricted: | | | | | |
| Substance abuse prevention and emergency shelter | - | - | - | 833,261 | 833,261 |
| Capital projects and maintenance | - | - | - | 127,688 | 127,688 |
| Public safety | - | - | - | 24,691 | 24,691 |
| Parks and recreation facilities | - | - | - | 56,477 | 56,477 |
| Debt service | - | 85,183 | 390,745 | - | 475,928 |
| Acquisition and re-development of property | - | - | - | 35,606 | 35,606 |
| Assigned: | | | | | |
| Purchases on order - finance | 34,508 | - | - | - | 34,508 |
| Subsequent year's budget - appropriation of fund balance | 306,970 | 1,289,407 | - | 30,201 | 1,626,578 |
| Unassigned | <u>3,753,473</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,753,473</u> |
| Total fund balances | <u>4,094,951</u> | <u>1,374,590</u> | <u>390,745</u> | <u>1,107,924</u> | <u>6,968,210</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 7,558,530</u> | <u>\$ 1,567,983</u> | <u>\$ 1,071,472</u> | <u>\$ 1,119,503</u> | <u>\$ 11,317,488</u> |

* See the General Fund Combining Balance Sheet on page 90.

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2021

| | |
|--|-----------------------------|
| Total fund balance in governmental funds balance sheet | \$ 6,968,210 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 32,485,428 |
| Deferred outflows represent a consumption of net position that applies to a future period and so will not be recognized as an expenditure of resources until then. | 1,554,641 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | (15,374,497) |
| Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then. | <u>(1,821,341)</u> |
| Net position of governmental activities | <u><u>\$ 23,812,441</u></u> |

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2021

| | General* | Capital Projects | Debt Service | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|-------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes: | | | | | |
| Property | \$ 3,370,878 | \$ - | \$ 821,259 | \$ - | \$ 4,192,137 |
| Sales | 2,145,217 | 11,477 | - | - | 2,156,694 |
| Franchise | 1,338,530 | - | - | - | 1,338,530 |
| Transient guest | 193,500 | 7,613 | - | - | 201,113 |
| Payments in lieu of taxes | 29,380 | - | - | - | 29,380 |
| Intergovernmental | 149,495 | 1,911,632 | - | 1,502,210 | 3,563,337 |
| Licenses and permits | 152,284 | - | - | - | 152,284 |
| Charges for services | 404,301 | - | - | - | 404,301 |
| Fines and fees | 205,987 | - | - | - | 205,987 |
| Interest on investments | 20 | 149 | - | - | 169 |
| Operating grants | 26,402 | - | - | - | 26,402 |
| Other | 17,439 | 347,386 | 16,667 | 137,092 | 518,584 |
| Total revenues | <u>8,033,433</u> | <u>2,278,257</u> | <u>837,926</u> | <u>1,639,302</u> | <u>12,788,918</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 2,320,077 | 720 | - | 625,005 | 2,945,802 |
| Public works | 1,359,641 | 47,735 | - | - | 1,407,376 |
| Public safety | 3,522,476 | - | - | 3,941 | 3,526,417 |
| Parks and recreation | 708,839 | - | - | 7,464 | 716,303 |
| Debt service: | | | | | |
| Principal | 107,232 | 52,800 | 680,000 | - | 840,032 |
| Interest and fiscal charges | 39,026 | 31,080 | 201,524 | - | 271,630 |
| Bond issuance costs | - | 76,183 | 57,829 | - | 134,012 |
| Capital outlay | 308,874 | 4,264,372 | - | - | 4,573,246 |
| Total expenditures | <u>8,366,165</u> | <u>4,472,890</u> | <u>939,353</u> | <u>636,410</u> | <u>14,414,818</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(332,732)</u> | <u>(2,194,633)</u> | <u>(101,427)</u> | <u>1,002,892</u> | <u>(1,625,900)</u> |
| Other financing sources (uses): | | | | | |
| Sale of capital assets | 13,855 | - | - | - | 13,855 |
| Issuance of temporary note | - | 1,200,000 | - | - | 1,200,000 |
| Issuance of general obligation refunding bonds | - | - | 2,870,000 | - | 2,870,000 |
| Premium on refunding bonds issued | - | - | 107,829 | - | 107,829 |
| Payment to refunded bond escrow agent | - | - | (2,920,000) | - | (2,920,000) |
| Transfers in | 921,995 | 1,401,770 | - | - | 2,323,765 |
| Transfers out | (54,393) | - | - | (118,062) | (172,455) |
| Total other financing sources | <u>881,457</u> | <u>2,601,770</u> | <u>57,829</u> | <u>(118,062)</u> | <u>3,422,994</u> |
| Net change in fund balances | 548,725 | 407,137 | (43,598) | 884,830 | 1,797,094 |
| Fund balances, beginning of year | 3,546,226 | 967,453 | 434,343 | 223,094 | 5,171,116 |
| Fund balances, end of year | <u>\$ 4,094,951</u> | <u>\$ 1,374,590</u> | <u>\$ 390,745</u> | <u>\$ 1,107,924</u> | <u>\$ 6,968,210</u> |

*See the General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balances on page 91.

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

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

| | |
|---|----------------------------|
| Net change in fund balances - total governmental funds | \$ 1,797,094 |
| 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. | 1,998,742 |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | (396,458) |
| 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. | <u>24,107</u> |
| Change in net position of governmental activities | <u><u>\$ 3,423,485</u></u> |

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021

| | Major Funds | | Nonmajor Fund | |
|--|----------------------|----------------------|---------------------|----------------------|
| | Water | Wastewater | Refuse | Total |
| Assets: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 2,507,777 | \$ 4,177,981 | \$ 1,067,446 | \$ 7,753,204 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Accounts | 622,437 | 349,685 | 3,030 | 975,152 |
| Sales tax | - | - | 228,881 | 228,881 |
| Intergovernmental | 5,307 | - | - | 5,307 |
| Total current assets | <u>3,135,521</u> | <u>4,527,666</u> | <u>1,299,357</u> | <u>8,962,544</u> |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Land | 84,396 | 17,141 | - | 101,537 |
| Buildings and systems | 35,110,533 | 23,752,748 | - | 58,863,281 |
| Machinery and equipment | 3,041,666 | 2,240,649 | 675,040 | 5,957,355 |
| Construction in progress | 33,864 | 119,358 | - | 153,222 |
| Less accumulated depreciation | (17,289,200) | (14,133,513) | (625,678) | (32,048,391) |
| Total noncurrent assets | <u>20,981,259</u> | <u>11,996,383</u> | <u>49,362</u> | <u>33,027,004</u> |
| Total assets | <u>24,116,780</u> | <u>16,524,049</u> | <u>1,348,719</u> | <u>41,989,548</u> |
| Deferred outflows of resources: | | | | |
| Deferred outflows - pension | <u>136,345</u> | <u>90,545</u> | <u>46,717</u> | <u>273,607</u> |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Accounts payable | 111,752 | 101,100 | 13,134 | 225,986 |
| Accrued payroll | 14,302 | 6,203 | 3,141 | 23,646 |
| Accrued interest payable | 56,562 | 25,624 | - | 82,186 |
| Accrued compensated absences - current | 44,602 | 6,758 | 11,921 | 63,281 |
| Bonds payable - current | 636,919 | 235,278 | - | 872,197 |
| Leases payable - current | - | - | 27,917 | 27,917 |
| Total current liabilities | <u>864,137</u> | <u>374,963</u> | <u>56,113</u> | <u>1,295,213</u> |
| Noncurrent liabilities: | | | | |
| Accrued compensated absences | 36,983 | 2,120 | 12,358 | 51,461 |
| Net pension liability | 357,077 | 229,951 | 113,071 | 700,099 |
| Bonds payable | 8,276,233 | 3,596,520 | - | 11,872,753 |
| Leases payable | - | - | 29,310 | 29,310 |
| Total noncurrent liabilities | <u>8,670,293</u> | <u>3,828,591</u> | <u>154,739</u> | <u>12,653,623</u> |
| Total liabilities | <u>9,534,430</u> | <u>4,203,554</u> | <u>210,852</u> | <u>13,948,836</u> |
| Deferred inflows of resources: | | | | |
| Deferred inflows - pension | <u>147,962</u> | <u>86,002</u> | <u>45,296</u> | <u>279,260</u> |
| Net position: | | | | |
| Net investment in capital assets | 12,068,107 | 8,164,585 | (7,865) | 20,224,827 |
| Unrestricted | 2,502,626 | 4,160,453 | 1,147,153 | 7,810,232 |
| Total net position | <u>\$ 14,570,733</u> | <u>\$ 12,325,038</u> | <u>\$ 1,139,288</u> | <u>\$ 28,035,059</u> |

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2021

| | Major Funds | | Nonmajor Fund | |
|---|---------------|---------------|---------------|---------------|
| | Water | Wastewater | Refuse | Total |
| Operating revenues: | | | | |
| Charges for sales and services | \$ 4,602,319 | \$ 2,783,258 | \$ 16,643 | \$ 7,402,220 |
| Miscellaneous | - | 44,332 | - | 44,332 |
| Total operating revenues | 4,602,319 | 2,827,590 | 16,643 | 7,446,552 |
| Operating expenses: | | | | |
| Personnel services | 773,325 | 649,414 | 264,418 | 1,687,157 |
| Contractual services | 331,245 | 372,515 | 624,307 | 1,328,067 |
| Supplies | 502,021 | 66,582 | 68,714 | 637,317 |
| Utilities | 325,682 | 268,879 | 8,723 | 603,284 |
| Depreciation | 1,279,257 | 840,834 | 26,925 | 2,147,016 |
| Total operating expenses | 3,211,530 | 2,198,224 | 993,087 | 6,402,841 |
| Operating income (loss) | 1,390,789 | 629,366 | (976,444) | 1,043,711 |
| Nonoperating revenues (expenses): | | | | |
| Sales tax revenue | - | - | 1,315,053 | 1,315,053 |
| Sale of general capital assets | - | 5,100 | - | 5,100 |
| Interest expense | (153,818) | (87,657) | (3,082) | (244,557) |
| Debt issuance costs | (15,170) | (63,471) | - | (78,641) |
| Total nonoperating revenues (expenses) | (168,988) | (146,028) | 1,311,971 | 996,955 |
| Income before transfers and capital contributions | 1,221,801 | 483,338 | 335,527 | 2,040,666 |
| Capital contributions | 403,478 | 430,247 | - | 833,725 |
| Transfers in | 5,974 | 3,701 | 31,392 | 41,067 |
| Transfers out | (1,544,627) | (547,857) | (99,893) | (2,192,377) |
| Change in net position | 86,626 | 369,429 | 267,026 | 723,081 |
| Net position, beginning of year | 14,484,107 | 11,955,609 | 872,262 | 27,311,978 |
| Net position, end of year | \$ 14,570,733 | \$ 12,325,038 | \$ 1,139,288 | \$ 28,035,059 |

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2021

| | Major Funds | | Nonmajor Fund | |
|--|--------------|--------------|---------------|--------------|
| | Water | Wastewater | Refuse | Total |
| Cash flows from operating activities: | | | | |
| Receipts from customers | \$ 4,619,963 | \$ 2,856,020 | \$ 16,647 | \$ 7,492,630 |
| Payments to suppliers | (1,265,087) | (710,095) | (711,563) | (2,686,745) |
| Payments to employees | (757,264) | (667,620) | (265,126) | (1,690,010) |
| Net change in cash from operating activities | 2,597,612 | 1,478,305 | (960,042) | 3,115,875 |
| Cash flows from noncapital financing activities: | | | | |
| Proceeds from sales tax revenue | - | - | 1,278,523 | 1,278,523 |
| Transfers in from other funds | 5,974 | 3,701 | 31,392 | 41,067 |
| Transfers to other funds | (1,544,627) | (547,857) | (99,893) | (2,192,377) |
| Net change in cash from noncapital financing activities | (1,538,653) | (544,156) | 1,210,022 | (872,787) |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition and construction of capital assets | - | (329,709) | - | (329,709) |
| Proceeds from sale of capital assets | - | 5,100 | - | 5,100 |
| Proceeds from general obligation bond issuance | 819,112 | 3,836,937 | - | 4,656,049 |
| Principal paid on capital debt | (848,843) | (4,002,224) | - | (4,851,067) |
| Principal paid on capital leases | - | - | (26,811) | (26,811) |
| Interest paid on capital debt | (149,929) | (97,196) | (3,082) | (250,207) |
| Principal paid on general obligation bonds | (605,000) | - | - | (605,000) |
| Payment of debt issuance costs | (15,170) | (63,471) | - | (78,641) |
| Net change in cash from capital and related financing activities | (799,830) | (650,563) | (29,893) | (1,480,286) |
| Net change in cash and cash equivalents | 259,129 | 283,586 | 220,087 | 762,802 |
| Cash and cash equivalents, beginning of year | 2,248,648 | 3,894,395 | 847,359 | 6,990,402 |
| Cash and cash equivalents, end of year | \$ 2,507,777 | \$ 4,177,981 | \$ 1,067,446 | \$ 7,753,204 |

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
Year Ended December 31, 2021

| | Major Funds | | Nonmajor Fund | |
|---|---------------------|---------------------|---------------------|---------------------|
| | Water | Wastewater | Refuse | Total |
| Reconciliation of operating income (loss) to net change in cash from operating activities: | | | | |
| Operating income (loss) | \$ 1,390,789 | \$ 629,366 | \$ (976,444) | \$ 1,043,711 |
| Adjustments to reconcile operating income (loss) to net change in cash from operating activities: | | | | |
| Items not requiring cash: | | | | |
| Depreciation and amortization expense | 1,279,257 | 840,834 | 26,925 | 2,147,016 |
| Changes in: | | | | |
| Accounts receivable | 18,753 | 28,430 | 4 | 47,187 |
| Intergovernmental receivable | (1,109) | - | - | (1,109) |
| Deferred outflows - pension | 37,369 | 34,292 | 12,677 | 84,338 |
| Accounts payable | (106,139) | (2,119) | (9,819) | (118,077) |
| Accrued compensated absences | 29,763 | (4,701) | 4,304 | 29,366 |
| Accrued payroll | 2,395 | 1,268 | 447 | 4,110 |
| Net pension liability | (152,315) | (139,774) | (51,669) | (343,758) |
| Deferred inflows - pension | 98,849 | 90,709 | 33,533 | 223,091 |
| Net change in cash from operating activities | <u>\$ 2,597,612</u> | <u>\$ 1,478,305</u> | <u>\$ (960,042)</u> | <u>\$ 3,115,875</u> |

Noncash capital financing activities:

Contributions of capital assets of \$ 403,478 were acquired in the water fund from governmental funds.

Contributions of capital assets of \$ 430,247 were acquired in the wastewater fund from governmental funds.

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2021

| | <u>Custodial Funds</u> |
|---|------------------------|
| Assets: | |
| Cash and cash equivalents | \$ 108,228 |
| Liabilities: | |
| Due to others | \$ 76 |
| Net Position: | |
| Restricted for: | |
| Individuals, organizations, and other governments | 108,152 |
| Total liabilities and net position | \$ 108,228 |

(Continued)

CITY OF ATCHISON, KANSAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2021

| | <u>Custodial Funds</u> |
|---------------------------------|--------------------------|
| Additions: | |
| Charges for service | \$ 51 |
| Contributions | 25,000 |
| Miscellaneous | <u>5,301</u> |
| Total additions | <u>30,352</u> |
| Deductions: | |
| Payments to others | 2,512 |
| Administrative | 8,476 |
| Miscellaneous | <u>13,191</u> |
| Total deductions | <u>24,179</u> |
| Net change in net position | 6,173 |
| Net position, beginning of year | <u>101,979</u> |
| Net position, end of year | <u><u>\$ 108,152</u></u> |

See accompanying notes to basic financial statements.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
December 31, 2021

1 - Summary of Significant Accounting Policies

Reporting Entity

The City of Atchison, Kansas (the City) was incorporated in 1858. The City operates under a City Commission - Manager form of government. The accompanying basic 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 reported in a separate column in the government-wide financial statements (see note below for the description) to emphasize that it is legally separate from the City.

Discretely Presented Component Unit. The Public Library (the Library) is operated by a Library Board which is appointed by the City Commission. The City levies and collects a special library tax to subsidize the Library's operations. The Library's operating budget is limited to seven mills by charter ordinance of the City Commission. The City must approve acquisition or disposition of real property by the Library, but the Library owns the capital assets. Bond issuances must also be approved by the City. The Library is presented as a governmental fund type. Separately issued financial statements for the Library are not available.

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 nonfiduciary 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 rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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 the major individual enterprise funds are reported as separate columns in the fund financial statements.

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

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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 generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 90-day availability period is used for revenue recognition for all governmental funds revenues except property taxes. 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.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by unavailable revenue accounts.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund accounts for the general operating transactions of the City including public safety, public works, parks, recreation, and administration.

The capital projects fund is a fund used by the City for the acquisition and construction of major facilities other than those financed by the enterprise funds.

The debt service fund is a fund used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major proprietary funds:

The water fund accounts for the operation and maintenance activities of the City's water distribution system.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

The wastewater fund accounts for the operation and maintenance activities of the City's wastewater collection and treatment system.

Additionally, the City reports the following fund type:

Custodial funds are used to report resources held by the City in a custodial capacity for remittance to private organizations. These funds are held on behalf of the Amelia Earhart Festival, Santa Fe Depot Enhancement, and Veteran's Memorial Park.

As a general rule 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 water/wastewater function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater funds are charges to customers for sales and services. Operating expenses 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 nonoperating revenues and expenses.

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

Pooled Cash and Investments

Cash and cash equivalents of the individual funds are combined to form a pool that is managed by the Director of Finance. Each fund's equity in the pool is included in "cash and cash equivalents" in the financial statements. These pooled funds consist of operating accounts. Investment earnings, including interest income, are allocated to the funds required to accumulate interest; other investment earnings are allocated based on management discretion and upon their average monthly equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund. For the fiscal year ended December 31, 2021, interest earnings allocated to the various funds were \$ 169.

Cash Flows Statement

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

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade accounts receivable are shown net of an allowance for uncollectibles. Management records a trade accounts receivable allowance based on percentages of collection estimated from the aging of the accounts receivable. At December 31, 2021, an allowance for uncollectible receivables of approximately \$ 834,000 has been recorded.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds unavailable revenue is reported as follows:

| | |
|---|----------------------------|
| General fund property tax receivable | \$ 2,976,340 |
| Debt service fund property tax receivable | <u>680,727</u> |
| | <u><u>\$ 3,657,067</u></u> |

Property Taxes

The City's property taxes are levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by the Atchison County Assessor. The assessed value for property located in the City on which the 2021 levy was based was \$ 77,943,267.

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. The 2020 tax levy per \$ 1,000 of assessed valuation which supports the 2021 budget was as follows:

| | |
|-------------------|-------------------------|
| General Fund | \$ 41.041 |
| Debt Service Fund | 9.996 |
| Component unit: | |
| Public Library | <u>7.000</u> |
| | <u><u>\$ 58.037</u></u> |

Property taxes levied in prior years that remain uncollected are recorded as receivables, net of estimated uncollectibles.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Restricted Assets

Restricted investments consist of assets held by trustees for the sales tax special obligation revenue bonds.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks, and similar items), and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost of more than \$ 2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives.

| | |
|-------------------------|---------------|
| Buildings and systems | 20 - 40 years |
| Improvements | 20 years |
| Machinery and equipment | 3 - 10 years |
| Infrastructure | 40 years |

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. The first item is the deferred outflows – pension reported in the government-wide and proprietary fund statements of net position. The second item is deferred outflows - OPEB reported in the government-wide statement of net position. See Notes 6 and 7 for more information on the deferred outflows for the pension plan and OPEB, respectively.

In addition to liabilities, the statement of net 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 position 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 several types of items that qualify for reporting in this category. One item, deferred inflows from property taxes, is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The other items are deferred inflows for pension and OPEB. See Notes 6 and 7 for more information on the deferred inflows for the pension plan and OPEB, respectively.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Compensated Absences

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee with twenty years of service or more will receive accumulated sick leave up to a maximum of 120 days and all accumulated vacation leave, provided the employee has met all conditions set forth in Section VI of the City's personnel policy. An employee with fifteen to twenty years of service will receive one-half of accumulated sick leave, which is limited to a maximum of forty-five days, and all accumulated vacation leave in the event of termination. An employee with ten to fifteen years of service will receive one-fourth of accumulated sick leave, which is limited to a maximum of fifteen days, and all accumulated vacation leave in the event of termination. All vacation leave is accrued when incurred and the varying amounts of accumulated sick leave are accrued upon attaining ten, fifteen, and twenty years of service in the government-wide and proprietary financial statements. In the governmental fund financial statements, a liability is accrued when it has matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund 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 amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Pensions

For purposes of measuring the 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 KPERS, and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2021, fund balances for governmental funds are made up of the following:

Nonspendable 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” criterion includes items

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

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 lifted only with the consent of resource providers.

Committed fund balance – includes amounts that can only be spent for specific purposes determined by a formal action (adoption of an ordinance) of the City's highest level of decision-making authority, the City Commission. Commitments may be changed or lifted only by the City Commission taking the same formal action that imposed the constraint originally.

Assigned fund balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City Commission or (2) a body or official to which the City Commission has delegated the authority by resolution to assign amounts to be used for specific purposes.

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

Concentrations of Credit Risk

Unsecured credit is extended to customers for water and sewer fees and charges for services. Intergovernmental receivables include unsecured amounts due from federal, state, and county agencies for various grant programs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Pending Governmental Accounting Standards Board Statements

At December 31, 2021, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

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

GASB Statement No. 91, *Conduit Debt Obligations*, eliminates diversity in practice associated with government issuers' financial reporting of conduit debt obligations. The Statement achieves that objective by classifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures. The requirements for this Statement are effective for periods beginning after December 15, 2021.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, provides guidance for the financial reporting of public-private and public-public partnerships and availability payment arrangements. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan, the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Finally, the Statement requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements for this statement are effective immediately except for the requirements that are related to the accounting and financial reporting for Section 457 plans, which are effective for fiscal years beginning after June 15, 2021.

2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$ (15,374,497) difference are as follows:

| | |
|---|-------------------------------|
| Bonds payable | \$ (7,085,000) |
| Bond premium | (105,064) |
| Temporary notes payable | (1,200,000) |
| Sales tax special obligation revenue bonds | (604,800) |
| Capital leases payable | (239,863) |
| Accrued interest payable | (75,934) |
| Compensated absences | (627,817) |
| Net pension liability | (4,517,455) |
| Total OPEB liability | <u>(918,564)</u> |
| Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities | <u><u>\$ (15,374,497)</u></u> |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$ 1,998,742 difference are as follows:

| | |
|--|----------------------------|
| Capital outlay | \$ 3,664,274 |
| Depreciation expense | <u>(1,665,532)</u> |
| Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities | <u><u>\$ 1,998,742</u></u> |

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$ (396,458) difference are as follows:

| | |
|--|----------------------------|
| Principal repayments: | |
| General obligation bonds | \$ 3,655,000 |
| Capital leases | 52,232 |
| Amortization of bond premium | 21,339 |
| Sales tax special obligation revenue bonds | 52,800 |
| Debt issued or incurred: | |
| Temporary notes payable | (1,200,000) |
| General obligation bonds | (2,870,000) |
| Bond premium | <u>(107,829)</u> |
| Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities | <u><u>\$ (396,458)</u></u> |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The details of this \$ 24,107 difference are as follows:

| | |
|--|-------------------------|
| Compensated absences | \$ 10,814 |
| Accrued interest | 21,497 |
| Pension contributions | 49,796 |
| Total OPEB liability | <u>(58,000)</u> |
| Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities | <u><u>\$ 24,107</u></u> |

3 - Stewardship, Compliance, and Accountability

Budgetary Information

Applicable Kansas statutes require that budgets be legally adopted for all funds unless exempted by a specific statute. Legal operating budgets are required for the General, Special Alcohol, Special Parks and Recreation, Motor Fuel, Debt Service, and Land Bank Funds. Budgets are not required for the Law Enforcement, DARE, Grants, Insurance Reserve, Capital Projects, Municipal Equipment Reserve, Façade Improvements, Water, Wastewater, and Refuse Funds. All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting - that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

Beginning in 2022, if the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget is adjusted to on or before September 20.

Kansas statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year ended December 31, 2021.

Under Kansas statutes management cannot amend the total budget of a fund without approval of the governing body; however, the statutes permit transferring budgeted amounts between line items within an individual fund or department. Therefore, the legal level of control is at the fund level for all legally

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

adopted budgets. The City has elected to pursue a policy of requiring approval of the City Manager on major category changes exceeding \$ 5,000. City Commission approval is not needed for category changes or budget transfers between departments within the approved budget. Major category means total personnel services, total contractual services, total materials and supplies, total other charges, or total capital outlay.

4 - 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. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City. At December 31, 2021, the City's deposits were not exposed to custodial credit risk. The deposits for the Library were not exposed to custodial credit risk.

Investments

As of December 31, 2021, the City had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Maturity</u> | <u>Rating</u> |
|------------------------------|-------------------------|-----------------|---------------|
| Money market mutual funds | \$ 11,341 | < 1 year | Not rated |
| Money market account | <u>73,842</u> | < 1 year | Not rated |
| | <u><u>\$ 85,183</u></u> | | |

Credit risk

Kansas statutes authorize the City and the Library, with certain restrictions, to deposit or invest in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury Bills and Notes, the municipal investment pool, or to make direct investments. City Resolution 4896 further limits the investment of temporarily idle funds of the City to either, or all, of the following:

1. Direct obligations of the United States Government.
2. Temporary notes of the City.
3. Interest bearing certificates of deposit of the depository banks of the City.
4. Interest bearing accounts with federally insured savings and loan associations in such amounts not exceeding such federal insurance.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Concentrations of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's investments as of December 31, 2021 consisted entirely of money market mutual funds and a money market account.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The City does not have a formal investment policy that limits 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 measurement 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; Level 3 inputs are significant unobservable inputs. For the year ended December 31, 2021, the money market mutual funds were valued with quoted prices on the active market (Level 1 input). The money market account is considered a cash equivalent and is, therefore, not classified in the fair value hierarchy.

At December 31, 2021, the City's investments were categorized within the fair value hierarchy as follows:

| Investment Type | Fair Value | Fair Value Measurements at Reporting Date Using | | |
|---------------------------|------------|---|---------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Money market mutual funds | \$ 11,341 | \$ 11,341 | \$ - | \$ - |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets

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

Primary Government

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|--------------|-------------|-------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,123,254 | \$ - | \$ - | \$ 3,123,254 |
| Construction in progress | 342,293 | 853,455 | (54,818) | 1,140,930 |
| Total capital assets not being depreciated | 3,465,547 | 853,455 | (54,818) | 4,264,184 |
| Capital assets being depreciated: | | | | |
| Buildings and systems | 8,755,927 | - | - | 8,755,927 |
| Improvements | 10,009,317 | 985,020 | - | 10,994,337 |
| Machinery and equipment | 6,259,244 | 344,480 | (60,497) | 6,543,227 |
| Infrastructure | 30,446,160 | 1,536,137 | - | 31,982,297 |
| Total capital assets being depreciated | 55,470,648 | 2,865,637 | (60,497) | 58,275,788 |
| Less accumulated depreciation for: | | | | |
| Buildings and systems | (2,665,398) | (279,277) | - | (2,944,675) |
| Improvements | (4,975,557) | (405,841) | - | (5,381,398) |
| Machinery and equipment | (4,906,382) | (443,812) | 60,497 | (5,289,697) |
| Infrastructure | (15,902,172) | (536,602) | - | (16,438,774) |
| Total accumulated depreciation | (28,449,509) | (1,665,532) | 60,497 | (30,054,544) |
| Total capital assets being depreciated, net | 27,021,139 | 1,200,105 | - | 28,221,244 |
| Governmental activities capital assets, net | \$ 30,486,686 | \$ 2,053,560 | \$ (54,818) | \$ 32,485,428 |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|--------------|--------------|-------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 101,537 | \$ - | \$ - | \$ 101,537 |
| Construction in progress | 219,662 | 46,751 | (113,191) | 153,222 |
| Total capital assets not being depreciated | 321,199 | 46,751 | (113,191) | 254,759 |
| Capital assets being depreciated: | | | | |
| Buildings and systems | 57,790,603 | 1,072,678 | - | 58,863,281 |
| Machinery and equipment | 5,827,959 | 157,197 | (27,801) | 5,957,355 |
| Total capital assets being depreciated | 63,618,562 | 1,229,875 | (27,801) | 64,820,636 |
| Less accumulated depreciation for: | | | | |
| Buildings and systems | (26,330,048) | (1,648,859) | - | (27,978,907) |
| Machinery and equipment | (3,599,128) | (498,157) | 27,801 | (4,069,484) |
| Total accumulated depreciation | (29,929,176) | (2,147,016) | 27,801 | (32,048,391) |
| Total capital assets being depreciated, net | 33,689,386 | (917,141) | - | 32,772,245 |
| Business-type activities capital assets, net | \$ 34,010,585 | \$ (870,390) | \$ (113,191) | \$ 33,027,004 |

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

| | |
|---|--------------|
| Governmental activities: | |
| General government | \$ 526,841 |
| Public safety | 315,932 |
| Public works | 736,440 |
| Parks and recreation | 86,319 |
| Total depreciation expense - governmental activities | \$ 1,665,532 |
| Business-type activities: | |
| Water | \$ 1,279,257 |
| Wastewater | 840,834 |
| Refuse | 26,925 |
| Total depreciation expense - business-type activities | \$ 2,147,016 |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Discretely Presented Component Unit

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|-------------|-----------|-------------------|
| Library: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 8,995 | \$ - | \$ - | \$ 8,995 |
| Capital assets being depreciated: | | | | |
| Buildings and systems | 1,275,291 | 7,781 | - | 1,283,072 |
| Books | 439,613 | 15,447 | (31,306) | 423,754 |
| Machinery and equipment | 173,725 | 2,717 | - | 176,442 |
| Total capital assets being depreciated | 1,888,629 | 25,945 | (31,306) | 1,883,268 |
| Less accumulated depreciation for: | | | | |
| Buildings and systems | (514,914) | (40,492) | - | (555,406) |
| Books | (393,295) | (28,646) | 31,306 | (390,635) |
| Machinery and equipment | (116,273) | (13,723) | - | (129,996) |
| Total accumulated depreciation | (1,024,482) | (82,861) | 31,306 | (1,076,037) |
| Total capital assets being depreciated, net | 864,147 | (56,916) | - | 807,231 |
| Library capital assets, net | \$ 873,142 | \$ (56,916) | \$ - | \$ 816,226 |

6 - Pension Plan

General Information About the Pension Plan

Description of Pension Plan. The City and the Library participate in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides pension benefits 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 Firemen
- Judges

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

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Those employees participating in the Pension Plan for the City and the Library are included in the Local and Police and Firemen employee groups.

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

Benefits Provided. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (except police and firemen) with ten or more years of credited service may retire as early as age 55 (police and firemen 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 an employee's combined age and years of credited service equal 85 points (police and firemen 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, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. 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.

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

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

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6.00% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. KPERS is funded on an actuarial reserve basis.

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the KPERS fiscal year ended June 30, 2021.

The actuarially determined employer contribution rate (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.87% for KPERS and 22.80% for KP&F for the year ended December 31, 2021. Contributions to the Pension Plan from the City were \$ 260,818 for KPERS and \$ 460,952 for KP&F for the year ended December 31, 2021. Contributions from the Library for KPERS were \$ 22,659 for the year ended December 31, 2021.

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

At December 31, 2021, the City reported a liability of \$ 1,800,090 for KPERS and \$ 3,417,464 for KP&F and the Library reported a liability of \$ 155,082 for KPERS for their proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2021, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021.

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

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the 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 nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of the Local group and Police and Firemen group within KPERS for the KPERS fiscal year ended June 30, 2021.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2021 the City's proportion for KPERS was 0.150013%, which was a decrease of

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

0.00588% from its proportion measured as of June 30, 2020. At June 30, 2021, the City's proportion for KP&F was 0.358133%, which was a decrease of 0.004129% from its proportion measured as of June 30, 2020. At June 30, 2021, the Library's proportion for KPERS was 0.012924%, which was a decrease of .000671% from its proportion measured as of June 30, 2020.

| City | | |
|---|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 340,718 | \$ 16,299 |
| Net difference between projected and actual earnings on pension plan investments | - | 1,535,784 |
| Change of assumptions | 789,056 | - |
| Changes in proportionate share | 148,238 | 213,078 |
| City contributions subsequent to measurement date | 364,870 | - |
| Total | <u>\$ 1,642,882</u> | <u>\$ 1,765,161</u> |
| Library | | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 6,121 | \$ 1,404 |
| Net difference between projected and actual earnings on pension plan investments | - | 55,070 |
| Change of assumptions | 30,528 | - |
| Changes in proportionate share | 3,187 | 15,895 |
| Library contributions subsequent to measurement date | 11,323 | - |
| Total | <u>\$ 51,159</u> | <u>\$ 72,369</u> |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

The \$ 364,870 and \$ 11,323 for the City and the Library, respectively, reported as deferred outflows of resources related to pensions resulting from the City's and Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | City |
|------------------------|---------------------|
| 2022 | \$ (11,491) |
| 2023 | (23,341) |
| 2024 | (103,481) |
| 2025 | (376,163) |
| 2026 | 27,327 |
| | <u>\$ (487,149)</u> |

| Year Ended June 30, | Library |
|------------------------|--------------------|
| 2022 | \$ (5,350) |
| 2023 | (5,399) |
| 2024 | (7,538) |
| 2025 | (15,000) |
| 2026 | 754 |
| | <u>\$ (32,533)</u> |

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|-----------------------|
| Price inflation | 2.75 percent |
| Salary increases, including price inflation | 3.50 to 12.00 percent |
| Long-term rate of return net of investment expense, and including price inflation | 7.25 percent |
| Payroll growth assumption | 3.00 percent |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Changes in actuarial assumptions and methods in the December 31, 2020 actuarial valuation were as follows:

Both Groups

- Investment return assumption was lowered from 7.75% to 7.25%.

Mortality rates were based on the RP-2014 Mortality Tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study conducted for the three-year period of January 1, 2016 through December 31, 2018. The experience study is dated January 7, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage 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 allocations as of June 30, 2021 are summarized in the following table:

| Asset Class | 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% |
| Cash | 4.00% | 0.25% |
| Total | 100% | |

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, 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. Employers contribute the full actuarial determined rate for KPERS. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KP&F. Based on those assumptions, the Pension Plan's fiduciary net

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| | 1% Decrease (6.25%) | Current Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|------------------------|-------------------------------------|------------------------|
| City's KPERS proportionate share of the collective net pension liability | \$ 2,960,974 | \$ 1,800,090 | \$ 826,542 |
| City's KP&F proportionate share of the collective net pension liability | 5,129,287 | 3,417,464 | 1,985,524 |
| Atchison Public Library's KPERS proportionate share of the collective net pension liability | 255,095 | 155,082 | 71,209 |

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

7 - Other Postemployment Healthcare Benefits

Health Insurance

Plan Description, Benefits Provided, and Contributions. The City provides postemployment health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). 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 medical insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. A retiring employee who waives continuing participation in the City's health insurance program at the time of retirement is not eligible to participate at a later date. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a stand-alone financial report.

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

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

to maintain coverage. In 2021, the City contributed \$ 45,604 to the plan and participating retirees contributed \$ 11,402.

Employees covered by Benefit Terms. As of the actuarial valuation date of January 1, 2022, the following employees were covered by the benefit terms.

| | |
|---------------------|-------|
| Active employees | 100 |
| Retirees | 1 |
| Spouses of retirees | 1 |
| | <hr/> |
| | 102 |
| | <hr/> |

Total OPEB Liability. The City's total OPEB liability of \$ 811,358 was measured as of December 31, 2021 and was determined by an actuarial valuation performed as of January 1, 2022.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-------------------------------|---|
| Discount rate | 2.04 percent |
| Mortality table | Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted Mortality Tables using Scale MP-2021 Full Generational Improvement |
| Salary scale | 5.00 percent per year |
| Inflation rate | 2.50 percent per year |
| Healthcare cost trend rates | |
| Current rate | 7.50 percent |
| Ultimate rate | 4.50 percent |
| Year ultimate rate is reached | 2033 |
| Actuarial cost method | Entry Age Normal - Level Percent-of-Pay |

The discount rate was based on the S&P Municipal Bond 20-Year High Grade and the Fidelity GO AA-20 Year indices as of the measurement date.

Changes and items of impact relative to the prior valuation were as follows.

1. The census was updated from January 1, 2020 to January 1, 2022.
2. The mortality assumption was changed from Society of Actuaries Scale MP-2020 Full Generational Improvement to the Society of Actuaries Scale MP-2021 Full Generational Improvement.
3. Per capita costs, retiree contribution premiums and H.S.A. contributions were updated considering the January 1, 2022 renewal.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4. The assumed trend on costs and contribution premiums was revised.
5. The discount rate was changed from 1.96% to 2.04%.
6. The assumed salary scale was updated, based on input from City management, from 3% to 5%.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|-------------------------|
| Balance at December 31, 2020 | \$ 903,022 |
| Changes for the year: | |
| Service cost | 75,862 |
| Interest cost | 18,739 |
| Differences between expected and actual experience | (111,232) |
| Changes in assumptions and inputs | (29,429) |
| Benefit payments | (45,604) |
| Net changes | (91,664) |
| Balance at December 31, 2021 | \$ 811,358 |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.04 percent) or 1-percentage-point higher (3.04 percent) than the current discount rate:

| | 1% Decrease (1.04%) | Discount Rate (2.04%) | 1% Increase (3.04%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB liability | \$ 885,178 | \$ 811,358 | \$ 742,968 |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following represents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|----------------------|-------------|-----------------------------------|-------------|
| Total OPEB liability | \$ 709,630 | \$ 811,358 | \$ 933,714 |

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$ 80,889.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ 165,763 | \$ 28,996 |
| Changes in assumptions and inputs | 10,689 | 291,543 |
| Total | <u>\$ 176,452</u> | <u>\$ 320,539</u> |

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

| Year Ended December 31, | |
|----------------------------|---------------------|
| 2022 | \$ (13,712) |
| 2023 | (13,712) |
| 2024 | (13,712) |
| 2025 | (13,712) |
| 2026 | (13,712) |
| 2027 and Thereafter | (75,527) |
| | <u>\$ (144,087)</u> |

Disability Benefits and Life Insurance

Plan Description, Benefits Provided, and Contributions. The City participates in an agent multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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 K.S.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.

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended December 31, 2021 totaled \$ 13,787.

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 provision.

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 65th 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 member's 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. As of the valuation date of December 31, 2020, the following employees were covered by the benefit terms.

| | |
|------------------|-------------|
| Active members | 61 |
| Disabled members | 2 |
| | <hr/> |
| | 63 |
| | <hr/> <hr/> |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Total OPEB Liability. The City's total OPEB liability of \$ 107,206 was measured as of June 30, 2021 and was determined by an actuarial valuation performed as of December 31, 2020.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-------------------------|--|
| Discount rate | 2.16 percent |
| Implicit inflation rate | 2.75 percent |
| Mortality table | Local Males: 90 percent of RP-2014M Total Dataset +2 Local Females: 90 percent of RP-2014F Total Dataset +1 Generational mortality improvements were projected for future years using MP-2021 Post-disability mortality rates are included in long-term disability claim termination rates. |
| Salary increases | 3.50 percent (composed of 2.75 percent inflation and 0.75 percent productivity) |
| Payroll growth | 3.00 percent |
| Actuarial cost method | Entry Age Normal |

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016 through December 31, 2018.

Changes and items of impact relative to the prior valuation were as follows.

1. The discount rate was updated in accordance with the requirements of GASB 75.
2. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Changes in Total OPEB Liability

| | Total OPEB Liability |
|--|-------------------------|
| Balance at December 31, 2020 | \$ 99,226 |
| Changes for the year: | |
| Service cost | 11,008 |
| Interest | 2,389 |
| Effect of economic/demographic gains or losses | (1,400) |
| Effect of assumptions changes or inputs | 283 |
| Benefit payments | (4,300) |
| Net changes | 7,980 |
| Balance at December 31, 2021 | \$ 107,206 |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

| | 1% Decrease (1.16%) | Discount Rate (2.16%) | 1% Increase (3.16%) |
|----------------------|------------------------|--------------------------|------------------------|
| Total OPEB liability | \$ 112,775 | \$ 107,206 | \$ 101,455 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following represents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates. Note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS, but this is a required disclosure under GASB 75.

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|----------------------|-------------|-----------------------------------|-------------|
| Total OPEB liability | \$ 107,206 | \$ 107,206 | \$ 107,206 |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

For the year ended December 31, 2021, the City recognized OPEB expense of \$ 12,092.

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

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ - | \$ 11,685 |
| Changes of assumptions | 8,914 | 3,216 |
| Total | <u>\$ 8,914</u> | <u>\$ 14,901</u> |

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

| Year Ended December 31, | |
|----------------------------|-------------------|
| 2022 | \$ (1,305) |
| 2023 | (1,305) |
| 2024 | (1,305) |
| 2025 | (1,305) |
| 2026 | (1,154) |
| 2027 and Thereafter | 387 |
| | <u>\$ (5,987)</u> |

Aggregate Other Postemployment Healthcare Benefit Information

| | Balances at December 31, 2021 | | |
|--------------------------------------|-------------------------------|------------|------------|
| | Health | KPERS | Total |
| City: | | | |
| Total OPEB liability | \$ 811,358 | \$ 107,206 | \$ 918,564 |
| Total deferred outflows of resources | 176,452 | 8,914 | 185,366 |
| Total deferred inflows of resources | (320,539) | (14,901) | (335,440) |
| Total OPEB expense | 80,889 | 12,092 | 92,981 |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Risk Management

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

9 - Commitments and Contingencies

Capital Projects

The City has the following projects in progress at December 31, 2021:

| | Costs to Date | Amount Authorized |
|----------------------------------|---------------------|----------------------|
| General government: | | |
| Airport master plan | \$ 55,700 | \$ 55,700 |
| Airport environmental assessment | 90,429 | 90,429 |
| ALP alternative runway analysis | 151,802 | 198,600 |
| Guerrier Hill concept design | 6,500 | 6,500 |
| Main Street corridor (design) | 583,669 | 627,600 |
| Water main project | 31,000 | 602,352 |
| Forest Park and Main improvement | 3,900 | 162,982 |
| Unity Street corridor | 60,100 | 65,000 |
| Main Street crosswalk | 8,500 | 47,840 |
| CDBG sidewalks 2022 | 3,500 | 3,500 |
| Secondary RWI | 145,830 | 151,900 |
| | <u>\$ 1,140,930</u> | <u>\$ 2,012,403</u> |
| Wastewater: | | |
| WWTP digester improvements | 46,221 | 73,192 |
| Long term control plan | 10,000 | 12,500 |
| Slope stability study | 24,120 | 25,320 |
| 17th Street curb and gutter | 34,017 | 40,000 |
| Sludge truck | 5,000 | 195,270 |
| | <u>\$ 119,358</u> | <u>\$ 346,282</u> |
| Water: | | |
| RWI elevator | <u>\$ 33,864</u> | <u>\$ 46,073</u> |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Litigation

There are a number of claims and/or lawsuits to which the City is a party as a result of the ordinary course of City activities. The City management and legal counsel anticipate that the potential claims against the City not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the City.

Industrial Revenue Bonds

The City has issued industrial revenue bonds to finance the purchase of land and construction of facilities leased to local businesses. The lease agreements provide for rentals sufficient to service the related bonds. The debt service on these issues is paid solely from lease agreements; these issues do not constitute a debt of the City. The lessees have the option of purchasing the leased properties at any time during the lease periods for amounts sufficient to retire the related outstanding bonds. At the end of the lease periods, which conform to bond maturity schedules, the lessees may either purchase the property for a nominal amount or renew the leases annually at nominal amounts. As of December 31, 2021, industrial revenue bonds of \$ 23,405,000 are outstanding.

10 - Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

General obligation bonds payable at December 31, 2021 are comprised of the following issues:

| | Callable Date | Interest Rates | Original Issue | Final Maturity Date | Principal Payments During 2021 | Outstanding December 31, 2021 |
|---------------------------|------------------|-------------------|-------------------|---------------------------|--------------------------------------|-------------------------------------|
| General Obligation Bonds: | | | | | | |
| Governmental activities: | | | | | | |
| Series 2014-A | 9/1/2021 | 2.00% to 3.625% | \$ 4,645,000 | 2034 | \$ 3,190,000 | \$ - |
| Series 2017-A | 9/1/2025 | 2.00% to 2.70% | 1,205,000 | 2027 | 115,000 | 755,000 |
| Series 2019-A | 9/1/2026 | 3.00% to 4.00% | 2,780,000 | 2039 | 240,000 | 2,320,000 |
| Series 2020-A | 9/1/2027 | 1.35% to 2.00% | 1,250,000 | 2030 | 110,000 | 1,140,000 |
| Series 2021-A | 9/1/2029 | 1.15% to 2.00% | 2,870,000 | 2034 | - | 2,870,000 |
| | | | | | <u>3,655,000</u> | <u>7,085,000</u> |
| Business-type activities: | | | | | | |
| Series 2019-A | 9/1/2026 | 3.00% to 4.00% | 1,780,000 | 2031 | 130,000 | 1,530,000 |
| Series 2020-B | 9/1/2028 | 1.00% to 2.00% | 7,040,000 | 2035 | 475,000 | 6,565,000 |
| Series 2021-A | 9/1/2029 | 1.15% to 2.00% | 4,490,000 | 2040 | - | 4,490,000 |
| | | | | | <u>\$ 4,260,000</u> | <u>\$ 19,670,000</u> |

The installment ranges for the general obligation bonds are the following:

| | Installment Range | |
|---------------------------|-------------------|---------|
| | Low | High |
| General Obligation Bonds: | | |
| Governmental activities: | | |
| Series 2017-A | 120,000 | 135,000 |
| Series 2019-A | 60,000 | 255,000 |
| Series 2020-A | 120,000 | 135,000 |
| Series 2021-A | 180,000 | 290,000 |
| Business-type activities: | | |
| Series 2019-A | 85,000 | 185,000 |
| Series 2020-B | 165,000 | 535,000 |
| Series 2021-A | 125,000 | 335,000 |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

The future annual requirements for general obligation bonds outstanding as of December 31, 2021 are as follows:

| Governmental Activities | | |
|--------------------------|----------------------|---------------------|
| | Principal | Interest |
| 2022 | \$ 770,000 | \$ 175,600 |
| 2023 | 785,000 | 148,948 |
| 2024 | 660,000 | 128,508 |
| 2025 | 555,000 | 112,795 |
| 2026 | 580,000 | 98,883 |
| 2027-2031 | 2,380,000 | 299,275 |
| 2032-2036 | 1,165,000 | 90,458 |
| 2037-2039 | 190,000 | 11,550 |
| | <u>\$ 7,085,000</u> | <u>\$ 1,066,017</u> |
| | | |
| Business-Type Activities | | |
| | Principal | Interest |
| 2022 | \$ 860,000 | \$ 245,882 |
| 2023 | 885,000 | 215,378 |
| 2024 | 910,000 | 194,778 |
| 2025 | 940,000 | 173,578 |
| 2026 | 950,000 | 151,678 |
| 2027-2031 | 4,965,000 | 449,885 |
| 2032-2036 | 2,555,000 | 140,863 |
| 2037-2040 | 520,000 | 26,300 |
| | <u>\$ 12,585,000</u> | <u>\$ 1,598,342</u> |

Refundings

In the current year, the City issued Series 2021-A General Obligation Refunding and Improvement Bonds in the amount of \$ 7,360,000 to currently refund \$ 4,712,727 of the outstanding balance of KDHE Revolving Loan projects 1305-01, 1305-02, and 2890, and \$2,920,000 of the outstanding balance of Series 2014A general obligation bond. The refunding transactions resulted in an economic gain of \$ 669,397 and a decrease in the future debt service payments of \$ 728,358.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:

| | |
|-------------------------------|--------------------------|
| Hangar building | \$ 340,445 |
| Less accumulated depreciation | <u>(59,578)</u> |
| Net book value | <u><u>\$ 280,867</u></u> |
| Freightliner | \$ 134,425 |
| Less accumulated depreciation | <u>(85,263)</u> |
| Net book value | <u><u>\$ 49,162</u></u> |
| Asphalt paving machines | \$ 178,069 |
| Less accumulated depreciation | <u>(32,646)</u> |
| Net book value | <u><u>\$ 145,423</u></u> |

The following is a schedule of future minimum lease payments for capital leases as of December 31, 2021:

| | Governmental Activities | Business-type Activities |
|------------------------------|----------------------------|-----------------------------|
| 2022 | \$ 59,710 | \$ 29,893 |
| 2023 | 59,710 | 30,172 |
| 2024 | 59,709 | - |
| 2025 | 59,750 | - |
| 2026 | <u>21,004</u> | <u>-</u> |
| | 259,883 | 60,065 |
| Amount representing interest | <u>(20,020)</u> | <u>(2,838)</u> |
| | <u><u>\$ 239,863</u></u> | <u><u>\$ 57,227</u></u> |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Revolving Loans Payable

During 2015, the City entered into a loan agreement with KDHE. According to the agreement, KDHE will loan an amount not to exceed \$ 1,018,958 to the City for the purpose of water system repairs. The interest rate on the loan is 2.17%. The first payment of principal and interest on the loan was to be made the earlier of two years after receipt by the City of the first disbursement under the loan or one year after project completion. The project was completed in 2016 and the loan amount was finalized. As of December 31, 2021, the entirety of the available loan balance has been drawn down and project costs of \$ 1,018,958 have been incurred for this project. Principal and interest payments of \$ 848,844 and \$ 17,430, respectively, were made during 2021 and the loan was paid off with the Series 2021-A refunding bond issue.

During 2010, the City entered into a loan agreement with KDHE. According to the agreement, KDHE will loan an amount not to exceed \$ 3,657,035 to the City for the purpose of wastewater force main upgrades. The interest rate on the loan is 2.84%. The first payment of principal and interest on the loan was to be made the earlier of two years after receipt by the City of the first disbursement under the loan or one year after project completion. The project was completed in 2019 and the loan amount was finalized. As of December 31, 2021, the entirety of the available loan balance had been drawn down and project costs of \$ 3,238,301 have been incurred for this project. Principal and interest payments of \$ 1,697,209 and \$ 41,464, respectively, were made during 2021 and the loan was paid off with the Series 2021-A refunding bond issue.

During 2018, the City entered into a loan agreement with KDHE. According to the agreement, KDHE will loan an amount not to exceed \$ 2,800,000 to the City for the purpose of dam 6 sewer separation. The interest rate on the loan is 2.38%. The first payment of principal and interest on the loan is to be made the earlier of two years after receipt by the City of the first disbursement under the loan or one year after project completion. As of December 31, 2021, the entirety of the available loan balance has been drawn down and project costs of \$ 2,305,014 have been incurred for this project. Principal and interest payments of \$ 2,305,014 and \$ 43,233 respectively, were made during 2021 and the loan was paid off with the Series 2021-A refunding bond issue.

Sales Tax Special Obligation Revenue Bonds

On May 7, 2018, the City issued Taxable STAR Bonds Series 2018 at a principal amount of \$ 2,370,000. This series of STAR Bonds was issued to finance the Atchison STAR Bond Project in the STAR Bond District for the construction of two separate shelter structures at the Atchison Farmers' Market, located in the historic downtown area of the STAR Bond District (the Farmers' Market Improvements) and a portion of the costs of the Amelia Earhart Museum to be located at the airport area of the STAR Bond District which is proposed to include the last remaining 1935 Lockheed Electra L-10E aircraft and a unique educational visitor experience that honors the accomplishments of Amelia Earhart (the Museum). The City will own the Farmers' Market Improvements. The Museum land is owned by the City and leased. The balance of the Project, which is not being financed from the Series 2018 Bonds, includes a new approximately 43,000 square foot, 68-room hotel located in the historic downtown area of the STAR Bond District and operated under a franchise flag approved in writing by the City (the Hotel) and a new approximately 2,100 square foot Taco Bell restaurant located in the historic downtown area of the STAR Bond District (the Restaurant). The Farmers Market Improvements, the Museum, the Hotel, and the Restaurant collectively constitute the Project.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Sales tax special obligation revenue bonds (STAR bonds) are authorized to be issued pursuant to K.S.A. 12-17,160, et seq., as amended (the STAR Bond Act). The STAR Bond Act provides a form of tax increment financing that enables the issuance of bonds payable from certain State and local sales and compensating use tax revenues and transient guest tax revenues generated from STAR bond projects constructed within a STAR bond project district. To implement STAR bond financing, a local government must adopt a resolution that specifies a proposed STAR bond project district's boundaries and describes the overall district plan, hold a public hearing on the district and plan, and pass a resolution that establishes the STAR bond project district. Additionally, there may be one or more projects within a STAR bond district.

In connection with the issuance of STAR bonds, the City and the State of Kansas enter into Tax Distribution Agreements. The agreements provide that the principal and interest on the STAR bonds will be paid proportionally by the City and the State of Kansas, based on each entity's respective share of sales taxes generated within the district. The proportional shares may vary by bond issue, as described in the "Tax Distribution Details" in the table below. These proportional shares may change in the future if the sales taxes assessed by the local or state governments are modified.

| Issue | District/Project | Original Amount | Tax Distribution Details |
|-------|----------------------------|-----------------|--|
| 2018 | Atchison Star Bond Project | \$ 2,370,000 | Year 1: 68.41% State sales tax revenues/ 10.52% City's share of County sales tax/ 21.07% City's transient guest tax Year 18 estimate: 68.42% State sales tax revenues/ 10.53% City's share of County sales tax/ 21.05% City's transient guest tax |

For this bond issue, the City records its proportional share of the outstanding obligation.

At December 31, 2021, STAR bonds outstanding consisted of the following:

| Description and Purpose | Amount of Original Issue | Final Maturity Date | Range of Interest Rates | Recorded with City Long-Term Liabilities | State Pledge | Total Balance December 31, 2021 |
|----------------------------|--------------------------|---------------------|-------------------------|--|---------------------|---------------------------------|
| | | | | Local Pledge | | |
| Atchison Star Bond Project | <u>\$ 2,370,000</u> | 3/1/2036 | 3.40% - 5.20% | <u>\$ 604,800</u> | <u>\$ 1,285,200</u> | <u>\$ 1,890,000</u> |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

| | Governmental | |
|-----------|----------------------------|-------------------|
| | Activities | |
| | Atchison Star Bond Project | |
| | Principal | Interest |
| 2022 | \$ - | \$ 31,531 |
| 2023 | - | 31,531 |
| 2024 | - | 31,531 |
| 2025 | 76,800 | 29,995 |
| 2026 | - | 28,459 |
| 2027-2031 | - | 142,296 |
| 2032-2036 | 528,000 | 128,066 |
| | <u>\$ 604,800</u> | <u>\$ 423,409</u> |

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Changes in Long-Term Liabilities

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 7,870,000 | \$ 2,870,000 | \$ (3,655,000) | \$ 7,085,000 | \$ 770,000 |
| Plus issuance premiums | 18,574 | 107,829 | (21,339) | 105,064 | 8,295 |
| Sales tax special obligation revenue bonds | 657,600 | - | (52,800) | 604,800 | - |
| Capital leases - direct borrowing: | | | | | |
| Hangar building | 114,026 | - | (17,651) | 96,375 | 18,174 |
| Asphalt paving machine | 178,069 | - | (34,581) | 143,488 | 34,232 |
| Compensated absences | 638,631 | 448,236 | (459,050) | 627,817 | 259,875 |
| Net pension liability | 6,125,974 | - | (1,608,519) | 4,517,455 | - |
| Total OPEB liability | 1,002,248 | - | (83,684) | 918,564 | - |
| Governmental activities long-term liabilities | <u>\$ 16,605,122</u> | <u>\$ 3,426,065</u> | <u>\$ (5,932,624)</u> | <u>\$ 14,098,563</u> | <u>\$ 1,090,576</u> |
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 8,700,000 | \$ 4,490,000 | \$ (605,000) | \$ 12,585,000 | \$ 860,000 |
| Plus issuance premiums | - | 166,049 | (6,099) | 159,950 | 12,197 |
| Loans payable - direct borrowing | 4,851,067 | - | (4,851,067) | - | - |
| Capital leases - direct borrowing: | | | | | |
| Freightliner | 84,038 | - | (26,811) | 57,227 | 27,917 |
| Compensated absences | 85,376 | 128,131 | (98,765) | 114,742 | 63,281 |
| Net pension liability | 1,043,857 | - | (343,758) | 700,099 | - |
| Business-type activities long-term liabilities | <u>\$ 14,764,338</u> | <u>\$ 4,784,180</u> | <u>\$ (5,931,500)</u> | <u>\$ 13,617,018</u> | <u>\$ 963,395</u> |
| Component unit Library: | | | | | |
| Compensated absences | \$ 15,315 | \$ - | \$ (1,449) | \$ 13,866 | \$ 10,824 |
| Net pension liability | 235,690 | - | (80,608) | 155,082 | - |
| Component unit Library long-term liabilities | <u>\$ 251,005</u> | <u>\$ -</u> | <u>\$ (82,057)</u> | <u>\$ 168,948</u> | <u>\$ 10,824</u> |

For the governmental activities, compensated absences, net pension liability, and the total OPEB liability are generally liquidated by the general fund.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - Temporary Notes Payable

During the year, the City issued temporary notes to fund City improvements.

Activity for the year ended December 31, 2021 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance |
|-------------------------|----------------------|--------------|----------------|-------------------|
| Temporary notes: | | | | |
| Governmental activities | \$ 1,200,000 | \$ 1,200,000 | \$ (1,200,000) | \$ 1,200,000 |

| Issue | Amount | Interest Rate | Maturity |
|---------------|--------------|---------------|-----------|
| Series 2021-1 | \$ 1,200,000 | 0.17% | 10/1/2022 |

Temporary notes for governmental activities for which all legal steps and the ability to consummate refinancing have been met are reported as an other financing source in the fund receiving proceeds. Temporary note Series 2021-1 is reported as an other financing source as of December 31, 2021.

12 - Interfund Transactions

Interfund transfers for the year ended December 31, 2021 consisted of the following:

| Transfers in | Transfers out | | | | |
|--------------------------|---------------|----------------------------|--------------|-----------------|--------------------------|
| | General fund | Nonmajor governmental fund | Water fund | Wastewater fund | Nonmajor enterprise fund |
| General fund | \$ 13,326 | \$ 28,062 | \$ 432,857 | \$ 347,857 | \$ 99,893 |
| Capital projects fund | - | 90,000 | 1,111,770 | 200,000 | - |
| Water fund | 5,974 | - | - | - | - |
| Wastewater fund | 3,701 | - | - | - | - |
| Nonmajor enterprise fund | 31,392 | - | - | - | - |
| Total | \$ 54,393 | \$ 118,062 | \$ 1,544,627 | \$ 547,857 | \$ 99,893 |

Transfers are used to move revenues from the fund that statutes or the budget requires to collect them to the fund that statutes or the budget requires to expend them. Nonroutine transfers include transfers to the capital projects fund to fund capital projects and to the general fund to fund capital projects and from the water fund, wastewater fund, and nonmajor enterprise fund to the general fund for administrative services provided.

Capital asset transfers of \$ 833,725 occurred from the governmental activities to the business-type activities and are reported within transfers on the statement of activities.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

13 - Required Improvements to Sanitary Sewer Collection System

Based upon an administrative order dated January 20, 2004 from the Kansas Department of Health and Environment (KDHE), the City is required to make improvements and replacements to the City's sanitary sewer collection system. Under the terms of the administrative order, a study was performed by an engineer to determine the extent and cost of the repairs. A second administrative order was issued on September 9, 2009 with updated mandates and new deadlines. The City appealed this administrative order and required a hearing which was postponed pending consent agreement negotiations. The negotiations were successful, and the consent agreement was agreed upon in 2011. The consent agreement sets forth timelines for completion of certain updates and repairs to the City's sanitary sewer collection system. The City is also required to provide a plan to raise revenue via residential, industrial, and commercial sewer rate increases, sales tax, stormwater fees, or other means over the next five years to the equivalent of \$ 3.1 million annually (after five years) to operate, upgrade, and maintain the current wastewater utility treatment facilities and to complete the mandated projects. The City is required to spend \$ 12.4 million over a period of the first zero to five years of the consent agreement. In late 2016, KDHE agreed to amend the consent order and waive the requirement to raise revenues to \$ 3.1 million in 2017. They agreed to allow the City to maintain the current rates in return for a commitment from the City to complete certain CSO improvements such as the Dam 6 Separation Program, within specific dates, and update the City's long-term control plan.

14 - Commitments and Contingencies – Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for cash 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, rather, as restricted, committed, or assigned fund balance. At December 31, 2021, the City's recorded encumbrances in budgeted governmental funds were as follows:

| | |
|---------|------------------|
| General | \$ <u>34,508</u> |
|---------|------------------|

15 - Tax Abatements

The City of Atchison participates in a county-wide property tax abatement program referred to as the Neighborhood Revitalization Plan (NRP). Property tax rebate incentives are based on the incremental increase of qualified improvements over a period ranging from 10 to 15 years, depending upon the level of investment. To continue to receive the rebate of taxes, property owners must pay the property taxes in full and on time. The county treasurer is responsible for issuing the tax rebates to property owners. For the year ended December 31, 2021 a total of \$ 215,238 in City taxes were rebated to property owners. During the same period \$29,521 in Library taxes were rebated.

The City of Atchison enters annexation and incentive agreements with property owners that provide for property tax rebates in exchange for voluntarily allowing the property to be annexed into the City. The rebates begin the year following the receipt of the first tax statement that includes City taxes. Rebates are paid for three years: year one is a 75% rebate of City taxes, year two is 50%, and year three is 25%.

CITY OF ATCHISON, KANSAS
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

Property owners must pay the property taxes in full and on time to remain eligible for the rebates. The City of Atchison is responsible for issuing the rebates in this program. During 2021, a total of \$ 34 in property tax rebates were paid.

Required Supplementary Information

2021

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ATCHISON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|-----------------------------|---|---------------------|-------------------------------|
| Revenues: | | | |
| Taxes: | | | |
| Ad valorem taxes | \$ 2,907,987 | \$ 2,956,478 | \$ 48,491 |
| Delinquent taxes | 25,000 | 80,214 | 55,214 |
| Motor vehicle taxes | 308,037 | 327,241 | 19,204 |
| Vehicle excise taxes | 1,399 | 585 | (814) |
| Payments in lieu of taxes | 23,500 | 29,380 | 5,880 |
| Guest taxes | 130,000 | 193,500 | 63,500 |
| City sales taxes | 1,700,000 | 2,145,217 | 445,217 |
| Franchise taxes | 1,300,230 | 1,338,530 | 38,300 |
| Recreational vehicle taxes | 2,617 | 3,178 | 561 |
| 16-20 M truck vehicle taxes | 2,868 | 3,182 | 314 |
| | <u>6,401,638</u> | <u>7,077,505</u> | <u>675,867</u> |
| Intergovernmental revenues: | | | |
| Special highway | 105,550 | 105,477 | (73) |
| Special liquor | 25,000 | 32,745 | 7,745 |
| | <u>130,550</u> | <u>138,222</u> | <u>7,672</u> |
| Charges for services | <u>389,689</u> | <u>404,301</u> | <u>14,612</u> |
| Licenses and permits | <u>47,500</u> | <u>152,284</u> | <u>104,784</u> |
| Interest on investments | <u>12,000</u> | <u>20</u> | <u>(11,980)</u> |
| Fines and fees | <u>165,000</u> | <u>205,987</u> | <u>40,987</u> |
| Operating grants | <u>8,690</u> | <u>26,402</u> | <u>17,712</u> |
| Miscellaneous: | | | |
| Sales of cemetery lots | 8,000 | 5,000 | (3,000) |
| Other | 15,000 | 12,439 | (2,561) |
| | <u>23,000</u> | <u>17,439</u> | <u>(5,561)</u> |
| Total revenues | <u>\$ 7,178,067</u> | <u>\$ 8,022,160</u> | <u>\$ 844,093</u> |

(Continued)

CITY OF ATCHISON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
(Continued)
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|--|---|-------------------|-------------------------------|
| Expenditures: | | | |
| General government: | | | |
| City manager: | | | |
| Personnel services | \$ 262,634 | \$ 247,146 | \$ 15,488 |
| Contractual services | 84,175 | 83,112 | 1,063 |
| Materials and supplies | 1,500 | 1,705 | (205) |
| | <u>348,309</u> | <u>331,963</u> | <u>16,346</u> |
| Human resources: | | | |
| Personnel services | 78,088 | 81,961 | (3,873) |
| Contractual services | 34,280 | 45,162 | (10,882) |
| Materials and supplies | 2,800 | 1,755 | 1,045 |
| | <u>115,168</u> | <u>128,878</u> | <u>(13,710)</u> |
| Finance: | | | |
| Personnel services | 393,511 | 366,545 | 26,966 |
| Contractual services | 72,130 | 93,884 | (21,754) |
| Materials and supplies | 5,000 | 3,978 | 1,022 |
| | <u>470,641</u> | <u>464,407</u> | <u>6,234</u> |
| Municipal court: | | | |
| Personnel services | 40,391 | 43,428 | (3,037) |
| Contractual services | 34,025 | 26,314 | 7,711 |
| Materials and supplies | 500 | 770 | (270) |
| | <u>74,916</u> | <u>70,512</u> | <u>4,404</u> |
| Building official and buildings and grounds: | | | |
| Personnel services | 308,724 | 264,845 | 43,879 |
| Contractual services | 210,835 | 121,036 | 89,799 |
| Materials and supplies | 2,656 | 1,611 | 1,045 |
| | <u>\$ 522,215</u> | <u>\$ 387,492</u> | <u>\$ 134,723</u> |

(Continued)

CITY OF ATCHISON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
(Continued)
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|---------------------------|---|---------------------|-------------------------------|
| AHCC: | | | |
| Personnel services | \$ 62,623 | \$ 5 | \$ 62,618 |
| Contractual services | 211,924 | 130,841 | 81,083 |
| Materials and supplies | 10,500 | 2,139 | 8,361 |
| | <u>285,047</u> | <u>132,985</u> | <u>152,062</u> |
| Other general government: | | | |
| Contractual services | 374,803 | 476,479 | (101,676) |
| Contingency | 225,000 | 114,854 | 110,146 |
| | <u>599,803</u> | <u>591,333</u> | <u>8,470</u> |
| Total general government | <u>2,416,099</u> | <u>2,107,570</u> | <u>308,529</u> |
| Public safety: | | | |
| Fire department: | | | |
| Personnel services | 1,488,722 | 1,447,797 | 40,925 |
| Contractual services | 68,900 | 67,947 | 953 |
| Materials and supplies | 27,602 | 23,609 | 3,993 |
| | <u>1,585,224</u> | <u>1,539,353</u> | <u>45,871</u> |
| Police department: | | | |
| Personnel services | 1,924,849 | 1,831,083 | 93,766 |
| Contractual services | 24,906 | 27,081 | (2,175) |
| Materials and supplies | 79,505 | 64,706 | 14,799 |
| | <u>2,029,260</u> | <u>1,922,870</u> | <u>106,390</u> |
| Animal control: | | | |
| Personnel services | 56,721 | 39,704 | 17,017 |
| Contractual services | 15,642 | 16,698 | (1,056) |
| Materials and supplies | 8,400 | 4,623 | 3,777 |
| | <u>80,763</u> | <u>61,025</u> | <u>19,738</u> |
| Total public safety | <u>\$ 3,695,247</u> | <u>\$ 3,523,248</u> | <u>\$ 171,999</u> |

(Continued)

CITY OF ATCHISON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
(Continued)
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|------------------------------|---|---------------------|-------------------------------|
| Public works: | | | |
| Engineering: | | | |
| Personnel services | \$ 186,829 | \$ 183,752 | \$ 3,077 |
| Contractual services | 12,010 | 7,185 | 4,825 |
| Materials and supplies | 1,000 | 1,269 | (269) |
| | <u>199,839</u> | <u>192,206</u> | <u>7,633</u> |
| Amelia Earhart Airport: | | | |
| Contractual services | 55,681 | 34,891 | 20,790 |
| Materials and supplies | 43,000 | 41,536 | 1,464 |
| | <u>98,681</u> | <u>76,427</u> | <u>22,254</u> |
| Fleet maintenance: | | | |
| Personnel services | 121,211 | 123,325 | (2,114) |
| Contractual services | 2,000 | 1,687 | 313 |
| Materials and supplies | 124,495 | 124,735 | (240) |
| | <u>247,706</u> | <u>249,747</u> | <u>(2,041)</u> |
| Facilities: | | | |
| Personnel services | 50,423 | - | 50,423 |
| Contractual services | 129,362 | 124,777 | 4,585 |
| | <u>179,785</u> | <u>124,777</u> | <u>55,008</u> |
| Public works administration: | | | |
| Personnel services | 541,625 | 548,547 | (6,922) |
| Contractual services | 44,011 | 28,883 | 15,128 |
| Materials and supplies | 289,448 | 245,928 | 43,520 |
| | <u>875,084</u> | <u>823,358</u> | <u>51,726</u> |
| Total public works | <u>\$ 1,601,095</u> | <u>\$ 1,466,515</u> | <u>\$ 134,580</u> |

(Continued)

CITY OF ATCHISON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND

(Continued)

Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|--|---|-------------------|-------------------------------|
| Parks and recreation: | | | |
| Parks: | | | |
| Personnel services | \$ 370,881 | \$ 334,812 | \$ 36,069 |
| Contractual services | 146,421 | 114,192 | 32,229 |
| Materials and supplies | 68,700 | 79,145 | (10,445) |
| | <u>586,002</u> | <u>528,149</u> | <u>57,853</u> |
| Parks Watershed: | | | |
| Personnel services | 107,209 | 107,702 | (493) |
| Contractual services | 48,831 | 33,686 | 15,145 |
| Materials and supplies | 50,419 | 26,011 | 24,408 |
| | <u>206,459</u> | <u>167,399</u> | <u>39,060</u> |
| Municipal pool: | | | |
| Personnel services | 77,742 | 57,491 | 20,251 |
| Contractual services | 13,539 | 14,383 | (844) |
| Materials and supplies | 36,000 | 20,999 | 15,001 |
| | <u>127,281</u> | <u>92,873</u> | <u>34,408</u> |
| Oak Hill Cemetery: | | | |
| Contractual services | 13,500 | 10,350 | 3,150 |
| Materials and supplies | 500 | 300 | 200 |
| | <u>14,000</u> | <u>10,650</u> | <u>3,350</u> |
| Total parks and recreation | <u>933,742</u> | <u>799,071</u> | <u>134,671</u> |
| Non-departmental: | | | |
| Contingency | 906,077 | - | 906,077 |
| Total expenditures | <u>9,552,260</u> | <u>7,896,404</u> | <u>1,655,856</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (2,374,193)</u> | <u>\$ 125,756</u> | <u>\$ 2,499,949</u> |

(Continued)

CITY OF ATCHISON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
(Continued)
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|----------------------------------|---|---------------------|-------------------------------|
| Other financing sources (uses): | | | |
| Sale of capital assets | \$ 25,000 | \$ 13,855 | \$ (11,145) |
| Principal paid | - | (72,651) | (72,651) |
| Interest paid | - | (34,916) | (34,916) |
| Transfers in | 722,714 | 736,040 | 13,326 |
| Transfers out | (100,000) | (100,000) | - |
| | <u>647,714</u> | <u>542,328</u> | <u>(105,386)</u> |
| Total other financing sources | | | |
| | (1,726,479) | 668,084 | 2,394,563 |
| Net change in fund balances | | | |
| | <u>1,726,479</u> | <u>3,085,389</u> | <u>1,358,910</u> |
| Fund balances, beginning of year | | | |
| | <u>\$ -</u> | <u>\$ 3,753,473</u> | <u>\$ 3,753,473</u> |
| Fund balances, end of year | | | |

CITY OF ATCHISON, KANSAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2021

1 - General

All budgets are prepared utilizing the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures.

2 - Reconciliation

Explanation of differences between budget and GAAP net change in fund balances:

| | |
|-------------------------------------|------------|
| Net change in fund balance - budget | \$ 668,084 |
|-------------------------------------|------------|

Net change in fund balance for non-budgeted funds included with the
General Fund on GAAP basis financials:

| | |
|-----------------------------|-----------|
| Insurance reserve | (8,664) |
| Municipal equipment reserve | (104,660) |
| Law enforcement | (70) |
| Façade improvements | (20) |

Encumbrances for equipment and supplies ordered but not yet received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes:

| | |
|-------------------|----------|
| 2021 encumbrances | 34,508 |
| 2020 encumbrances | (40,453) |
| | <hr/> |

| | |
|-----------------------------------|--------------------------|
| Net change in fund balance - GAAP | <u><u>\$ 548,725</u></u> |
|-----------------------------------|--------------------------|

CITY OF ATCHISON, KANSAS
Schedule of the Changes in the City's Total OPEB Liability and Related Ratios -
Health Insurance
Last Five Fiscal Years¹

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total OPEB liability: | | | | | |
| Service cost | \$ 75,862 | \$ 59,333 | \$ 45,189 | \$ 60,539 | \$ 52,339 |
| Interest | 18,739 | 23,505 | 26,172 | 26,908 | 27,040 |
| Change in benefit terms | - | 32,846 | - | 13,261 | - |
| Difference between expected and actual experience | (111,232) | 12,633 | (84,767) | (178,623) | - |
| Changes in assumptions and inputs | (29,429) | 71,469 | 103,136 | (2,647) | 41,801 |
| Benefit payments | (45,604) | (41,880) | (21,244) | (25,500) | (10,621) |
| Net change in total OPEB liability | (91,664) | 157,906 | 68,486 | (106,062) | 110,559 |
| Total OPEB liability, beginning | 903,022 | 745,116 | 676,630 | 782,692 | 672,133 |
| Total OPEB liability, ending | <u>\$ 811,358</u> | <u>\$ 903,022</u> | <u>\$ 745,116</u> | <u>\$ 676,630</u> | <u>\$ 782,692</u> |
| Covered payroll | \$ 4,593,362 | \$ 4,616,086 | \$ 4,616,086 | \$ 4,039,623 | \$ 4,039,623 |
| City's total OPEB liability as a percentage of covered payroll | 17.66% | 19.56% | 16.14% | 16.75% | 19.38% |

¹GASB 75 requires presentation of 10 years. Data was not available prior to fiscal year 2017. Therefore, 10 years of data is unavailable.

CITY OF ATCHISON, KANSAS
Schedule of the Changes in the City's Total OPEB Liability and Related Ratios -
Disability Benefits and Life Insurance
Last Five Fiscal Years¹

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-------------------|------------------|------------------|------------------|------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 11,008 | \$ 9,527 | \$ 8,336 | \$ 8,274 | \$ 8,519 |
| Interest on total OPEB liability | 2,389 | 3,209 | 3,262 | 3,197 | 2,541 |
| Effect of economic/demographic gains or losses | (1,400) | (2,646) | (3,044) | (10,577) | - |
| Effect of assumptions changes or inputs | 283 | 9,127 | 1,993 | (1,688) | (4,599) |
| Benefit payments | (4,300) | (4,300) | (4,300) | (4,300) | (7,805) |
| Net change in total OPEB liability | 7,980 | 14,917 | 6,247 | (5,094) | (1,344) |
| Total OPEB liability, beginning | 99,226 | 84,309 | 78,062 | 83,156 | 84,500 |
| Total OPEB liability, ending | <u>\$ 107,206</u> | <u>\$ 99,226</u> | <u>\$ 84,309</u> | <u>\$ 78,062</u> | <u>\$ 83,156</u> |
| Covered payroll | \$ 2,814,335 | \$ 2,573,667 | \$ 2,520,302 | \$ 2,333,844 | \$ 2,243,841 |
| City's total OPEB liability as a percentage of covered payroll | 3.81% | 3.86% | 3.35% | 3.34% | 3.71% |

¹GASB 75 requires presentation of 10 years. Data was not available prior to fiscal year 2017. Therefore, 10 years of data is unavailable.

CITY OF ATCHISON, KANSAS
Schedule of the City's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Eight Fiscal Years¹

| | 2021 | 2020 | 2019 | 2018 |
|---|--------------|--------------|--------------|--------------|
| City's proportion of the collective net pension liability: | | | | |
| KPERS | 0.150013% | 0.155893% | 0.149352% | 0.139132% |
| KP&F | 0.358133% | 0.362262% | 0.370808% | 0.371516% |
| City's proportionate share of the collective net pension liability | \$ 5,217,554 | \$ 7,169,831 | \$ 5,840,026 | \$ 5,513,940 |
| City's covered payroll | \$ 5,050,544 | \$ 4,870,229 | \$ 4,664,592 | \$ 4,393,383 |
| City's proportionate share of the collective net pension liability as a percentage of its covered payroll | 103% | 147% | 125% | 126% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.40% | 66.30% | 69.88% | 68.88% |

| | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|--------------|
| City's proportion of the collective net pension liability: | | | | |
| KPERS | 0.144451% | 0.115515% | 0.178344% | 0.151326% |
| KP&F | 0.368159% | 0.444896% | 0.356217% | 0.394653% |
| City's proportionate share of the collective net pension liability | \$ 5,544,868 | \$ 5,919,082 | \$ 4,938,289 | \$ 4,450,840 |
| City's covered payroll | \$ 4,408,474 | \$ 4,344,866 | \$ 4,329,067 | \$ 4,299,827 |
| City's proportionate share of the collective net pension liability as a percentage of its covered payroll | 126% | 136% | 114% | 104% |
| Plan fiduciary net position as a percentage of the total pension liability | 67.12% | 65.10% | 64.95% | 66.60% |

¹ GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF ATCHISON, KANSAS
ATCHISON PUBLIC LIBRARY
Schedule of the Library's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Eight Fiscal Years¹

| | 2021 | 2020 | 2019 | 2018 |
|--|------------|------------|------------|------------|
| Library's proportion of the collective net pension liability: | | | | |
| KPERS Atchison Public Library | 0.012924% | 0.013595% | 0.014471% | 0.014206% |
| Library's proportionate share of the collective net pension liability | \$ 155,082 | \$ 235,690 | \$ 202,214 | \$ 198,002 |
| Library's covered payroll | \$ 253,765 | \$ 256,529 | \$ 306,778 | \$ 277,389 |
| Library's proportionate share of the collective net pension liability as a percentage of its covered payroll | 61% | 92% | 66% | 71% |
| Plan fiduciary net position as a percentage of the total pension liability | 76.40% | 66.30% | 69.88% | 68.88% |

| | 2017 | 2016 | 2015 | 2014 |
|--|------------|------------|------------|------------|
| Library's proportion of the collective net pension liability: | | | | |
| KPERS Atchison Public Library | 0.013675% | 0.014563% | 0.014725% | 0.017116% |
| Library's proportionate share of the collective net pension liability | \$ 198,076 | \$ 225,294 | \$ 193,346 | \$ 210,666 |
| Library's covered payroll | \$ 242,343 | \$ 249,780 | \$ 246,283 | \$ 282,085 |
| Library's proportionate share of the collective net pension liability as a percentage of its covered payroll | 82% | 90% | 79% | 75% |
| Plan fiduciary net position as a percentage of the total pension liability | 67.12% | 65.10% | 64.95% | 66.60% |

¹ GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF ATCHISON, KANSAS
Schedule of the City's Contributions
Kansas Public Employees Retirement System
Last Ten Fiscal Years

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 721,861 | \$ 739,515 | \$ 693,056 | \$ 590,984 | \$ 560,943 |
| Contributions in relation to the contractually required contribution | <u>721,770</u> | <u>739,610</u> | <u>693,056</u> | <u>590,984</u> | <u>560,943</u> |
| Contribution excess (deficiency) | <u>\$ 91</u> | <u>\$ (95)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 4,803,268 | \$ 4,997,416 | \$ 4,803,389 | \$ 4,398,583 | \$ 4,290,448 |
| Contributions as a percentage of covered payroll | 15.03% | 14.80% | 14.43% | 13.44% | 13.07% |
| | | | | | |
| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
| Contractually required contribution | \$ 619,278 | \$ 626,020 | \$ 638,863 | \$ 518,478 | \$ 447,442 |
| Contributions in relation to the contractually required contribution | <u>619,278</u> | <u>625,413</u> | <u>638,863</u> | <u>518,478</u> | <u>447,442</u> |
| Contribution excess (deficiency) | <u>\$ -</u> | <u>\$ 607</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 4,410,377 | \$ 4,291,557 | \$ 4,327,392 | \$ 4,219,545 | \$ 4,083,213 |
| Contributions as a percentage of covered payroll | 14.04% | 14.59% | 14.76% | 12.29% | 10.96% |

CITY OF ATCHISON, KANSAS
 ATCHISON PUBLIC LIBRARY
 Schedule of the Library's Contributions
 Kansas Public Employees Retirement System
 Last Ten Fiscal Years

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|------------|------------|------------|------------|------------|
| Contractually required contribution | \$ 22,659 | \$ 21,370 | \$ 24,460 | \$ 22,859 | \$ 20,483 |
| Contributions in relation to the contractually required contribution | 22,659 | 21,370 | 24,460 | 22,859 | 20,483 |
| Contribution deficiency | \$ - | \$ - | \$ - | \$ - | \$ - |
| Library's covered payroll | \$ 255,459 | \$ 248,196 | \$ 275,134 | \$ 272,452 | \$ 242,118 |
| Contributions as a percentage of covered payroll | 8.87% | 8.61% | 8.89% | 8.39% | 8.46% |

| | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|------------|------------|------------|------------|------------|
| Contractually required contribution | \$ 23,076 | \$ 22,594 | \$ 22,953 | \$ 23,615 | \$ 20,579 |
| Contributions in relation to the contractually required contribution | 23,076 | 22,594 | 22,953 | 23,615 | 20,579 |
| Contribution deficiency | \$ - | \$ - | \$ - | \$ - | \$ - |
| Library's covered payroll | \$ 251,371 | \$ 238,337 | \$ 259,654 | \$ 297,421 | \$ 280,365 |
| Contributions as a percentage of covered payroll | 9.18% | 9.48% | 8.84% | 7.94% | 7.34% |

Other Supplementary Information

2021

OTHER SUPPLEMENTARY INFORMATION

CITY OF ATCHISON, KANSAS
COMBINING BALANCE SHEET
GENERAL FUND
December 31, 2021

| | General | Insurance Reserve | Municipal Equipment Reserve | Law Enforcement | Façade Improvements | Total General Fund |
|---|---------------------|----------------------|-----------------------------------|--------------------|------------------------|--------------------------|
| Assets: | | | | | | |
| Cash and cash equivalents | \$ 3,661,002 | \$ 66,486 | \$ 80,753 | \$ 39,998 | \$ 71,189 | \$ 3,919,428 |
| Receivables (net of allowance for uncollectibles): | | | | | | |
| Taxes | 3,465,252 | - | - | - | - | 3,465,252 |
| Accounts | 92,861 | - | 8,805 | - | - | 101,666 |
| Loans | - | - | - | - | 72,184 | 72,184 |
| Total assets | <u>\$ 7,219,115</u> | <u>\$ 66,486</u> | <u>\$ 89,558</u> | <u>\$ 39,998</u> | <u>\$ 143,373</u> | <u>\$ 7,558,530</u> |
| Liabilities, deferred inflows of resources, and fund balances: | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 360,733 | \$ 165 | \$ 32,280 | \$ - | \$ - | \$ 393,178 |
| Accrued payroll | 94,061 | - | - | - | - | 94,061 |
| Total liabilities | <u>454,794</u> | <u>165</u> | <u>32,280</u> | <u>-</u> | <u>-</u> | <u>487,239</u> |
| Deferred inflows of resources: | | | | | | |
| Deferred inflow - property taxes | <u>2,976,340</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,976,340</u> |
| Fund balances: | | | | | | |
| Assigned | 34,508 | 66,321 | 57,278 | 39,998 | 143,373 | 341,478 |
| Unassigned | <u>3,753,473</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,753,473</u> |
| Total fund balances | <u>3,787,981</u> | <u>66,321</u> | <u>57,278</u> | <u>39,998</u> | <u>143,373</u> | <u>4,094,951</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 7,219,115</u> | <u>\$ 66,486</u> | <u>\$ 89,558</u> | <u>\$ 39,998</u> | <u>\$ 143,373</u> | <u>\$ 7,558,530</u> |

CITY OF ATCHISON, KANSAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GENERAL FUND
Year Ended December 31, 2021

| | General | Insurance Reserve | Municipal Equipment Reserve | Law Enforcement | Façade Improvements | Eliminations | Total General Fund |
|---|---------------------|----------------------|-----------------------------------|--------------------|------------------------|--------------|--------------------------|
| Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property | \$ 3,370,878 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,370,878 |
| Sales | 2,145,217 | - | - | - | - | - | 2,145,217 |
| Franchise | 1,338,530 | - | - | - | - | - | 1,338,530 |
| Transient guest | 193,500 | - | - | - | - | - | 193,500 |
| Payments in lieu of taxes | 29,380 | - | - | - | - | - | 29,380 |
| Intergovernmental | 138,222 | - | 11,273 | - | - | - | 149,495 |
| Licenses and permits | 152,284 | - | - | - | - | - | 152,284 |
| Charges for services | 404,301 | - | - | - | - | - | 404,301 |
| Fines and fees | 205,987 | - | - | - | - | - | 205,987 |
| Interest on investments | 20 | - | - | - | - | - | 20 |
| Operating grants | 26,402 | - | - | - | - | - | 26,402 |
| Other | 17,439 | - | - | - | - | - | 17,439 |
| Total revenues | <u>8,022,160</u> | <u>-</u> | <u>11,273</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>8,033,433</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 2,311,393 | 8,664 | - | - | 20 | - | 2,320,077 |
| Public works | 1,359,641 | - | - | - | - | - | 1,359,641 |
| Public safety | 3,522,476 | - | - | - | - | - | 3,522,476 |
| Parks and recreation | 708,839 | - | - | - | - | - | 708,839 |
| Debt service: | | | | | | | |
| Principal | 72,651 | - | 34,581 | - | - | - | 107,232 |
| Interest and fiscal charges | 34,916 | - | 4,110 | - | - | - | 39,026 |
| Capital outlay | - | - | 308,804 | 70 | - | - | 308,874 |
| Total expenditures | <u>8,009,916</u> | <u>8,664</u> | <u>347,495</u> | <u>70</u> | <u>20</u> | <u>-</u> | <u>8,366,165</u> |
| Excess of revenues over expenditures | <u>12,244</u> | <u>(8,664)</u> | <u>(336,222)</u> | <u>(70)</u> | <u>(20)</u> | <u>-</u> | <u>(332,732)</u> |
| Other financing sources (uses): | | | | | | | |
| Sale of capital assets | 13,855 | - | - | - | - | - | 13,855 |
| Transfers in | 736,040 | - | 285,955 | - | - | (100,000) | 921,995 |
| Transfers out | (100,000) | - | (54,393) | - | - | 100,000 | (54,393) |
| Total other financing sources | <u>649,895</u> | <u>-</u> | <u>231,562</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>881,457</u> |
| Net change in fund balances | <u>662,139</u> | <u>(8,664)</u> | <u>(104,660)</u> | <u>(70)</u> | <u>(20)</u> | <u>-</u> | <u>548,725</u> |
| Fund balances, beginning of year | <u>3,125,842</u> | <u>74,985</u> | <u>161,938</u> | <u>40,068</u> | <u>143,393</u> | <u>-</u> | <u>3,546,226</u> |
| Fund balances, end of year | <u>\$ 3,787,981</u> | <u>\$ 66,321</u> | <u>\$ 57,278</u> | <u>\$ 39,998</u> | <u>\$ 143,373</u> | <u>\$ -</u> | <u>\$ 4,094,951</u> |

CITY OF ATCHISON, KANSAS
NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

Special Alcohol - to account for revenues and expenditures for the prevention of drug and alcohol abuse.

Special Parks and Recreation - to account for revenues and expenditures for the upkeep and upgrade of existing parks and recreation facilities.

Motor Fuel - to account for the City's highway aid payments distributed from the State.

DARE - to account for funds donated that will be used specifically for DARE activities in the Police Department.

Land Bank - to account for acquisition of tax-delinquent property and hold it for sale to developers who could redevelop it.

Grants - to account for grant proceeds received from various funding sources.

CITY OF ATCHISON, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2021

| | Special Revenue | | | | | | Total Nonmajor Governmental Funds |
|--|------------------|-------------------------|-------------------|------------------|------------------|-------------------|--|
| | Special | Special | Motor | | Land | | |
| | Alcohol | Parks and Recreation | Fuel | DARE | Bank | Grants | |
| Assets: | | | | | | | |
| Cash and cash equivalents | \$ 21,084 | \$ 27,494 | \$ 119,835 | \$ 30,201 | \$ 35,606 | \$ 879,692 | \$ 1,113,912 |
| Intergovernmental receivable | - | - | - | - | - | 5,591 | 5,591 |
| Total assets | <u>\$ 21,084</u> | <u>\$ 27,494</u> | <u>\$ 119,835</u> | <u>\$ 30,201</u> | <u>\$ 35,606</u> | <u>\$ 885,283</u> | <u>\$ 1,119,503</u> |
| Liabilities: | | | | | | | |
| Accounts payable | \$ 623 | \$ 2,165 | \$ - | \$ - | \$ - | \$ 8,791 | \$ 11,579 |
| Fund balances: | | | | | | | |
| Restricted: | | | | | | | |
| Substance abuse prevention and emergency shelter | 20,461 | - | - | - | - | 812,800 | 833,261 |
| Capital projects and maintenance | - | - | 119,835 | - | - | 7,853 | 127,688 |
| Public safety | - | - | - | - | - | 24,691 | 24,691 |
| Parks and recreation facilities | - | 25,329 | - | - | - | 31,148 | 56,477 |
| Acquisition and re-development of property | - | - | - | - | 35,606 | - | 35,606 |
| Assigned | - | - | - | 30,201 | - | - | 30,201 |
| Total fund balances | <u>20,461</u> | <u>25,329</u> | <u>119,835</u> | <u>30,201</u> | <u>35,606</u> | <u>876,492</u> | <u>1,107,924</u> |
| Total liabilities and fund balances | <u>\$ 21,084</u> | <u>\$ 27,494</u> | <u>\$ 119,835</u> | <u>\$ 30,201</u> | <u>\$ 35,606</u> | <u>\$ 885,283</u> | <u>\$ 1,119,503</u> |

CITY OF ATCHISON, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2021

| | Special Revenue | | | | | | Total Nonmajor Governmental Funds |
|--------------------------------------|--------------------|------------------------------------|-------------------|------------------|------------------|-------------------|--|
| | Special Alcohol | Special Parks and Recreation | Motor Fuel | DARE | Land Bank | Grants | |
| Revenues: | | | | | | | |
| Intergovernmental | \$ 32,745 | \$ 32,745 | \$ 303,362 | \$ - | \$ - | \$ 1,133,358 | \$ 1,502,210 |
| Other | - | - | - | - | 20,260 | 116,832 | 137,092 |
| Total revenues | <u>32,745</u> | <u>32,745</u> | <u>303,362</u> | <u>-</u> | <u>20,260</u> | <u>1,250,190</u> | <u>1,639,302</u> |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 17,370 | - | 177,787 | - | 5,670 | 424,178 | 625,005 |
| Public safety | - | - | - | - | - | 3,941 | 3,941 |
| Parks and recreation | - | 7,464 | - | - | - | - | 7,464 |
| Total expenditures | <u>17,370</u> | <u>7,464</u> | <u>177,787</u> | <u>-</u> | <u>5,670</u> | <u>428,119</u> | <u>636,410</u> |
| Excess of revenues over expenditures | <u>15,375</u> | <u>25,281</u> | <u>125,575</u> | <u>-</u> | <u>14,590</u> | <u>822,071</u> | <u>1,002,892</u> |
| Other financing uses: | | | | | | | |
| Transfers out | - | (15,000) | (103,062) | - | - | - | (118,062) |
| Total other financing uses | <u>-</u> | <u>(15,000)</u> | <u>(103,062)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(118,062)</u> |
| Net change in fund balances | 15,375 | 10,281 | 22,513 | - | 14,590 | 822,071 | 884,830 |
| Fund balances, beginning of year | 5,086 | 15,048 | 97,322 | 30,201 | 21,016 | 54,421 | 223,094 |
| Fund balances, end of year | <u>\$ 20,461</u> | <u>\$ 25,329</u> | <u>\$ 119,835</u> | <u>\$ 30,201</u> | <u>\$ 35,606</u> | <u>\$ 876,492</u> | <u>\$ 1,107,924</u> |

CITY OF ATCHISON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL ALCOHOL FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|----------------------------------|---|-------------------|-------------------------------|
| Revenues: | | | |
| Intergovernmental | \$ 25,000 | \$ 32,745 | \$ 7,745 |
| Expenditures: | | | |
| Contractual services | 17,494 | 17,370 | 124 |
| Net change in fund balances | 7,506 | 15,375 | 7,869 |
| Fund balances, beginning of year | 229 | 5,086 | 4,857 |
| Fund balances, end of year | <u>\$ 7,735</u> | <u>\$ 20,461</u> | <u>\$ 12,726</u> |

CITY OF ATCHISON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL PARKS AND RECREATION FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|--------------------------------------|---|-------------------|-------------------------------|
| Revenues: | | | |
| Intergovernmental | \$ 25,000 | \$ 32,745 | \$ 7,745 |
| Expenditures: | | | |
| Contractual services | 12,000 | 7,464 | 4,536 |
| Excess of revenues over expenditures | 13,000 | 25,281 | 12,281 |
| Other financing uses: | | | |
| Transfers out | (15,000) | (15,000) | - |
| Net change in fund balances | (2,000) | 10,281 | 12,281 |
| Fund balances, beginning of year | 4,796 | 15,048 | 10,252 |
| Fund balances, end of year | <u>\$ 2,796</u> | <u>\$ 25,329</u> | <u>\$ 22,533</u> |

CITY OF ATCHISON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
MOTOR FUEL FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|--------------------------------------|---|-------------------|-------------------------------|
| Revenues: | | | |
| Intergovernmental | \$ 240,400 | \$ 303,362 | \$ 62,962 |
| Interest on investments | 100 | - | (100) |
| | <u>240,500</u> | <u>303,362</u> | <u>62,862</u> |
| Total revenues | 240,500 | 303,362 | 62,862 |
| Expenditures: | | | |
| Contractual services | 200,000 | 177,787 | 22,213 |
| | <u>200,000</u> | <u>177,787</u> | <u>22,213</u> |
| Excess of revenues over expenditures | 40,500 | 125,575 | 85,075 |
| Other financing uses: | | | |
| Transfers out | (103,062) | (103,062) | - |
| | <u>(103,062)</u> | <u>(103,062)</u> | <u>-</u> |
| Net change in fund balances | (62,562) | 22,513 | 85,075 |
| Fund balance, beginning of year | 81,534 | 97,322 | 15,788 |
| | <u>81,534</u> | <u>97,322</u> | <u>15,788</u> |
| Fund balance, end of year | <u>\$ 18,972</u> | <u>\$ 119,835</u> | <u>\$ 100,863</u> |

CITY OF ATCHISON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
LAND BANK FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|----------------------------------|---|-------------------|-------------------------------|
| Revenues: | | | |
| Interest on investments | \$ 10 | \$ - | \$ (10) |
| Other | - | 20,260 | 20,260 |
| Total revenues | 10 | 20,260 | 20,250 |
| Expenditures: | | | |
| Contractual services | 14,000 | 5,670 | 8,330 |
| Material and supplies | 500 | - | 500 |
| Total expenditures | 14,500 | 5,670 | 8,830 |
| Net change in fund balances | (14,490) | 14,590 | 29,080 |
| Fund balances, beginning of year | 20,613 | 21,016 | 403 |
| Fund balances, end of year | \$ 6,123 | \$ 35,606 | \$ 29,483 |

CITY OF ATCHISON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
DEBT SERVICE FUND
Year Ended December 31, 2021

| | Original and Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|--|---|-------------------|-------------------------------|
| Revenues: | | | |
| Taxes: | | | |
| Ad valorem tax | \$ 715,724 | \$ 739,950 | \$ 24,226 |
| Recreational vehicle tax | 637 | 773 | 136 |
| 16-20M vehicle tax | 746 | 790 | 44 |
| Motor vehicle tax | 74,217 | 79,604 | 5,387 |
| Commercial vehicle tax | 804 | - | (804) |
| Vehicle excise tax | 341 | 142 | (199) |
| Total taxes | 792,469 | 821,259 | 28,790 |
| Interest on investments | 3,000 | - | (3,000) |
| Other | 16,667 | 16,667 | - |
| Total revenues | 812,136 | 837,926 | 25,790 |
| Expenditures: | | | |
| Principal | 869,000 | 680,000 | 189,000 |
| Interest | 201,524 | 201,524 | - |
| Miscellaneous expense | 89,000 | 57,829 | 31,171 |
| Contingency | 48,538 | - | 48,538 |
| Total expenditures | 1,208,062 | 939,353 | 268,709 |
| Excess (deficiency) of revenues over (under) expenditures | (395,926) | (101,427) | 294,499 |
| Other financing sources (uses): | | | |
| Premium on refunding bonds issued | - | 107,829 | 107,829 |
| Issuance of general obligation refunding bonds | - | 2,870,000 | 2,870,000 |
| Payment to refunded bond escrow agent | - | (2,920,000) | (2,920,000) |
| Total other financing sources (uses) | - | 57,829 | 57,829 |
| Net change in fund balances | (395,926) | (43,598) | 352,328 |
| Fund balances, beginning of year | 395,926 | 434,343 | 38,417 |
| Fund balances, end of year | \$ - | \$ 390,745 | \$ 390,745 |

CITY OF ATCHISON, KANSAS
FIDUCIARY FUNDS
Custodial Funds

Amelia Earhart Festival – accounts for activities for the weeklong celebration of the life of Amelia Earhart. Events include live entertainment, food, arts & crafts, fireworks, and an award celebration.

Santa Fe Depot Enhancement – accounts for capital improvements to the historic Santa Fe Depot building.

Veteran's Memorial Park – accounts for funds contributed to maintain the veterans pavilion within the riverfront park.

CITY OF ATCHISON, KANSAS
 COMBINING STATEMENT OF NET POSITION
 FIDUCIARY FUNDS
 December 31, 2021

| | Amelia Earhart Festival | Custodial Santa Fe Depot Enhancement | Veteran's Memorial Park | Totals |
|---|-------------------------------|---|-------------------------------|------------|
| Assets: | | | | |
| Cash and cash equivalents | \$ 54,583 | \$ 52,264 | \$ 1,381 | \$ 108,228 |
| Liabilities: | | | | |
| Due to others | \$ 76 | \$ - | \$ - | \$ 76 |
| Net Position: | | | | |
| Restricted for: | | | | |
| Individuals, organizations, and other governments | 54,507 | 52,264 | 1,381 | 108,152 |
| Total liabilities and net position | \$ 54,583 | \$ 52,264 | \$ 1,381 | \$ 108,228 |

CITY OF ATCHISON, KANSAS
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 FIDUCIARY FUNDS
 Year Ended December 31, 2021

| | Amelia Earhart Festival | Custodial Santa Fe Depot Enhancement | Veteran's Memorial Park | Totals |
|---------------------------------|-------------------------------|---|-------------------------------|------------|
| Additions: | | | | |
| Charges for service | \$ 51 | \$ - | \$ - | \$ 51 |
| Contributions | 25,000 | | | 25,000 |
| Miscellaneous | 110 | 5,191 | - | 5,301 |
| Total additions | 25,161 | 5,191 | - | 30,352 |
| Deductions: | | | | |
| Payments to others | 2,512 | - | - | 2,512 |
| Administrative | 8,476 | - | - | 8,476 |
| Miscellaneous | 5,950 | 7,241 | - | 13,191 |
| Total deductions | 16,938 | 7,241 | - | 24,179 |
| Net change in net position | 8,223 | (2,050) | - | 6,173 |
| Net position, beginning of year | 46,284 | 54,314 | 1,381 | 101,979 |
| Net position, end of year | \$ 54,507 | \$ 52,264 | \$ 1,381 | \$ 108,152 |

CITY OF ATCHISON, KANSAS
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
PUBLIC LIBRARY
December 31, 2021

| | |
|---|--------------------------|
| Assets: | |
| Cash | \$ 373,278 |
| Taxes receivable | <u>530,672</u> |
| Total assets | <u><u>\$ 903,950</u></u> |
| Liabilities, deferred inflows of resources, and fund balances: | |
| Liabilities: | |
| Accounts payable | \$ 15 |
| Accrued payroll | <u>2,656</u> |
| Total liabilities | <u>2,671</u> |
| Deferred inflows of resources: | |
| Deferred inflow - property taxes | <u>530,672</u> |
| Fund balances: | |
| Restricted: | |
| Building improvements | 6,065 |
| Reading programs | 17,832 |
| Books | 7,670 |
| Assigned | <u>339,040</u> |
| Total fund balances | <u>370,607</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u><u>\$ 903,950</u></u> |

CITY OF ATCHISON, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT
PUBLIC LIBRARY
Year Ended December 31, 2021

| | |
|--------------------------------------|--------------------------|
| Revenues: | |
| Taxes | \$ 623,007 |
| Charges for services | 5,300 |
| Grants and contributions | 41,663 |
| Investment earnings | <u>545</u> |
| Total revenues | 670,515 |
| Expenditures: | |
| Current: | |
| Education | <u>616,655</u> |
| Excess of revenues over expenditures | 53,860 |
| Fund balances, beginning of year | <u>316,747</u> |
| Fund balances, end of year | <u><u>\$ 370,607</u></u> |

Statistical Section

2021

STATISTICAL SECTION

This part of the City'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. | 103 |
| Revenue Capacity | |
| These schedules contain information to help the reader assess the City's most significant local revenue source, water/wastewater charges for services, as well as its property tax. | 107 |
| 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. | 116 |
| 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. | 119 |
| 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. | 122 |

CITY OF ATCHISON, KANSAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(accrual basis of accounting)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$13,313,242 | \$14,739,011 | \$14,706,052 | \$16,480,463 | \$16,836,454 | \$17,551,340 | \$18,927,532 | \$20,329,321 | \$20,448,417 | \$23,250,701 |
| Restricted | 555,711 | 318,284 | 283,119 | 114,925 | 122,116 | 164,562 | 314,664 | 550,630 | 611,918 | 1,447,179 |
| Unrestricted | 2,161,847 | 3,038,112 | 4,016,612 | (347,178) | (416,223) | 23,074 | (1,018,064) | (1,654,526) | (671,379) | (885,439) |
| Total Governmental activities net position | <u>\$16,030,800</u> | <u>\$18,095,407</u> | <u>\$19,005,783</u> | <u>\$16,248,210</u> | <u>\$16,542,347</u> | <u>\$17,738,976</u> | <u>\$18,224,132</u> | <u>\$19,225,425</u> | <u>\$20,388,956</u> | <u>\$23,812,441</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$11,908,638 | \$12,346,736 | \$13,111,660 | \$14,497,188 | \$15,200,765 | \$19,304,454 | \$20,693,940 | \$21,181,158 | \$20,375,480 | \$20,224,827 |
| Unrestricted | 5,991,187 | 6,209,967 | 6,619,694 | 5,012,895 | 5,701,739 | 5,430,455 | 5,185,424 | 5,043,418 | 6,936,498 | 7,810,232 |
| Total business-type activities net position | <u>\$17,899,825</u> | <u>\$18,556,703</u> | <u>\$19,731,354</u> | <u>\$19,510,083</u> | <u>\$20,902,504</u> | <u>\$24,734,909</u> | <u>\$25,879,364</u> | <u>\$26,224,576</u> | <u>\$27,311,978</u> | <u>\$28,035,059</u> |
| Primary Government | | | | | | | | | | |
| Net investment in capital assets | \$25,221,880 | \$27,085,747 | \$27,817,712 | \$30,977,651 | \$32,037,219 | \$36,855,794 | \$39,621,472 | \$41,510,479 | \$40,823,897 | \$43,475,528 |
| Restricted | 555,711 | 318,284 | 283,119 | 114,925 | 122,116 | 164,562 | 314,664 | 550,630 | 611,918 | 1,447,179 |
| Unrestricted | 8,153,034 | 9,248,079 | 10,636,306 | 4,665,717 | 5,285,516 | 5,453,529 | 4,167,360 | 3,388,892 | 6,265,119 | 6,924,793 |
| Total primary government net position | <u>\$33,930,625</u> | <u>\$36,652,110</u> | <u>\$38,737,137</u> | <u>\$35,758,293</u> | <u>\$37,444,851</u> | <u>\$42,473,885</u> | <u>\$44,103,496</u> | <u>\$45,450,001</u> | <u>\$47,700,934</u> | <u>\$51,847,500</u> |

Watershed District #26 is presented as a component unit beginning in the years 2006-2010. Beginning in 2011 the Watershed is treated as a fiduciary fund.

In 2020 the Watershed District was dissolved and it became a part of the City's Parks department.

CITY OF ATCHISON, KANSAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$2,288,605 | \$2,893,738 | \$3,180,703 | \$2,839,712 | \$2,960,219 | \$3,333,475 | \$4,067,806 | \$3,856,727 | \$3,362,531 | \$3,673,249 |
| Public Safety | 3,080,529 | 3,168,196 | 3,321,191 | 3,059,215 | 3,466,334 | 3,321,488 | 3,607,731 | 3,867,283 | 4,053,961 | 3,846,626 |
| Public Works | 1,815,676 | 2,110,116 | 2,100,754 | 2,109,452 | 1,931,845 | 1,972,702 | 1,873,168 | 1,959,836 | 2,080,994 | 2,145,577 |
| Parks and Recreation | 306,470 | 315,903 | 316,136 | 339,831 | 352,838 | 377,475 | 697,459 | 761,558 | 684,490 | 802,623 |
| Interest on long-term debt | 119,877 | 168,682 | 215,786 | 200,127 | 182,710 | 213,234 | 269,729 | 155,822 | 278,475 | 228,798 |
| Total governmental activities expenses | 7,611,157 | 8,656,635 | 9,134,570 | 8,548,337 | 8,893,946 | 9,218,374 | 10,515,893 | 10,601,226 | 10,460,451 | 10,696,873 |
| Business-type activities: | | | | | | | | | | |
| Water | 2,521,121 | 2,407,873 | 2,349,173 | 2,545,497 | 2,832,061 | 3,105,512 | 3,246,144 | 3,497,803 | 3,448,341 | 3,380,518 |
| Wastewater | 1,905,811 | 1,397,305 | 1,617,152 | 1,845,541 | 1,808,674 | 1,908,248 | 2,062,169 | 2,214,116 | 2,157,463 | 2,349,352 |
| Refuse | 384,657 | 390,426 | 406,798 | 891,962 | 927,392 | 941,619 | 994,968 | 1,012,046 | 948,025 | 996,169 |
| Total business-type activities | 4,811,589 | 4,195,604 | 4,373,123 | 5,283,000 | 5,568,127 | 5,955,379 | 6,303,281 | 6,723,965 | 6,553,829 | 6,726,039 |
| Total primary government expenses | \$12,422,746 | \$12,852,239 | \$13,507,693 | \$13,831,337 | \$14,462,073 | \$15,173,753 | \$16,819,174 | \$17,325,191 | \$17,014,280 | \$17,422,912 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General Government | \$332,317 | \$407,253 | \$367,997 | \$371,388 | \$477,994 | \$358,322 | \$355,404 | \$599,946 | \$373,913 | \$666,829 |
| Public Safety | 113,084 | 93,907 | 78,169 | 69,626 | 70,453 | 119,177 | 71,745 | 127,328 | 97,249 | 97,398 |
| Public Works | 141,045 | 123,093 | 128,992 | 332,939 | 349,890 | 357,143 | 361,342 | 368,541 | 156,108 | 272,992 |
| Operating grants and contributions | 447,042 | 425,455 | 587,508 | 421,178 | 492,067 | 947,573 | 957,462 | 704,764 | 847,596 | 1,586,811 |
| Capital grants and contributions | 545,799 | 955,506 | 456,776 | 400,617 | 223,423 | 722,660 | 1,033,570 | 742,314 | 1,289,438 | 2,247,925 |
| Total governmental activities programs revenues | 1,579,287 | 2,005,214 | 1,619,442 | 1,595,748 | 1,613,827 | 2,504,875 | 2,779,523 | 2,542,893 | 2,764,304 | 4,871,955 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | 3,888,189 | 4,089,692 | 3,979,202 | 4,069,473 | 4,244,775 | 4,206,276 | 4,334,769 | 4,474,009 | 4,621,486 | 4,602,319 |
| Wastewater | 1,808,743 | 1,801,135 | 1,924,969 | 2,433,689 | 2,694,359 | 2,640,177 | 2,731,147 | 2,785,252 | 2,715,432 | 2,827,590 |
| Refuse | 504,428 | 525,292 | 551,126 | 147,808 | 3,897 | 8,237 | 9,223 | 11,525 | 14,270 | 16,643 |
| Capital grants and contributions | 1,219,916 | 4,065 | - | - | 8,360 | 2,725,030 | - | - | - | - |
| Total business-type activities program revenues | 7,421,276 | 6,420,184 | 6,455,297 | 6,650,970 | 6,951,391 | 9,579,720 | 7,075,139 | 7,270,786 | 7,351,188 | 7,446,552 |
| Total primary government program revenues | \$9,000,563 | \$8,425,398 | \$8,074,739 | \$8,246,718 | \$8,565,218 | \$12,084,595 | \$9,854,662 | \$9,813,679 | \$10,115,492 | \$12,318,507 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | (\$6,031,870) | (\$6,651,421) | (\$7,515,128) | (\$6,952,589) | (\$7,280,119) | (\$6,713,499) | (\$7,736,370) | (\$8,058,333) | (\$7,696,147) | (\$5,824,918) |
| Business-type activities | 2,609,687 | 2,224,580 | 2,082,174 | 1,367,970 | 1,383,264 | 3,624,341 | 771,858 | 546,821 | 797,359 | 720,513 |
| Total primary government net expense | (\$3,422,183) | (\$4,426,841) | (\$5,432,954) | (\$5,584,619) | (\$5,896,855) | (\$3,089,158) | (\$6,964,512) | (\$7,511,512) | (\$6,898,788) | (\$5,104,405) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$3,211,414 | \$3,244,470 | \$3,226,669 | \$3,330,996 | \$3,331,078 | \$3,470,664 | \$3,791,093 | \$3,927,589 | \$4,022,258 | \$4,192,137 |
| Sales taxes | 1,651,096 | 2,532,109 | 2,420,909 | 1,629,061 | 1,646,986 | 1,738,735 | 1,775,424 | 1,892,867 | 2,154,534 | 2,156,694 |
| Franchise Taxes | 1,323,711 | 1,324,543 | 1,509,455 | 1,420,580 | 1,336,005 | 1,363,115 | 1,448,526 | 1,431,831 | 1,334,617 | 1,338,530 |
| Guest taxes | - | - | 136,092 | 133,868 | 127,418 | 150,034 | 168,245 | 201,152 | 162,587 | 201,113 |
| Payments in lieu of taxes | 24,033 | 23,594 | 23,307 | 21,501 | 25,477 | 23,189 | 24,307 | 23,892 | 27,384 | 29,380 |
| Unrestricted investment earnings | 27,157 | 1,272 | 443 | 1,242 | 28,323 | 69,814 | 128,680 | 116,650 | 20,780 | 169 |
| Gain on disposal of asset | 13,522 | 18,292 | 32,291 | 40,664 | 97,142 | 79,454 | 23,137 | 28,330 | 28,090 | 12,795 |
| Transfers | 792,507 | 1,571,748 | 1,076,338 | 1,827,209 | 981,827 | 923,782 | 818,720 | 1,437,315 | 1,109,428 | 1,317,585 |
| Total governmental activities | 7,043,440 | 8,716,028 | 8,425,504 | 8,405,121 | 7,574,256 | 7,818,787 | 8,178,132 | 9,059,626 | 8,859,678 | 9,248,403 |
| Business-type activities: | | | | | | | | | | |
| Sales Taxes | 996,021 | - | 165,123 | 980,458 | 964,161 | 1,057,363 | 1,056,145 | 1,108,951 | 1,380,591 | 1,315,053 |
| Unrestricted investment earnings | 24,318 | 2,076 | 592 | 1,276 | 26,823 | 59,758 | 116,372 | 92,828 | 15,580 | - |
| Insurance recoveries | - | - | - | - | - | 8,325 | - | - | - | - |
| Gain on disposal of asset | - | 1,970 | 3,100 | 43,789 | - | 6,400 | 18,800 | 33,927 | 3,300 | 5,100 |
| Transfers | (792,507) | (1,571,748) | (1,076,338) | (1,827,209) | (981,827) | (923,782) | (818,720) | (1,437,315) | (1,109,428) | (1,317,585) |
| Total business-type activities | 227,832 | (1,567,702) | (907,523) | (801,686) | 9,157 | 208,064 | 372,597 | (201,609) | 290,043 | 2,568 |
| Total primary government | \$7,271,272 | \$7,148,326 | \$7,517,981 | \$7,603,435 | \$7,583,413 | \$8,026,851 | \$8,550,729 | \$8,858,017 | \$9,149,721 | \$9,250,971 |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$1,011,570 | \$2,064,607 | \$910,376 | \$1,452,532 | \$294,137 | \$1,105,288 | \$441,762 | \$1,001,293 | \$1,163,531 | \$3,423,485 |
| Business-type activities | 2,837,519 | 656,878 | 1,174,651 | 566,284 | 1,392,421 | 3,832,405 | 1,144,455 | 345,212 | 1,087,402 | 723,081 |
| Total primary government | \$3,849,089 | \$2,721,485 | \$2,085,027 | \$2,018,816 | \$1,686,558 | \$4,937,693 | \$1,586,217 | \$1,346,505 | \$2,250,933 | \$4,146,566 |

CITY OF ATCHISON, KANSAS
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Fund | | | | | | | | | | |
| Assigned | | | | | | | | | | |
| Purchases on order | \$ 68,821 | \$ 48,372 | \$ 31,643 | \$ 5,691 | \$ 16,538 | \$ 36,321 | \$ 46,156 | \$ 20,625 | \$ 40,453 | \$ 34,508 |
| Subsequent year's budget appropriation of fund balances | 681,667 | 708,475 | 422,127 | 584,003 | 308,654 | 408,212 | 591,660 | 640,080 | 420,384 | 306,970 |
| Unassigned | 2,073,289 | 2,042,639 | 1,669,626 | 1,686,144 | 1,960,729 | 2,225,958 | 2,342,221 | 2,303,072 | 3,085,389 | 3,753,473 |
| Total general fund | <u>\$2,823,777</u> | <u>\$2,799,486</u> | <u>\$2,123,396</u> | <u>\$2,275,838</u> | <u>\$2,285,921</u> | <u>\$2,670,491</u> | <u>\$2,980,037</u> | <u>\$2,963,777</u> | <u>\$3,546,226</u> | <u>\$4,094,951</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Restricted for: | | | | | | | | | | |
| Substance abuse prevention and emergency shelter | \$ 16,592 | \$ 23,424 | \$ 27,197 | \$ 9,718 | \$ 10,002 | \$ 15,771 | \$ 8,660 | \$ 16,754 | \$ 18,608 | \$ 833,261 |
| Debt service fund | 216,280 | 244,296 | 294,062 | 99,452 | 17,725 | - | 771,736 | 456,605 | 516,458 | 475,928 |
| Capital projects and maintenance | 335,267 | 1,731,467 | 35,585 | 50,605 | 49,254 | 40,261 | 76,726 | 99,276 | 117,327 | 127,688 |
| Public Safety | 1,920 | 1,773 | 1,548 | 2,870 | 2,870 | 5,061 | 16,426 | 10,781 | 10,652 | 24,691 |
| Parks and Recreation facilities | 19,860 | 19,093 | 13,348 | 15,363 | 59,990 | 103,469 | 121,161 | 56,049 | 25,290 | 56,477 |
| Acquisition and re-development of property | - | - | - | - | - | - | - | 601 | 21,016 | 35,606 |
| Assigned | 217,040 | 1,300,490 | 3,095,772 | 2,659,685 | 2,761,296 | 2,782,506 | 1,149,970 | 1,304,279 | 915,539 | 1,319,608 |
| Total all other governmental funds | <u>\$ 806,959</u> | <u>\$3,320,543</u> | <u>\$3,467,512</u> | <u>\$2,837,693</u> | <u>\$2,901,137</u> | <u>\$2,947,068</u> | <u>\$2,144,679</u> | <u>\$1,944,345</u> | <u>\$1,624,890</u> | <u>\$2,873,259</u> |

CITY OF ATCHISON, KANSAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|------------------|--------------------|--------------------|--------------------|-------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| Revenues | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property | \$3,211,414 | \$3,244,470 | \$3,226,669 | \$3,330,996 | \$3,331,078 | \$3,470,664 | \$3,791,093 | \$3,927,589 | \$4,022,258 | \$4,192,137 |
| Sales | 1,651,096 | 2,532,109 | 2,420,909 | 1,629,061 | 1,646,986 | 1,738,735 | 1,775,424 | 1,892,867 | 2,154,534 | 2,156,694 |
| Franchise | 1,323,711 | 1,324,543 | 1,509,455 | 1,420,580 | 1,336,005 | 1,363,115 | 1,448,526 | 1,431,831 | 1,334,617 | 1,338,530 |
| Guest | - | - | 136,092 | 133,868 | 127,418 | 150,034 | 168,245 | 201,152 | 162,587 | 201,113 |
| Payments in lieu of taxes | 24,033 | 23,594 | 23,307 | 21,501 | 25,477 | 23,189 | 24,307 | 23,892 | 27,384 | 29,380 |
| Intergovernmental | 911,355 | 1,342,114 | 835,691 | 720,474 | 629,495 | 1,235,242 | 1,894,485 | 1,280,804 | 1,699,998 | 3,563,337 |
| Licenses and permits | 104,016 | 92,406 | 45,131 | 72,891 | 171,778 | 64,821 | 74,921 | 72,440 | 59,408 | 152,284 |
| Charges for services | 167,535 | 158,084 | 176,879 | 388,453 | 379,515 | 341,728 | 386,674 | 403,116 | 388,882 | 404,301 |
| Fines and fees | 148,168 | 244,265 | 225,256 | 188,751 | 221,242 | 196,392 | 181,289 | 174,826 | 115,631 | 205,987 |
| Special Assessments | 29,162 | - | - | - | - | - | - | - | - | - |
| Interest on investments | 27,156 | 1,272 | 443 | 1,242 | 28,323 | 69,814 | 128,680 | 116,650 | 20,780 | 169 |
| Operating grants | - | - | - | - | - | - | - | - | 199,799 | 26,402 |
| Other | 215,551 | 158,267 | 157,654 | 209,839 | 164,322 | 278,769 | 218,140 | 596,262 | 275,057 | 518,584 |
| Total Revenues | 7,813,197 | 9,121,124 | 8,757,486 | 8,117,656 | 8,061,639 | 8,932,503 | 10,091,783 | 10,121,429 | 10,460,935 | 12,788,918 |
| Expenditures | | | | | | | | | | |
| General government | 1,735,879 | 2,335,663 | 2,544,990 | 2,318,616 | 2,407,727 | 2,763,157 | 3,449,366 | 3,326,569 | 2,738,022 | 2,945,802 |
| Public works | 1,556,253 | 1,630,158 | 1,824,005 | 1,750,137 | 1,594,803 | 1,557,711 | 1,387,650 | 1,341,996 | 1,432,148 | 1,407,376 |
| Public safety | 2,867,512 | 2,996,695 | 3,085,288 | 3,065,996 | 3,100,168 | 3,083,534 | 3,153,151 | 3,382,123 | 3,458,933 | 3,526,417 |
| Parks and recreation | 258,620 | 267,308 | 270,144 | 293,954 | 295,953 | 330,848 | 615,370 | 667,300 | 590,664 | 716,303 |
| Debt Service | | | | | | | | | | |
| Principal | 565,352 | 466,769 | 483,241 | 644,773 | 691,367 | 685,701 | 521,177 | 1,439,256 | 655,352 | 840,032 |
| Interest | 141,592 | 105,838 | 100,743 | 227,024 | 190,088 | 176,509 | 183,152 | 214,670 | 271,837 | 271,630 |
| Debt Issuance Costs | - | 34,236 | 60,646 | - | - | 36,160 | - | - | - | 134,012 |
| Capital outlay | 1,458,341 | 5,171,046 | 10,363,991 | 6,406,395 | 2,279,529 | 2,825,920 | 3,795,868 | 4,748,040 | 4,225,021 | 4,573,246 |
| Total Expenditures | 8,583,549 | 13,007,713 | 18,733,048 | 14,706,895 | 10,559,635 | 11,459,540 | 13,105,734 | 15,119,954 | 13,371,977 | 14,414,818 |
| Excess of revenues over/(under) expenditures | (770,352) | (3,886,589) | (9,975,562) | (6,589,239) | (2,497,996) | (2,527,037) | (3,013,952) | (4,998,525) | (2,911,042) | (1,625,900) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Payment to refund temporary notes | - | - | (2,550,000) | - | - | - | - | - | - | - |
| Proceeds of general obligation bonds | - | - | 4,645,000 | - | - | 1,205,000 | - | 2,780,000 | 1,250,000 | - |
| Sale of capital assets | 58,502 | 37,728 | 46,210 | 50,752 | 89,469 | 59,157 | 50,594 | 24,980 | 32,390 | 13,855 |
| Insurance Proceeds | - | - | 164,912 | 10,105 | 55,146 | 401,825 | 4,381 | 36,974 | 21,229 | - |
| Bond proceeds | - | - | - | - | - | - | 758,400 | - | - | - |
| Proceeds from capital leases | - | - | - | - | 179,712 | - | - | - | 178,069 | - |
| Proceeds from temporary notes | - | 2,550,000 | - | - | - | - | - | - | - | 1,200,000 |
| Issuance of general obligation refunding bonds | - | - | - | - | - | - | - | - | - | 2,870,000 |
| Payment to refunded bond escrow agent | - | - | - | - | - | - | - | - | - | (2,920,000) |
| Bond premium | - | - | 27,408 | - | - | - | - | - | - | 107,829 |
| Transfers in | 1,103,919 | 4,825,154 | 8,047,911 | 7,430,291 | 2,795,864 | 1,695,274 | 1,901,739 | 3,157,030 | 1,963,506 | 2,323,765 |
| Transfers out | (307,372) | (1,037,000) | (935,000) | (1,379,286) | (548,668) | (403,718) | (324,681) | (1,217,053) | (271,158) | (172,455) |
| Total other financing sources (uses) | 855,049 | 6,375,882 | 9,446,441 | 6,111,862 | 2,571,523 | 2,957,538 | 2,390,433 | 4,781,931 | 3,174,036 | 3,422,994 |
| Net change in fund balances | \$84,697 | \$2,489,293 | \$(529,121) | \$(477,377) | \$73,527 | \$430,501 | \$(623,519) | \$(216,594) | \$262,994 | \$1,797,094 |
| Debt service as a percentage of noncapital expenditures | 9.8% | 5.6% | 6.9% | 10.5% | 9.2% | 9.5% | 6.9% | 15.1% | 9.6% | 10.3% |

CITY OF ATCHISON, KANSAS

PRINCIPAL WATER PURCHASERS

CURRENT YEAR AND NINE YEARS AGO

| Water Purchaser | 2021 | | | 2012 | | |
|-------------------------|------------------|------|--------------------------------------|------------------|------|--------------------------------------|
| | Gallons Consumed | Rank | Percentage of Total Gallons Consumed | Gallons Consumed | Rank | Percentage of Total Gallons Consumed |
| MGP Ingredients | 640,288,815 | 1 | 52.72% | 579,834,236 | 1 | 37.17% |
| Rural Water District #5 | 121,828,737 | 2 | 10.03% | 147,254,750 | 2 | 9.44% |
| Benedictine College | 23,056,240 | 3 | 1.90% | 31,085,234 | 5 | 1.99% |
| Bradken | 19,949,003 | 4 | 1.64% | 46,680,339 | 3 | 2.99% |
| Rural Water District #6 | 19,098,108 | 5 | 1.57% | 37,205,520 | 4 | 2.38% |
| Bunge Milling | 14,432,181 | 6 | 1.19% | 11,934,462 | 6 | 0.76% |
| Rural Water District #1 | 10,120,440 | 7 | 0.83% | 11,751,080 | 7 | 0.75% |
| Mount St. Scholastica | 6,941,620 | 8 | 0.57% | 9,060,524 | 8 | 0.58% |
| Atchison Hospital | 6,230,675 | 9 | 0.51% | 5,054,603 | 10 | 0.32% |
| Atchison Public Schools | 5,956,788 | 10 | 0.49% | 8,422,749 | 9 | 0.54% |
| Total | 867,902,607 | | 71.46% | 888,283,497 | | 56.94% |

Source: City of Atchison Water Department.

CITY OF ATCHISON, KANSAS

WATER PRODUCED AND CONSUMED

LAST TEN FISCAL YEARS
(thousands of gallons)

| Fiscal Year | Gallons of Water Produced | Gallons of Water Consumed | Gallons of Water Unbilled | | Average Percent Unbilled | Base Rate |
|----------------|---------------------------------|---------------------------------|---------------------------------|--------------------------|--------------------------------|--------------|
| | | | Metered Provided For Free | Unaccounted For Water | | |
| 2012 | 1,560,120 | 1,178,786 | 75,151 | 306,184 | 24.44% | \$ 24.80 |
| 2013 | 1,494,244 | 1,095,987 | 89,359 | 308,898 | 26.65% | \$ 26.29 |
| 2014 | 1,392,016 | 1,069,542 | 78,489 | 248,952 | 23.52% | \$ 27.34 |
| 2015 | 1,421,828 | 1,103,430 | 104,661 | 213,737 | 22.39% | \$ 29.34 |
| 2016 | 1,264,147 | 1,064,994 | 59,463 | 139,690 | 15.75% | \$ 30.81 |
| 2017 | 1,326,400 | 1,066,826 | 51,757 | 207,817 | 19.57% | \$ 30.81 |
| 2018 | 1,356,600 | 1,109,122 | 85,386 | 162,092 | 18.24% | \$ 31.12 |
| 2019 | 1,332,492 | 1,095,922 | 65,174 | 176,571 | 18.14% | \$ 31.62 |
| 2020 | 1,313,018 | 1,112,175 | 28,229 | 173,753 | 15.38% | \$ 32.37 |
| 2021 | 1,353,800 | 1,092,540 | 121,938 | 143,280 | 19.59% | \$ 32.37 |

Source: City of Atchison Water Use reports

Base rate shown is for a 5/8" meter. See the Water Rate Schedule for other meter sizes and usage charges.

CITY OF ATCHISON, KANSAS
ANNUAL TAP SALES
LAST TEN FISCAL YEARS

| Fiscal Year | Water Meter Taps Sold |
|------------------------|--------------------------------------|
| 2012 | 5 |
| 2013 | 8 |
| 2014 | 8 |
| 2015 | 1 |
| 2016 | 6 |
| 2017 | 1 |
| 2018 | 5 |
| 2019 | 6 |
| 2020 | 5 |
| 2021 | 8 |

Source: City of Atchison Water Utility

CITY OF ATCHISON, KANSAS

NUMBER OF WATER CUSTOMERS BY TYPE

LAST TEN FISCAL YEARS

| Fiscal Year | Water Customers | | | | Rural Water Districts | Total |
|----------------|-----------------|------------|------------|--|--------------------------|-------|
| | Residential | Commercial | Industrial | | | |
| 2012 | 3,672 | 433 | 42 | | 6 | 4,153 |
| 2013 | 3,648 | 433 | 42 | | 6 | 4,129 |
| 2014 | 3,624 | 431 | 42 | | 6 | 4,103 |
| 2015 | 3,639 | 426 | 41 | | 6 | 4,112 |
| 2016 | 3,647 | 440 | 31 | | 7 | 4,125 |
| 2017 | 3,636 | 448 | 31 | | 7 | 4,122 |
| 2018 | 3,656 | 449 | 33 | | 7 | 4,145 |
| 2019 | 3,647 | 455 | 30 | | 7 | 4,139 |
| 2020 | 3,675 | 449 | 30 | | 7 | 4,161 |
| 2021 | 3,680 | 452 | 32 | | 7 | 4,171 |

Source: City of Atchison Water Use reports

CITY OF ATCHISON, KANSAS

WATER RATES

LAST TEN FISCAL YEARS

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Minimum Monthly Rates- All account types | | | | | | | | | | |
| 5/8 inch meter | \$ 24.80 | \$ 26.29 | \$ 27.34 | \$ 29.34 | \$ 30.81 | \$ 30.81 | \$ 31.12 | \$ 31.62 | \$ 32.37 | \$ 32.37 |
| 3/4 inch meter | 40.11 | 42.15 | 43.84 | 45.84 | 48.13 | 48.13 | 48.61 | 49.11 | 49.86 | 49.86 |
| 1 inch meter | 66.36 | 70.34 | 73.15 | 75.15 | 78.91 | 78.91 | 79.70 | 80.20 | 80.95 | 80.95 |
| 1.5 inch meter | 124.00 | 131.44 | 136.70 | 143.53 | 150.71 | 150.71 | 152.22 | 152.72 | 153.47 | 153.47 |
| 2 inch meter | 167.76 | 177.82 | 184.93 | 194.18 | 203.89 | 203.89 | 205.93 | 206.43 | 207.18 | 207.18 |
| 3 inch meter | 328.22 | 347.91 | 361.82 | 379.91 | 398.91 | 398.91 | 402.90 | 403.40 | 404.15 | 404.15 |
| 4 inch meter | 547.03 | 579.85 | 603.05 | 633.19 | 664.85 | 664.85 | 671.50 | 672.00 | 672.75 | 672.75 |
| 6 inch meter | 722.08 | 765.41 | 796.02 | 835.82 | 877.61 | 877.61 | 886.39 | 886.89 | 887.64 | 887.64 |
| 8 inch meter | 838.78 | 889.11 | 924.67 | 970.90 | 1,019.44 | 1,019.44 | 1,029.64 | 1,030.14 | 1,030.89 | 1,030.89 |
| Additional Monthly Charges- PRIOR TO 2000 | | | | | | | | | | |
| 0 to 2,000 gallons consumed (per 1,000 gallons) | | | | | | | | | | |
| Next 13,000 gallons | | | | | | | | | | |
| Next 85,000 gallons | | | | | | | | | | |
| Next 400,000 gallons | | | | | | | | | | |
| Next 4,500,000 gallons | | | | | | | | | | |
| Next 5,000,000 gallons | | | | | | | | | | |
| Additional Monthly Charges- Residential | | | | | | | | | | |
| 0-1,997 gallons consumed (per 1,000 gallons) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1,998-4,989 | 4.315 | 4.574 | 4.757 | 4.757 | 4.995 | 4.995 | 5.045 | 5.045 | 5.045 | 5.045 |
| 4,990-9,971 | 4.183 | 4.434 | 4.612 | 4.612 | 4.842 | 4.842 | 4.890 | 4.890 | 4.890 | 4.890 |
| 9,972-49,860 | 3.978 | 4.217 | 4.386 | 4.386 | 4.605 | 4.605 | 4.651 | 4.651 | 4.651 | 4.651 |
| 49,861-99,731 | 3.715 | 3.938 | 4.096 | 4.096 | 4.300 | 4.300 | 4.343 | 4.343 | 4.343 | 4.343 |
| 99,732-199,469 | 3.423 | 3.628 | 3.773 | 3.773 | 3.962 | 3.962 | 4.001 | 4.001 | 4.001 | 4.001 |
| Additional Monthly Charges Rates- Industrial | | | | | | | | | | |
| 0-49,869 gallons consumed (per 1,000 gallons) | \$ 3.671 | \$ 3.892 | \$ 4.047 | \$ 4.250 | \$ 4.462 | \$ 4.462 | \$ 4.507 | \$ 4.642 | \$ 4.874 | \$ 5.118 |
| 49,870-99,731 | 3.554 | 3.768 | 3.918 | 4.114 | 4.320 | 4.320 | 4.363 | 4.494 | 4.718 | 4.954 |
| 99,732-149,600 | 3.145 | 3.333 | 3.467 | 3.640 | 3.822 | 3.822 | 3.860 | 3.976 | 4.175 | 4.383 |
| 149,601-199,469 | 2.881 | 3.054 | 3.177 | 3.335 | 3.502 | 3.502 | 3.537 | 3.643 | 3.825 | 4.016 |
| 199,470-997,331 | 2.369 | 2.512 | 2.612 | 2.743 | 2.880 | 2.880 | 2.908 | 2.996 | 3.145 | 3.303 |
| 997,332-4,986,669 | 1.931 | 2.047 | 2.128 | 2.235 | 2.347 | 2.347 | 2.370 | 2.441 | 2.563 | 2.691 |
| 4,986,670-9,973,331 | 0.878 | 0.930 | 0.968 | 1.016 | 1.067 | 1.067 | 1.074 | 1.107 | 1.162 | 1.220 |
| 9,973,331 and above | 0.746 | 0.791 | 0.822 | 0.864 | 0.907 | 0.907 | 0.916 | 0.943 | 0.991 | 1.040 |

Source: City of Atchison Water Utility

Rates presented are for customers within the city limits. Customers outside the city limits are charged higher rates.

There were no rate changes for 2017 and 2021.

CITY OF ATCHISON, KANSAS

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

| Taxpayer | 2021 | | | 2012 | | |
|--|------------------------------|------|---|------------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Every | \$ 6,284,438 | 1 | 8.56% | | | |
| MGP Ingredients | 4,395,300 | 2 | 5.99% | \$ 3,910,184 | 1 | 6.37% |
| Bartlett Grain | 3,248,496 | 3 | 4.42% | | | |
| Bradken | 3,190,145 | 4 | 4.34% | 3,464,719 | 2 | 5.64% |
| Wal Mart | 2,180,023 | 5 | 2.97% | 2,227,013 | 3 | 3.63% |
| Atchison Tubular Services (formerly Northwest Pipe) | 1,677,354 | 6 | 1.79% | 1,283,160 | 5 | 2.09% |
| Union Pacific Railroad | 1,313,234 | 7 | 1.73% | | | |
| Blish-Mize Co | 1,271,240 | 8 | 1.66% | 1,295,544 | 4 | 2.11% |
| Kansas Gas Service | 1,216,733 | 9 | 1.44% | | | |
| Golden Star | 1,058,993 | 10 | 0.00% | 1,223,938 | 6 | 1.99% |
| Agree Atchison | | | | 988,325 | 7 | 1.61% |
| Garrett Brothers | | | | 483,313 | 8 | 0.79% |
| Exchange National | | | | 459,571 | 9 | 0.75% |
| Atchison Hospital | | | | 432,084 | 10 | 0.70% |
| Total | <u>\$ 25,835,956</u> | | <u>33%</u> | <u>\$ 15,767,851</u> | | <u>26%</u> |

CITY OF ATCHISON, KANSAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

| Fiscal Year | Real Estate | Personal Property | Utilities | Less: Tax Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Value | Assessed to Total Estimated Actual Value |
|----------------|---------------|----------------------|--------------|---------------------------------|------------------------------------|--------------------------|---------------------------|--|
| 2012 | \$ 60,578,300 | \$ 4,738,734 | \$ 4,932,363 | \$ 8,853,139 | \$ 61,396,258 | \$ 54 | \$ 446,386,760 | 13.75% |
| 2013 | 59,969,135 | 4,436,095 | 8,038,200 | 9,229,156 | 63,214,274 | 53 | 479,288,688 | 13.19% |
| 2014 | 62,721,455 | 4,227,171 | 5,849,040 | 11,097,689 | 61,699,977 | 54 | 496,147,523 | 12.44% |
| 2015 | 63,090,321 | 3,814,598 | 5,927,124 | 8,717,980 | 64,114,063 | 54 | 484,916,097 | 13.22% |
| 2016 | 62,477,029 | 3,676,815 | 6,558,267 | 8,005,290 | 64,706,821 | 54 | 483,243,848 | 13.39% |
| 2017 | 62,446,658 | 3,552,787 | 6,552,359 | 6,870,472 | 65,681,332 | 54 | 486,341,158 | 13.51% |
| 2018 | 63,765,522 | 3,469,399 | 6,915,667 | 6,024,109 | 68,126,479 | 54 | 499,467,910 | 13.64% |
| 2019 | 63,352,053 | 2,959,092 | 8,880,237 | 6,610,872 | 68,580,510 | 55 | 507,144,057 | 13.52% |
| 2020 | 64,551,036 | 2,958,473 | 8,962,929 | 4,840,704 | 71,631,734 | 58 | 514,883,159 | 13.91% |
| 2021 | 65,415,683 | 3,189,951 | 9,337,633 | 4,514,879 | 73,428,388 | 58 | 528,908,522 | 13.88% |

Source: Atchison County Clerk

Note: Does not include penalty amounts

CITY OF ATCHISON, KANSAS

DIRECT AND OVERLAPPING PROPERTY TAX RATES (PER \$ 1,000 OF ASSESSED VALUE)

LAST TEN FISCAL YEARS

| Fiscal Year | City Direct Rates | | | | White Clay #26 Watershed | USD 409 | Atchison County | State of Kansas | Total |
|----------------|-------------------|-----------------|---------|----------------------|-----------------------------|---------|--------------------|--------------------|---------|
| | Basic Rate | Debt Service | Library | Total Direct Rate | | | | | |
| 2012 | 39.296 | 8.002 | 6.771 | 54.069 | 2.998 | 62.603 | 48.722 | 1.500 | 169.892 |
| 2013 | 38.166 | 8.000 | 6.769 | 52.935 | 2.883 | 63.453 | 50.435 | 1.500 | 171.206 |
| 2014 | 38.734 | 8.500 | 7.000 | 54.234 | 2.883 | 63.180 | 50.984 | 1.500 | 172.781 |
| 2015 | 38.132 | 8.976 | 6.981 | 54.089 | 2.885 | 60.373 | 53.841 | 1.500 | 172.688 |
| 2016 | 36.224 | 10.887 | 7.000 | 54.111 | 2.888 | 60.373 | 55.060 | 1.500 | 173.932 |
| 2017 | 36.148 | 10.801 | 7.000 | 53.949 | 2.884 | 60.557 | 53.666 | 1.500 | 172.556 |
| 2018 | 36.151 | 10.805 | 7.003 | 53.959 | 2.888 | 58.170 | 54.444 | 1.500 | 170.961 |
| 2019 | 38.459 | 10.000 | 7.000 | 55.459 | 2.860 | 57.923 | 53.140 | 1.500 | 170.882 |
| 2020 | 41.052 | 9.998 | 7.000 | 58.050 | N/A | 57.425 | 53.128 | 1.500 | 170.103 |
| 2021 | 41.041 | 9.996 | 7.000 | 58.037 | N/A | 57.723 | 53.119 | 1.500 | 170.379 |

Source: Atchison County Clerk

White Clay Watershed District eliminated effective 1/1/20. Operations of the district added to the City's Parks department.

CITY OF ATCHISON, KANSAS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

| Fiscal Year | Total Tax Levy | Current Tax Collections | Percentage of Levy Collected | Delinquent Tax Collections | Total Tax Collections | Total Collections as a Percent of Current Tax Levy | Outstanding Delinquent Taxes | Outstanding Delinquent Taxes as a Percent of Current Levy |
|-------------|----------------|-------------------------|------------------------------|----------------------------|-----------------------|--|------------------------------|---|
| 2012 | \$ 3,523,660 | \$ 3,407,816 | 96.71% | \$ 15,981 | \$ 3,423,797 | 97.17% | \$ 99,863 | 2.83% |
| 2013 | 3,550,247 | 3,507,029 | 98.78% | 20,827 | 3,527,856 | 99.37% | 22,391 | 0.63% |
| 2014 | 3,543,729 | 3,498,445 | 98.72% | 33,881 | 3,532,326 | 99.68% | 11,403 | 0.32% |
| 2015 | 3,680,770 | 3,528,405 | 95.86% | 88,008 | 3,616,413 | 98.25% | 64,357 | 1.75% |
| 2016 | 3,747,280 | 3,606,998 | 96.26% | 97,475 | 3,704,473 | 98.86% | 42,807 | 1.14% |
| 2017 | 3,782,116 | 3,636,358 | 96.15% | 47,117 | 3,683,475 | 97.39% | 98,641 | 2.61% |
| 2018 | 3,905,837 | 3,753,586 | 96.10% | 52,724 | 3,806,310 | 97.45% | 99,527 | 2.55% |
| 2019 | 4,042,669 | 3,938,189 | 97.42% | 37,239 | 3,975,428 | 98.34% | 67,241 | 1.66% |
| 2020 | 4,439,094 | 4,039,988 | 91.01% | 59,542 | 4,099,530 | 92.35% | 339,564 | 7.65% |
| 2021 | 4,523,257 | 4,180,822 | 92.43% | - | 4,180,822 | 92.43% | 342,435 | 7.57% |

Source: Atchison County Treasurer
NA= not available

CITY OF ATCHISON, KANSAS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

| Fiscal Year | Governmental Activities | | | | Business-type Activities | | | Total Primary Government | Percentage of Personal Income | Per Capita |
|----------------|--------------------------------|----------------------------|----------------|-------------------|--------------------------------|-------------------|--------------------|--------------------------------|-------------------------------------|---------------|
| | General Obligation Bonds | Sales Tax Revenue Bonds | Other Loans | Capital Leases | General Obligation Bonds | Capital Leases | Revolving Loans | | | |
| 2012 | \$ 3,309,868 | \$ - | \$ - | \$ 101,283 | \$ 5,435,132 | \$ 167,228 | \$ 5,448,587 | \$ 14,462,098 | 4.26% | \$ 1,322 |
| 2013 | 2,866,703 | - | 2,550,000 | 77,679 | 4,646,977 | 127,291 | 7,338,680 | 17,607,330 | 4.83% | 1,608 |
| 2014 | 7,053,175 | - | - | 52,966 | 3,676,825 | 722,136 | 12,703,928 | 24,209,030 | 6.61% | 2,248 |
| 2015 | 6,434,276 | - | - | 27,091 | 2,765,724 | 548,214 | 16,154,621 | 25,929,926 | 7.18% | 2,421 |
| 2016 | 5,794,010 | - | - | 179,712 | 1,835,000 | 383,221 | 17,104,754 | 25,296,697 | 6.63% | 2,362 |
| 2017 | 6,327,651 | - | - | 163,997 | 875,736 | 258,784 | 13,654,477 | 21,280,644 | 5.62% | 2,001 |
| 2018 | 5,821,292 | 758,400 | - | 147,834 | - | 265,652 | 12,904,356 | 19,897,534 | 5.03% | 1,884 |
| 2019 | 7,234,933 | 700,800 | - | 131,178 | 1,780,000 | 109,824 | 10,868,669 | 20,825,404 | 4.93% | 1,988 |
| 2020 | 7,888,574 | 657,600 | - | 292,095 | 8,700,000 | 84,038 | 4,851,067 | 22,473,374 | 4.99% | 2,145 |
| 2021 | 7,190,064 | 604,800 | - | 239,863 | 12,744,950 | 57,227 | - | 20,836,904 | N/A | 1,973 |

NA= not available

CITY OF ATCHISON, KANSAS

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General bonded debt outstanding | | | | | | | | | | |
| General obligation bonds | <u>\$ 8,745,000</u> | <u>\$ 7,513,680</u> | <u>\$ 10,819,672</u> | <u>\$ 9,272,577</u> | <u>\$ 7,660,482</u> | <u>\$ 7,241,774</u> | <u>\$ 5,821,292</u> | <u>\$ 7,234,933</u> | <u>\$ 7,888,574</u> | <u>\$ 7,190,064</u> |
| Total | <u>\$ 8,745,000</u> | <u>\$ 7,513,680</u> | <u>\$ 10,819,672</u> | <u>\$ 9,272,577</u> | <u>\$ 7,660,482</u> | <u>\$ 7,241,774</u> | <u>\$ 5,821,292</u> | <u>\$ 7,234,933</u> | <u>\$ 7,888,574</u> | <u>\$ 7,190,064</u> |
| Estimated actual property value | 446,386,760 | 479,288,688 | 496,147,523 | 484,916,097 | 483,243,848 | 486,341,158 | 499,467,910 | 507,144,057 | 514,883,159 | 528,908,522 |
| Percentage of estimated actual property value | 1.96% | 1.57% | 2.18% | 1.91% | 1.59% | 1.49% | 1.17% | 1.43% | 1.53% | 1.36% |
| Population | 10,943 | 10,953 | 10,771 | 10,712 | 10,712 | 10,636 | 10,650 | 10,476 | 10,476 | 10,561 |
| Per capita | \$799.14 | \$685.99 | \$1,004.52 | \$865.63 | \$715.13 | \$680.87 | \$546.60 | \$690.62 | \$753.01 | \$680.81 |
| Less: Amounts set aside to repay general debt | <u>(259,902)</u> | <u>(306,372)</u> | <u>(374,451)</u> | <u>(198,143)</u> | <u>(131,351)</u> | <u>(92,581)</u> | <u>(238,616)</u> | <u>(367,169)</u> | <u>(419,025)</u> | <u>(369,456)</u> |
| Total net debt applicable to debt limit | 8,485,098 | 7,207,308 | 10,445,221 | 9,074,434 | 7,529,131 | 7,149,193 | 5,582,676 | 6,867,764 | 7,469,549 | 6,820,608 |
| Legal debt limit | <u>18,418,877</u> | <u>18,964,282</u> | <u>18,509,993</u> | <u>19,234,219</u> | <u>19,412,046</u> | <u>19,704,400</u> | <u>20,437,944</u> | <u>20,574,153</u> | <u>21,489,520</u> | <u>22,028,516</u> |
| Legal debt margin | <u>\$9,933,779</u> | <u>\$11,756,974</u> | <u>\$8,064,772</u> | <u>\$10,159,785</u> | <u>\$11,882,915</u> | <u>\$12,555,207</u> | <u>\$14,855,268</u> | <u>\$13,706,389</u> | <u>\$14,019,971</u> | <u>\$15,207,908</u> |
| Legal debt margin as a percentage of debt limit | 53.93% | 62.00% | 43.57% | 52.82% | 61.21% | 63.72% | 72.68% | 66.62% | 65.24% | 69.04% |

Debt limit is set at 30% of assessed valuation.

CITY OF ATCHISON, KANSAS

GOVERNMENTAL ACTIVITIES DIRECT AND OVERLAPPING DEBT

DECEMBER 31, 2021

| Taxing Body | Debt | | City's Share | | Per Capita |
|---------------------------------------|---------------|----------|--------------|---------------|------------|
| | Amount | As of | Percent | Amount | |
| Estimated overlapping debt: | | | | | |
| Atchison County | \$ 4,536,032 | 12/31/21 | 65% | \$ 2,954,031 | \$ 282 |
| USD No. 409 | 11,925,000 | 12/31/21 | 80% | 9,547,155 | 911 |
| | 16,461,032 | | | 12,501,186 | 1,193 |
| Direct debt: | | | | | |
| City of Atchison | 8,034,727 | 12/31/21 | 100% | 8,034,727 | 767 |
| Direct and estimated overlapping debt | \$ 24,495,759 | | | \$ 20,535,913 | \$ 1,960 |

Source: Atchison County Clerk and USD 409

Information represents the share of the respective debt which are obligations of the citizens of Atchison.
Percentages are based upon population of the city or school district compared to the total county population.

CITY OF ATCHISON, KANSAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN YEARS

| Fiscal Year | City Population | County Total Personal Income (000's omitted) | County Per Capita Income | School Enrollment | Unemployment Rate (Atchison County) |
|-------------|-----------------|---|--------------------------|-------------------|--|
| 2012 | 10,943 | 525,851 | 31,262 | 2,198 | 7.70% |
| 2013 | 10,953 | 557,004 | 33,256 | 2,180 | 8.60% |
| 2014 | 10,771 | 560,585 | 33,993 | 2,147 | 6.50% |
| 2015 | 10,712 | 552,514 | 33,694 | 2,183 | 6.10% |
| 2016 | 10,712 | 583,765 | 35,639 | 2,226 | 6.20% |
| 2017 | 10,636 | 581,736 | 35,619 | 2,241 | 5.20% |
| 2018 | 10,560 | 606,207 | 37,436 | 2,258 | 4.50% |
| 2019 | 10,476 | 648,297 | 40,335 | 2,164 | 5.20% |
| 2020 | 10,476 | 688,233 | 42,974 | 2,175 | 6.90% |
| 2021 | 10,561 | N/A | N/A | 2,034 | 2.30% |

Population figures presented are for the city only. The Personal Income and Per Capita Income figures are for the entire county.

r: revised

NA: Not Available

Sources:

Population: U.S. Census Bureau

Total Personal Income: Bureau of Economic Analysis

Per Capita Income: Bureau of Economic Analysis

School Enrollment: Kansas State Department of Education

Unemployment Rate: Bureau of Labor Statistics

CITY OF ATCHISON, KANSAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

| Employer | 2021 | | | 2012 | | |
|-------------------------------------|--------------|------|---|--------------|------|---|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Benedictine College | 433 | 1 | 6.60% | 311 | 4 | 3.57% |
| Amberwell Health | 315 | 2 | 4.80% | 312 | 3 | 3.58% |
| Bradken (formerly Atchison Casting) | 300 | 3 | 4.57% | 587 | 1 | 6.74% |
| USD 409 | 300 | 4 | 4.57% | 320 | 2 | 3.68% |
| Atchison County | 220 | 5 | 3.35% | 170 | 7 | 1.95% |
| MGP Ingredients | 208 | 6 | 3.17% | 275 | 5 | 3.16% |
| Wal Mart | 175 | 7 | 2.67% | 200 | 6 | 2.30% |
| Blish-Mize | 115 | 8 | 1.75% | | | |
| City of Atchison | 107 | 9 | 1.63% | 105 | 9 | 1.21% |
| Golden Star | 100 | 10 | 1.52% | | | 0.00% |
| Northwest Pipe | | | | 100 | 10 | 1.15% |
| Fargo Assembly | | | | 110 | 8 | 1.26% |
| Total | <u>2,273</u> | | <u>34.63%</u> | <u>2,490</u> | | <u>28.61%</u> |

Source: Community Development Department

CITY OF ATCHISON, KANSAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

| Function/Program | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---------------------------|--------|--------|--------|--------|-------|-------|--------|-------|--------|--------|
| General Government | | | | | | | | | | |
| City Manager | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3.33 | 3.33 | 3.84 |
| Finance | 4.5 | 5 | 5 | 5 | 5 | 4 | 5 | 4.5 | 5.5 | 5 |
| Municipal Court | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 0 | 0 |
| Community Development | 4.5 | 4.5 | 4.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 2.5 | 3.5 |
| Conference Center | | | | | | | | | | |
| Engineering | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Atchison Event Center (b) | 0 | 0 | 0 | 2.5 | 2.5 | 2 | 2 | 1.5 | 0 | 0 |
| Public Safety | | | | | | | | | | |
| Police | 23 | 23 | 23 | 22.5 | 23.5 | 23.5 | 23.5 | 24 | 25 | 25 |
| Animal Control | 1 | 1 | 1 | 1.5 | 1.5 | 1 | 1 | 1 | 1.25 | 1.25 |
| Fire | 19.75 | 19.75 | 19.75 | 19.75 | 19 | 19 | 19 | 19 | 19 | 19 |
| Public Works Admin (a) | 22 | 20.83 | 19.83 | 21.5 | 20.5 | 21 | 1.5 | 1.58 | 2.08 | 1.92 |
| Public Works | | | | | | | | | | |
| Street | 0 | 0 | 0 | 0 | 0 | 0 | 7 | 6.67 | 6.67 | 7.67 |
| Fleet Maintenance | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 | 2 | 2 |
| Construction Engineering | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 0.33 |
| Parks and Recreation | | | | | | | | | | |
| Parks | 0 | 0 | 0 | 0 | 0 | 0 | 8 | 9 | 9 | 9 |
| Water/Wastewater | 18.5 | 18.34 | 19.33 | 20.17 | 21.67 | 20.67 | 20.5 | 22.5 | 23 | 21.82 |
| Refuse | 6 | 6.83 | 6.83 | 4.83 | 4.83 | 4.83 | 4.83 | 4.92 | 4.92 | 4.92 |
| Total | 105.25 | 105.25 | 105.24 | 107.25 | 108 | 105.5 | 104.83 | 107.5 | 107.25 | 107.25 |

Source: City of Atchison Human Resources department

(a) All public works employees (Parks, Streets, Fleet Maint., Construction Engineering) shown in Public Works Admin 2012-2017

(b) The operation of the Atchison Event Center was taken over by the City on 12/31/14.

CITY OF ATCHISON, KANSAS
OPERATING INDICATORS BY PROGRAM/FUNCTION
LAST TEN FISCAL YEARS

| Program/Function | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Police | | | | | | | | | | |
| Dispatched calls | 13,458 | 13,257 | 12,503 | 12,153 | 11,931 | 13,881 | 13,268 | 13,376 | 11,058 | 12,184 |
| Criminal cases | 1,796 | 1,505 | 1,599 | 1,615 | 1,620 | 1,709 | 1,382 | 1,271 | 1,201 | 1,110 |
| Criminal cases cleared | 1,206 | 1,031 | 1,066 | 1,092 | 1,082 | 1,227 | 1,074 | 1,079 | 1,075 | 1,017 |
| Arrests | 1,147 | 974 | 935 | 897 | 902 | 1,033 | 916 | 781 | 536 | 607 |
| Serious crimes | 530 | 384 | 377 | 378 | 435 | 545 | 436 | 346 | 283 | 302 |
| Fire | | | | | | | | | | |
| Emergency Responses | 339 | 357 | 398 | 346 | 359 | 400 | 401 | 355 | 296 | 421 |
| First Responder/Medical | 635 | 784 | 864 | 725 | 761 | 865 | 896 | 933 | 999 | 973 |
| Life Safety Inspections | 657 | 656 | 667 | 667 | 667 | 667 | 667 | N/A | N/A | N/A |
| Property Loss (thousands of \$) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Refuse collected (tons/year) | | | | | | | | | | |
| Trash | 3,188 | 3,079 | 2,846 | 2,369 | 2,881 | 2,958 | 3,536 | 3,176 | 3,495 | 3,236 |
| Recycling | - | - | - | 174 | 190 | 245 | 296 | 340 | 399 | 274 |
| Glass | - | - | - | - | - | 16 | 19 | 21 | 23 | 21 |
| Brush | 128 | 72 | - | - | - | - | - | - | - | - |
| Metal | - | - | - | - | - | - | - | - | - | - |
| Water | | | | | | | | | | |
| New connections | 5 | 8 | 8 | 1 | 6 | 1 | 5 | 6 | 5 | 8 |
| Water main breaks | 31 | 32 | 39 | 30 | 27 | 22 | 26 | 32 | 12 | 18 |
| Replaced bad service lines | 33 | 21 | 25 | 20 | 32 | 17 | 19 | 14 | 10 | 9 |
| Average daily production (thousands of gallons) | 4,054 | 4,055 | 3,608 | 3,044 | 3,328 | 3,177 | 3,717 | 3,651 | 3,650 | 3,790 |
| Peak daily production (thousands of gallons) | 6,414 | 5,152 | 5,196 | 3,344 | 6,037 | 5,704 | 5,750 | 6,088 | 5,160 | 5,910 |
| Wastewater | | | | | | | | | | |
| Average daily sewage treatment (thousands of gallons) | 1,283 | 1,281 | 1,480 | 1,560 | 1,198 | 1,207 | 1,499 | 902 | 1,310 | 1,510 |

Source: various City of Atchison departments

2008 Construction/Demolition and Brush are included in Trash

2009-2012 Construction/Demolition and Metal are included in Trash

2014 Construction/Demolition, Brush and Metal are no longer tracked separately

2015 The City of Atchison began offering curbside recycling to all residents

CITY OF ATCHISON, KANSAS

CAPITAL ASSET STATISTICS BY PROGRAM/FUNCTION

LAST TEN FISCAL YEARS

| Program/Function | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 11 | 11 | 11 |
| Fire Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Refuse Collection | | | | | | | | | | |
| Collection trucks | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Other Public Works | | | | | | | | | | |
| Streets (miles) | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 | 77 |
| Highways (miles) | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Traffic Signals | 11 | 11 | 11 | 11 | 6 | 6 | 6 | 6 | 6 | 6 |
| Parks and Recreation | | | | | | | | | | |
| Acreage | 332 | 332 | 332 | 332 | 332 | 332 | 332 | 332 | 332 | 332 |
| Playgrounds | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Baseball/Softball diamonds | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Water | | | | | | | | | | |
| Water mains (miles) | 95 | 95 | 95 | 95 | 95 | 95 | 100 | 100 | 100 | 100 |
| Fire hydrants | 565 | 566 | 568 | 572 | 576 | 579 | 582 | 582 | 583 | 583 |
| Storage capacity (000's gallons) | 2,350 | 2,350 | 4,350 | 4,350 | 4,350 | 4,350 | 4,350 | 4,350 | 4,350 | 4,350 |
| Wastewater | | | | | | | | | | |
| Sanitary Sewers (miles) | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Storm Sewer (combined, miles) | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 | 80 |
| Treatment capacity (000's gallons) | 2,800 | 2,800 | 2,800 | 2,800 | 2,800 | 2,800 | 2,800 | 2,800 | 2,800 | 2,800 |
| Treatment capacity (000's gallons) | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 | 8,400 |

Source: City of Atchison



**INDEPENDENT AUDITORS' 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**

The Honorable Mayor and City Commission
City of Atchison, 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 Atchison, Kansas (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 16, 2022.

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 entity'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.

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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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

BT & Co., P.A.

Topeka, Kansas
June 16, 2022