

CITY OF LANSING, KANSAS

Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2019

CITY OF LANSING, KANSAS
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For the Year Ended December 31, 2019

TABLE OF CONTENTS

Independent Auditors' Report	1
Management's Discussion and Analysis	4

Basic Financial Statements

Government-wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet - Governmental Funds	12
Reconciliation of the Statement of Net Position to the Balance Sheet for Governmental Funds	13
Statement of Revenues, Expenditures, and Change in Fund Balance – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance for Governmental Funds	15
Statement of Net Position - Proprietary Funds	16
Statement of Revenues, Expenses, and Change in Net Position - Proprietary Funds	17
Statement of Cash Flows - Proprietary Funds	18
Statement of Fiduciary Net Position – Combined Fiduciary Funds	19
Notes to Financial Statements	20

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
General Fund	37
Library Fund	38
Bond and Interest Fund	39
Schedule of Proportionate Share of Collective Net Pension Liability	40
Schedule of the City's Contributions	41

Supplementary Information

Combining and Individual Fund Financial Statements and Schedules

Governmental Funds	
Combining Balance Sheet	
Nonmajor Governmental Fund Types	42
Nonmajor Special Revenue Funds	43
Nonmajor Capital Project Funds	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Nonmajor Governmental Fund Types	45
Nonmajor Special Revenue Funds	46
Nonmajor Capital Project Funds	47
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budgetary Basis	
Special Revenue Funds	
Transient Guest Tax Fund	48
Mayor's Christmas Fund	49
Special Alcohol Liquor Fund	50
Special Parks and Recreation Fund	51
KS Regional Prisons Museum Fund	52

CITY OF LANSING, KANSAS
Financial Statements With Independent Auditors' Report
For the Year Ended December 31, 2019

TABLE OF CONTENTS (CONTINUED)

Sales Tax (\$.45) Fund	53
Park Land Trust Fund	54
Consolidated Street and Highway Fund	55
Police Equipment Reserve Fund	56
Combining Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance	
Fiduciary Funds	57

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Lansing, Kansas
Lansing, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **City of Lansing, Kansas** as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Qualified
Each Major Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Governmental Activities and Business-Type Activities

The financial statements do not include the required annual cost and long-term obligations of the City's other postemployment benefits as required by Governmental Auditing Standards Board Statements Number 75. Accounting principles generally accepted in the United States of America require the financial data for these other postemployment benefits be reported in the basic financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities and net position of the basic financial statements are not reasonably determinable and are presumed to be material.

Qualified Opinion

In our opinion, based on our audit report, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities and Business-Type Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities and Business-Type Activities of **City of Lansing, Kansas** as of December 31, 2019, 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.

Unmodified Opinions

In our opinion, based on our audit report, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of **City of Lansing, Kansas** as of December 31, 2019, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, the City adopted GASB Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*". Our opinions are not modified with respect to this matter.

Also discussed in Note 1 to the financial statements, in 2019, the City implemented a change in accounting principle to account for allowance for doubtful accounts. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **City of Lansing, Kansas'** basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the "Basis for Qualified Opinion" paragraph, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Period Financial Statements

The financial statements of **City of Lansing, Kansas** as of December 31, 2018, were audited by other auditors whose report dated May 28, 2019, expressed an unmodified opinion on those statements.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

May 21, 2020

CITY OF LANSING, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Lansing, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Lansing for the calendar year ended December 31, 2019.

Financial Highlights

- Assets of the City of Lansing exceeded its liabilities at the close of the most recent calendar year by \$16,165,586.
- At the close of the current calendar year, the City of Lansing's governmental funds reported combined ending fund balances of \$5,704,748.
- At the end of the current calendar year, the unassigned fund balance for the general fund was \$2,032,465.
- The City's total term-debt decreased by \$328,395 during the current calendar year.

Overview of the Financial Statements

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

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

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

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

Both government-wide financial statements distinguish functions of the City of Lansing that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Lansing include general government, public safety, public works (roads, utilities and traffic controls), parks and recreation, library and employee benefits. The business-type activities of the City of Lansing include wastewater and solid waste activities. The City of Lansing has no component units, which are entities that are legally separate, but for which the City is financially accountable.

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

CITY OF LANSING, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental funds financial statements can be found on pages 11 and 13 of this report. The City of Lansing adopts an annual appropriated budget for all governmental funds as required by state statute.

Proprietary funds. The City of Lansing maintains two proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Lansing uses enterprise funds to account for its Wastewater and Solid Waste activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Wastewater Fund and other proprietary funds, namely, Solid Waste activities, which is not considered to be a major fund of the City. The basic proprietary fund financial statements can be found on pages 15-17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* available to support the City of Lansing's own programs and therefore are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 18 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Lansing, assets exceeded liabilities by \$16,165,586 at the close of 2019.

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

CITY OF LANSING, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF LANSING CONDENSED NET POSITION
December 31, 2019

	Governmental Activities 2019	Business-type Activities 2019	Total 2019
Current & other assets	\$10,528,397	\$ 3,479,691	\$14,008,088
Capital assets	27,406,740	10,171,704	37,578,444
Total assets	37,935,137	13,651,395	51,586,532
Long-term liabilities outstanding	27,602,074	243,561	27,845,635
Current & other liabilities	7,370,129	205,182	7,575,311
Total liabilities	34,972,203	448,743	35,420,946
Net position			
Invested in capital assets, net of related debt	522,983	10,171,704	10,694,687
Restricted	301,632	-0-	301,632
Unrestricted	2,138,319	3,030,948	5,169,267
Total Net Position	\$ 2,962,934	\$ 13,202,652	\$ 16,165,586

A portion of the City of Lansing's net assets \$301,632 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$5,169,267 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current calendar year, the City of Lansing can report positive balances in all three categories of net assets for the government as a whole.

CITY OF LANSING, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF LANSING STATEMENT OF ACTIVITIES
December 31, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Change in Net Position		Totals	
		Charges For Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	2019	2018
Governmental Activities							
General Government	\$ (2,163,753)	796,366	47,229	(1,320,158)	-	(1,320,158)	(366,741)
Public Safety	(2,025,288)	14,349	-	(2,010,939)	-	(2,010,939)	(1,661,672)
Public Works	(3,002,359)	797	115,409	(2,886,153)	-	(2,886,153)	(2,728,341)
Library	(312,492)	8,892	4,831	(298,769)	-	(298,769)	(297,924)
Culture and Recreation	(861,169)	67,599	-	(793,570)	-	(793,570)	(801,969)
Interest	(825,252)	-	-	(825,252)	-	(825,252)	(654,723)
Total Governmental Activities	(9,190,313)	888,003	167,469	(8,134,841)	-	(8,134,841)	(6,511,370)
Business-Type Activities							
Sewer Utility	(2,192,099)	3,044,897	-	-	852,798	852,798	627,590
Refuse Utility	(556,680)	596,677	-	-	39,997	39,997	61,758
Total Business-Type Activities	(2,748,779)	3,641,574	-	-	892,795	892,795	689,348
Total	\$ (11,939,092)	4,529,577	167,469	(8,134,841)	892,795	(7,242,046)	(5,822,022)
General Revenues and Transfers							
Property Tax				\$ 3,844,042	-	3,844,042	3,529,434
Sales Tax				2,544,794	-	2,544,794	2,494,640
Franchise Tax				655,438	-	655,438	707,633
Motor Fuel Tax				713,165	-	713,165	464,226
Alcoholic Beverage Tax				54,486	-	54,486	14,191
Transient Guest Tax				189,540	-	189,540	77,344
Use of Money or Property				37,418	25,106	62,524	45,884
Original Issue Premium				-	-	-	54,663
Costs of Issuance				(66,208)	-	(66,208)	-
Gain (Loss) on Sale of Assets				22,175	45,500	67,675	(40,508)
Transfers				1,499,500	(1,499,500)	-	-
Total General Revenues and Transfers				9,494,350	(1,428,894)	8,065,456	7,347,507
Change in Net Position				1,359,509	(536,099)	823,410	1,525,485
Net Position - Beginning of Year				1,757,125	14,363,996	16,121,121	14,595,636
Prior Period Restatement				(153,700)	(625,245)	(778,945)	-
Net Position - End of Year				\$ 2,962,934	13,202,652	16,165,586	16,121,121

Financial Analysis of the Government's Funds

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

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

As of the end of the current calendar year, the City of Lansing's governmental funds reported combined ending fund balances of \$5,704,748. Of this total amount \$5,687,345 constitutes the portion of the fund balance which is available to meet the future financial needs of the City. The remainder of the fund balance is nonspendable to indicate that it is not available for new spending because it has already been expended.

The general fund is the chief operating fund of the City of Lansing. At the end of the current calendar year, unassigned fund balance of the general fund was \$2,032,465. The City of Lansing's general fund balance increased by \$60,958 during the current calendar year.

CITY OF LANSING, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds. The City of Lansing's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. The ending net assets for the proprietary funds were \$13,202,652, a net decrease of \$1,161,344.

The unrestricted net assets of the two enterprise funds totaled \$3,030,948.

General Fund Budgetary Highlights

The City continues to develop long term strategies to manage debt, while limiting the fiscal burden on the citizens of Lansing. Management is watching the City's debt load to ensure that future revenues will be sufficient to retire the debt without jeopardizing essential City services.

Revenues for the general fund operations were more than estimated by \$396,827, and departmental expenditures on the budgetary basis were less than appropriated amounts by \$1,097,143.

Transfers out of the general fund totaled \$1,194,000 for the year ended December 31, 2019 (see Statement of Revenues, Expenditures and Change in Fund Balances on page 13 of this report).

Revenues from ad valorem taxes represented the largest general fund revenue source with collections totaling \$2.59 million or 42% of all general fund revenues. At \$2.09 million or 34% of all general fund revenue collected, current year retail sales and use taxes represent the second largest revenue source for the general fund. The Mill Levy did not change in 2019, remaining at 41.556 mills.

Enterprise Operations

The City's enterprise operations consist of two separately accounted for operations which are administered by two different departments: Finance and Wastewater. Operating revenues for the City's combined enterprise operations *increased* by \$114,987.

Capital Asset and Debt Administration

Capital assets. The City of Lansing's investment in capital assets for its governmental and business type activities as of December 31, 2019 amount to \$37,578,444 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, park and municipal facilities, roads, highways and sidewalks. The total increase in the City of Lansing's investment in capital assets for the current calendar year was \$128,468. Details of the City of Lansing's capital assets are continued in Note 3 to financial statements on page 27.

Long-term debt. At the end of the current calendar year, the City of Lansing had total bonded debt outstanding of \$27,056,836, which comprises debt backed by the full faith and credit of the City. (More detailed information about the agency's long-term liabilities is presented in Note 4 to the financial statement on pages 28 - 29.).

The City of Lansing's total debt decreased by 1.2% during the current year.

During the current year, the City of Lansing issued general obligation debt in the principal amount of \$2,065,000 for Sewer Projects.

CITY OF LANSING, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budgets and Rates

The local economy of City of Lansing is showing improvement from prior years. There has been moderate growth in sales tax revenues. The City continues to limit expenditures to ensure long-term financial sustainability. The assessed valuation is not estimated to change significantly for 2020.

In adopting the budget for the ensuing calendar year 2020, City officials considered many factors in making judgments and estimates about the finances of the upcoming year.

Upcoming and current capital projects scheduled are:

- Street, Sidewalk and Drainage Projects
- DeSoto Road Project
- Parks Master Plan
- Sewer Improvement Projects

The primary objective of the Council was to continue to provide basic City services to the citizens, while attempting to keep the property tax rate substantially the same. The City's Mill Levy rate of 41.556 in 2019 decreased by .002, to 41.554 for 2020. The dollar value equivalent is a \$.01 decrease in taxes paid on a \$100,000 home.

Requests for Information

This financial report is designed to provide a general overview of the City of Lansing's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Finance Department, 800 1st Terrace, Lansing, Kansas 66043.



Beth Sanford
Finance Director
City of Lansing, Kansas

CITY OF LANSING, KANSAS
Statement of Net Position
December 31, 2019
(With Comparative Totals as of December 31, 2018)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	Governmental Activities	Business-Type Activities	Totals	
			2019	2018
Assets				
Cash and Cash Equivalents	\$ 6,241,471	2,367,708	8,609,179	7,980,074
Receivables, Net of Allowance	3,531,495	1,059,065	4,590,560	5,007,465
Prepaid Expenses	17,403	-	17,403	16,545
Capital Assets				
Land	991,774	-	991,774	991,774
Depreciable Buildings, Property and Equipment, Net of Depreciation	19,778,093	10,171,704	29,949,797	31,387,183
Construction in Progress	6,636,873	-	6,636,873	5,071,018
Total Assets	37,197,109	13,598,477	50,795,586	50,454,059
Deferred Outflows of Resources				
Pension Plan	738,028	52,918	790,946	737,816
Total Assets and Deferred Outflows of Resources	37,935,137	13,651,395	51,586,532	51,191,875
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>				
Liabilities				
Accounts Payable	378,473	133,137	511,610	208,111
Customer Deposits	-	19,275	19,275	19,350
Accrued Interest Payable	288,946	-	288,946	219,523
Salaries and Wages Payable	175,653	42,452	218,105	186,668
Noncurrent Liabilities				
Net Pension Liability	3,396,901	243,561	3,640,462	3,443,792
Due Within One Year	2,851,663	-	2,851,663	2,759,058
Due in More Than One Year	24,205,173	-	24,205,173	24,626,171
Total Liabilities	31,296,809	438,425	31,735,234	31,462,673
Deferred Inflows of Resources				
Deferred Receivable - Property Taxes	3,531,495	-	3,531,495	3,469,041
Pension Plan	143,899	10,318	154,217	139,040
Total Deferred Inflows of Resources	3,675,394	10,318	3,685,712	3,608,081
Total Liabilities and Deferred Inflows of Resources	34,972,203	448,743	35,420,946	35,070,754
<u>NET POSITION</u>				
Net Investment in Capital Assets	522,983	10,171,704	10,694,687	10,649,046
Restricted for Debt Service	301,632	-	301,632	535,672
Unrestricted	2,138,319	3,030,948	5,169,267	4,936,403
Total Net Position	\$ 2,962,934	13,202,652	16,165,586	16,121,121

Notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
Statement of Activities
For the Year Ended December 31, 2019
(With Comparative Totals as of December 31, 2018)

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Change in Net Position		Totals	
		Charges For Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	2019	2018
Governmental Activities							
General Government	\$ (2,073,949)	796,366	47,229	(1,230,354)	-	(1,230,354)	(366,741)
Public Safety	(2,025,288)	14,349	-	(2,010,939)	-	(2,010,939)	(1,661,672)
Public Works	(3,002,359)	797	115,409	(2,886,153)	-	(2,886,153)	(2,728,341)
Library	(312,492)	8,892	4,831	(298,769)	-	(298,769)	(297,924)
Culture and Recreation	(950,973)	67,599	-	(883,374)	-	(883,374)	(801,969)
Interest	(825,252)	-	-	(825,252)	-	(825,252)	(654,723)
Total Governmental Activities	(9,190,313)	888,003	167,469	(8,134,841)	-	(8,134,841)	(6,511,370)
Business-Type Activities							
Sewer Utility	(2,192,099)	3,044,897	-	-	852,798	852,798	627,590
Refuse Utility	(556,680)	596,677	-	-	39,997	39,997	61,758
Total Business-Type Activities	(2,748,779)	3,641,574	-	-	892,795	892,795	689,348
Total	\$ (11,939,092)	4,529,577	167,469	(8,134,841)	892,795	(7,242,046)	(5,822,022)
General Revenues and Transfers							
Property Tax	\$	3,844,042	-	3,844,042	-	3,844,042	3,529,434
Sales Tax		2,544,794	-	2,544,794	-	2,544,794	2,494,640
Franchise Tax		655,438	-	655,438	-	655,438	707,633
Motor Fuel Tax		713,165	-	713,165	-	713,165	464,226
Alcoholic Beverage Tax		54,486	-	54,486	-	54,486	14,191
Transient Guest Tax		189,540	-	189,540	-	189,540	77,344
Use of Money or Property		37,418	25,106	62,524	25,106	62,524	45,884
Original Issue Premium		-	-	-	-	-	54,663
Costs of Issuance		(66,208)	-	(66,208)	-	(66,208)	-
Gain (Loss) on Sale of Assets		22,175	45,500	67,675	45,500	67,675	(40,508)
Transfers		1,499,500	(1,499,500)	-	(1,499,500)	-	-
Total General Revenues and Transfers		9,494,350	(1,428,894)	8,065,456	(1,428,894)	8,065,456	7,347,507
Change in Net Position				1,359,509	(536,099)	823,410	1,525,485
Net Position - Beginning of Year				1,757,125	14,363,996	16,121,121	14,595,636
Prior Period Restatement		(153,700)	(625,245)	(778,945)	(625,245)	(778,945)	-
Net Position - End of Year	\$	2,962,934	13,202,652	16,165,586	13,202,652	16,165,586	16,121,121

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
Balance Sheet
Governmental Funds
December 31, 2019
(With Comparative Totals as of December 31, 2018)

	<u>General Fund</u>	<u>Library Fund</u>	<u>Bond and Interest Fund</u>	<u>Sewer Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>	
						<u>2019</u>	<u>2018</u>
<u>ASSETS</u>							
Assets							
Cash and Cash Equivalents	\$ 2,273,582	105,091	301,632	1,401,458	2,159,708	6,241,471	5,650,835
Property Taxes Receivable	2,222,653	296,959	1,011,883	-	-	3,531,495	3,469,041
Prepaid Expenses	17,403	-	-	-	-	17,403	16,545
Total Assets	\$ 4,513,638	402,050	1,313,515	1,401,458	2,159,708	9,790,369	9,136,421
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>							
Liabilities							
Accounts Payable	\$ 87,344	1,682	-	270,450	18,997	378,473	121,488
Salaries and Wages Payable	153,773	10,094	-	-	11,786	175,653	146,576
Total Liabilities	241,117	11,776	-	270,450	30,783	554,126	268,064
Deferred Inflows of Resources							
Deferred Receivable - Property Taxes	2,222,653	296,959	1,011,883	-	-	3,531,495	3,469,041
Total Liabilities and Deferred Inflows of Resources	2,463,770	308,735	1,011,883	270,450	30,783	4,085,621	3,737,105
Fund Balance							
Nonspendable	17,403	-	-	-	-	17,403	16,545
Restricted	-	93,315	301,632	1,131,008	1,253,201	2,779,156	2,098,036
Assigned - Reserved for Encumbrances	-	-	-	-	56,720	56,720	-
Assigned	-	-	-	-	819,004	819,004	1,312,369
Unassigned	2,032,465	-	-	-	-	2,032,465	1,972,366
Total Fund Balance	2,049,868	93,315	301,632	1,131,008	2,128,925	5,704,748	5,399,316
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,513,638	402,050	1,313,515	1,401,458	2,159,708	9,790,369	9,136,421

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
Reconciliation of the Statement of Net Position to the
Balance Sheet for Governmental Funds
December 31, 2019

Fund balances of governmental funds from the balance sheet.	\$ 5,704,748
Amounts reported for governmental activities in the statement of net position differ from the fund balances of governmental funds on the preceding balance sheet as shown in the following reconciliation:	
Capital assets and construction in process, net of depreciation, have not been included as financial resources in governmental fund activity on the balance sheet.	27,406,740
Long-term debt has not been included in the governmental funds activity on the balance sheet.	
General Obligation Bonds	(26,866,222)
Capital Leases	(17,535)
Compensated Absences	(173,079)
Net pension liability has not been included in the governmental fund activity on the balance sheet.	(3,396,901)
Deferred pension contributions and other resulting from the pension liability are recognized as deferred outflows and inflows on the balance sheet.	594,129
Accrued interest payable for the current portion of interest due on bonds and capital leases has not been reported in the governmental funds on the balance sheet.	<u>(288,946)</u>
Net position of governmental activities as reported.	\$ <u><u>2,962,934</u></u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
Statement of Revenues, Expenditures, and Change in Fund Balance
Governmental Funds
December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	General Fund	Library Fund	Bond and Interest Fund	Sewer Improvement Fund	Other Governmental Funds	Totals	
						2019	2018
Revenues							
Taxes	\$ 4,698,574	319,652	1,272,540	-	1,055,260	7,346,026	6,978,498
Intergovernmental	38,228	4,831	-	-	124,409	167,468	265,484
Licenses, Permits and Franchise Taxes	748,386	-	-	-	-	748,386	807,275
Fines and Forfeitures	636,061	-	-	-	-	636,061	541,129
Interest	14,248	444	9,648	-	13,078	37,418	28,822
Other	69,713	8,892	-	-	125,364	203,969	174,434
Total Revenues	6,205,210	333,819	1,282,188	-	1,318,111	9,139,328	8,795,642
Expenditures							
General Government	1,770,716	-	-	-	341,342	2,112,058	1,893,219
Public Safety	1,942,641	-	-	-	87,903	2,030,544	1,708,891
Public Works	681,573	-	-	-	1,737,390	2,418,963	1,685,025
Culture and Recreation	655,323	308,917	-	-	180,171	1,144,411	1,090,078
Construction and Engineering	-	-	-	973,630	456,920	1,430,550	5,071,018
Debt Service	-	-	3,255,830	-	-	3,255,830	2,875,153
Total Expenditures	5,050,253	308,917	3,255,830	973,630	2,803,726	12,392,356	14,323,384
Excess (Deficit) of Revenues Over Expenditures	1,154,957	24,902	(1,973,642)	(973,630)	(1,485,615)	(3,253,028)	(5,527,742)
Other Financing Sources (Uses)							
Proceeds - General Obligation Bonds	-	-	-	2,065,000	-	2,065,000	5,500,000
Original Issue Premium	-	-	-	60,168	-	60,168	118,912
Bond Costs of Issuance	-	-	(45,678)	(20,530)	-	(66,208)	(124,058)
Transfers In	100,000	-	1,785,280	-	1,194,000	3,079,280	2,948,933
Transfers Out	(1,194,000)	-	-	-	(385,780)	(1,579,780)	(1,450,033)
Total Other Financing Sources (Uses)	(1,094,000)	-	1,739,602	2,104,638	808,220	3,558,460	6,993,754
Net Change in Fund Balance	60,957	24,902	(234,040)	1,131,008	(677,395)	305,432	1,466,012
Fund Balance - Beginning of Year	1,988,911	68,413	535,672	-	2,806,320	5,399,316	3,933,304
Fund Balance - End of Year	\$ 2,049,868	93,315	301,632	1,131,008	2,128,925	5,704,748	5,399,316

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
Reconciliation of the Statement of Revenues,
Expenditures, and Change in Fund Balance of Governmental Funds
to the Statement of Activities
December 31, 2019

Net change in fund balance - total governmental funds	\$ 305,432
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$361,402) and change in construction in process (\$1,565,855) exceeded depreciation (\$1,134,906) in the current period.	792,351
Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Bond proceeds were received (\$2,065,000), capital lease proceeds were received (\$22,800), bond repayments were paid (\$2,500,000), and capital lease payments were made (\$43,250), which are recorded in the governmental funds as receipts and expenditures. Bond premiums on newly issued bonds were received (\$60,168) and there was amortization of previously issued bond premiums (\$99,427).	494,709
An expense is recorded for pension liability when incurred. In the governmental funds, an expense is recorded when the benefits are paid.	(150,945)
Accrued interest payable increased from the prior year. This balance is not accounted for in the governmental funds. However, the changes are reflected in the statement of activities.	(69,423)
An expense is recorded for compensated absences when incurred. In the governmental funds, an expense is recorded when the benefits are paid.	<u>(12,615)</u>
Change in net position of governmental activities.	\$ <u><u>1,359,509</u></u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
Statement of Net Position
Proprietary Funds
December 31, 2019
(With Comparative Totals as of December 31, 2018)

	Business-Type Activities Enterprise Funds		Totals	
	Wastewater Fund	Solid Waste Fund	2019	2018
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>				
Current Assets				
Cash and Cash Equivalents	\$ 2,198,194	169,514	2,367,708	2,329,241
Receivables, Net of Allowance	842,673	216,392	1,059,065	1,538,424
Total Current Assets	3,040,867	385,906	3,426,773	3,867,665
Noncurrent Assets				
Capital Assets				
Depreciable Buildings, Property, and Equipment, Net of Depreciation	10,171,704	-	10,171,704	10,835,588
Deferred Outflows of Resources				
Pension Plan	52,918	-	52,918	48,909
Total Assets and Deferred Outflows of Resources	13,265,489	385,906	13,651,395	14,752,162
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>				
Current Liabilities				
Accounts Payable	88,138	44,999	133,137	86,624
Salaries and Wages Payable	42,452	-	42,452	40,093
Customer Deposits	19,275	-	19,275	19,350
Total Current Liabilities	149,865	44,999	194,864	146,067
Noncurrent Liabilities				
Net Pension Liability	243,561	-	243,561	231,411
Total Liabilities	393,426	44,999	438,425	377,478
Deferred Inflows of Resources				
Pension Plan	10,318	-	10,318	10,688
Total Liabilities and Deferred Inflows of Resources	403,744	44,999	448,743	388,166
<u>NET POSITION</u>				
Net Position				
Invested in Capital Assets, Net of Related Debt	10,171,704	-	10,171,704	10,835,588
Unrestricted	2,690,041	340,907	3,030,948	3,528,408
Total Net Position	\$ 12,861,745	340,907	13,202,652	14,363,996

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
Statement of Revenues, Expenses, and Change in Net Position
Proprietary Funds
December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

	Business-Type Activities		Totals	
	Enterprise Funds		2019	2018
	Wastewater Fund	Solid Waste Fund		
Operating Revenue				
Sewer Service Charges	\$ 3,042,272	-	3,042,272	2,947,658
Refuse Service Charges	-	594,269	594,269	574,435
Other Income	2,625	2,408	5,033	4,494
Total Operating Revenues	3,044,897	596,677	3,641,574	3,526,587
Operating Expenses				
Salaries, Wages, and Benefits	422,667	-	422,667	386,118
Purchased Services	260,104	-	260,104	398,379
Commodities	25,571	-	25,571	27,859
Insurance	35,921	-	35,921	63,540
Sewer Maintenance	615,741	-	615,741	671,784
Waste Collection	-	539,597	539,597	514,791
Bad Debts	57,968	17,083	75,051	1,898
Depreciation	774,127	-	774,127	772,870
Total Operating Expenses	2,192,099	556,680	2,748,779	2,837,239
Net Operating Income	852,798	39,997	892,795	689,348
Nonoperating Revenues				
Interest Income	21,752	3,354	25,106	17,062
Gain on Sale of Assets	45,500	-	45,500	-
Total Nonoperating Revenues	67,252	3,354	70,606	17,062
Income Before Transfers	920,050	43,351	963,401	706,410
Transfers Out	(1,399,500)	(100,000)	(1,499,500)	(1,498,900)
Change in Net Position	(479,450)	(56,649)	(536,099)	(792,490)
Net Position - Beginning of Year	13,827,934	536,062	14,363,996	15,156,486
Prior Period Restatement	(486,739)	(138,506)	(625,245)	-
Net Position - End of Year	\$ 12,861,745	340,907	13,202,652	14,363,996

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
Statement of Cash Flows
Proprietary Funds
December 31, 2019
(With Comparative Totals as of December 31, 2018)

	Business-type Activities Enterprise Funds		Totals	
	Wastewater Fund	Solid Waste Fund	2019	2018
Cash Flows From Operating Activities				
Receipts From Customers	\$ 2,871,172	546,955	3,418,127	3,464,589
Payments to Suppliers	(880,766)	(537,089)	(1,417,855)	(1,661,208)
Payments to Employees	(422,667)	-	(422,667)	(394,016)
Net Cash Provided by Operating Activities	1,567,739	9,866	1,577,605	1,409,365
Cash Flows From Investing Activities				
Interest on Investments and Deposits	21,752	3,354	25,106	17,062
Cash Flows From Noncapital Financing Activities				
Transfers to Other Funds	(1,399,500)	(100,000)	(1,499,500)	(1,498,900)
Cash Flows From Capital Financing Activities				
Purchase of Capital Assets	(110,244)	-	(110,244)	(27,800)
Sale of Capital Assets	45,500	-	45,500	-
Net Cash Used by Capital and Related Financing Activities	(64,744)	-	(64,744)	(27,800)
Net Increase (Decrease) in Cash	125,247	(86,780)	38,467	(100,273)
Cash - Beginning of Year	2,072,947	256,294	2,329,241	2,429,514
Cash - End of Year	\$ 2,198,194	169,514	2,367,708	2,329,241
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities				
Net Operating Income	\$ 852,798	39,997	892,795	689,348
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities				
Depreciation	774,127	-	774,127	772,870
(Increase) Decrease in Accounts Receivable	(113,247)	(32,638)	(145,885)	(55,605)
(Increase) Decrease in Deferred Outflows	(4,009)	-	(4,009)	(16,356)
Increase (Decrease) in Accounts Payable	44,006	2,507	46,513	15,227
Increase (Decrease) in Accrued Liabilities	2,359	-	2,359	3,088
Increase (Decrease) in Customer Deposits	(75)	-	(75)	(4,576)
Increase (Decrease) in Net Pension Liability	12,150	-	12,150	9,012
Increase (Decrease) in Deferred Inflows	(370)	-	(370)	(3,643)
Net Cash Provided by Operating Activities	\$ 1,567,739	9,866	1,577,605	1,409,365

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
Statement of Fiduciary Net Position
Combined Fiduciary Funds
December 31, 2019
(With Comparative Totals as of December 31, 2018)

		<u>2019</u>	<u>2018</u>
	<u>ASSETS</u>		
Cash and Cash Equivalents	\$	<u>28,559</u>	<u>138,170</u>
	<u>LIABILITIES</u>		
Due to Others	\$	<u>17,935</u>	120,678
Bonds Posted Escrow		<u>10,624</u>	<u>17,492</u>
Total Liabilities	\$	<u>28,559</u>	<u>138,170</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of **City of Lansing, Kansas**, relating to the funds included in the accompanying financial statements, conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governments (GASB 34 Edition), and by the Financial Accounting Standards Board, when applicable. The following is a summary of such significant policies.

Financial Reporting Entity

The City is a municipal corporation governed by an elected mayor and eight-member council. The City receives funding from local, state, and federal governmental sources and must comply with the requirements of these funding sources. The financial statements of the City consist of all the funds of the City and governmental entities that are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. The City does not have a legally separate component unit.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect certain reported amounts and disclosures that can affect these financial statements. Actual results could differ from those estimates.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (i.e. the statement of net position and the statement of activities) report financial information for the City as a whole excluding fiduciary activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. 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.

The statement of activities reports the direct expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program revenues include charges for services which report fees, fines and forfeitures, and other charges to users of the City's services, operating grants which finance annual operating activities including investment income, and capital grants which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Governmental fund financial statements distinguish revenues and expenditures from other financing sources and uses. Other financing resources and uses are increases or decreases in the fund balance of a governmental fund that are not considered revenues or expenditures. Only items identified as other financing sources and uses by authoritative standards may be classified as such (e.g. proceeds from the issuance of long-term debt and transfers between funds).

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 enterprise funds are

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major proprietary funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Special assessments are recognized as revenue when levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

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

Those revenues susceptible to accrual are sales taxes, franchise taxes, special assessments, investment earnings, and certain Federal and State grants and entitlements. Only sales taxes collected and paid the State at year-end on behalf of the City are recognized as revenue. Licenses, permits, fees for services, and fines are not susceptible to accrual, because generally they are not measurable until received in cash. While property taxes and special assessments 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 levied and budgeted. Instead, they are offset by deferred inflows accounts.

The government reports the following major governmental funds:

General Fund – The general fund is the main operating fund of the City. This fund is used to account for all financial resources of the City, except those required to be accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the general fund.

Bond and Interest Fund – The bond and interest fund is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the bond and interest fund is reserved, to signify that amounts are restricted exclusively for bond and interest expenditures.

Sewer Improvement Fund – The capital projects fund accounts for the financial resources to be used for the acquisition or construction of major capital improvement projects of the City.

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

The government reports the following major proprietary funds:

Wastewater Fund – This fund provides accountability for all phases of operation and maintenance of the City's public sewer system.

Solid Waste Fund – This fund accounts for solid waste operations and maintenance.

The government also reports the following fund types:

Special Revenue Fund – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

Capital Projects Fund – to account for financial resources to be used for the acquisition of major capital facilities and capital assets.

Agency Fund – to account for assets held by the City either as trustee or agent for others.

Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the year ended December 31, 2019.

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

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute liabilities because the commitments will be honored during subsequent years.

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

A legal operating budget is not required for capital project funds, fiduciary funds and the following special revenue fund: Police Equipment Reserve Fund.

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

The following table provides a reconciliation between the legally adopted basis of budgeting and the GAAP prescribed basis of accounting presented in the financial statements for the City's major governmental funds.

Fund	Expenses and Transfers Out		Capital Lease	Expenditures and Transfers Out	
	Per Fund			Per Budget Basis	
	Statement				
General Fund	\$	6,244,253	(22,801)		6,221,452
Library Fund		308,917	-		308,917
Bond and Interest Fund		3,301,508	-		3,301,508

Accounting for Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure, are reported in the applicable governmental or business-type activities columns of the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of three years. These assets are recorded at historical cost, estimated historical cost if actual cost is not available, or estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Capital assets of proprietary funds are capitalized and depreciated over the remaining useful lives of the related capital asset categories, as applicable.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Office Equipment	5 years
Infrastructure	30 years
Machinery and Equipment	7 to 10 years
Sewer Treatment Plant and Improvements	30 to 40 years

The City reports its infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements, regardless of their amount.

Statement of Cash Flows

For purposes of the statement of cash flows, the City considers all restricted and unrestricted, highly liquid deposits as cash.

Deposits and Investments

The City follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund type in the combined balance sheet.

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

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

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The rating of the City's investments is noted below.

As of December 31, 2019, the City had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in years) Less than One	Rating
Kansas Municipal Investment Pool	\$ 3,106,239	3,106,239	N/A

Concentration 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 allocation of investments as of December 31, 2019, is as follows:

Investments	Percentage of Investments
Kansas Municipal Investment Pool	100%

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City did not use "peak periods" during 2019. All deposits were legally secured at December 31, 2019.

At December 31, 2019, the City's carrying amount of deposits, including certificates of deposit, was \$5,531,497. The bank balance was \$5,624,554. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by FDIC insurance and \$5,374,554 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

Restricted Assets

These assets consist of cash restricted for certain enterprise, debt service, and agency funds. 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.

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

Receivables

The City records utility revenues on a monthly basis. The balance shown as accounts receivable at December 31, 2019 is comprised of accounts considered to be collectible by management. Balances are stated at net of anticipated uncollectible accounts. For the year ended December 31, 2019, allowance for doubtful accounts was estimated at \$686,027.

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and therefore, are not susceptible to accrual. At December 31, such taxes are recorded as taxes receivable, net of anticipated delinquencies with a corresponding amount recorded as deferred inflows of resources on the balance sheet of the appropriate funds. It is not practicable to apportion delinquent taxes at the end of the year and, further, the amounts are not material in relation to the basic government financial statements.

Recognized state-shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year end are not due and receivable until the ensuing year.

Compensated Absences

The City's policy is a general leave policy of paid time off (PTO). PTO shall be accrued by full-time employees and shall have a maximum amount of PTO accrual based on the chart below. Full-time employees are permitted to carryover 200 hours of PTO. Regular part-time employees shall accrue 1.85 hours per pay period and are permitted to carryover 80 hours. Upon separation from employment with the City, employees who terminate in good standing will be paid for all accrued but unused PTO at their current rate of pay. The City's maximum potential liability under the plan at December 31, 2019 has been estimated at \$173,079.

	Per Pay Period (26)		Per Year		Employees Hired on or after 1/1/2018	
	Hours	Days	Hours	Days	Hours	Days
1st Year (Group 1)	3.08	0.38	80	10.00	*80	*10
2nd - 5th Year (Group 2)	3.69	0.46	96	12.00	*96	*12
6th - 9th Year (Group 3)	5.54	0.69	144	18.00	*144	*18
10th Year & Beyond (Group 4)	7.38 or *6.46	0.92 or *0.81	192	24.00	*168	*21

Deferred Compensation Plan

City employees may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. The employee is responsible for the amount of deferred compensation to be contributed. The amount selected is invested for the employee. The City is not required to make any contributions. The deferred compensation is not available to employees until termination, retirement, death, or in case of limited specific circumstances.

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

Other Post Employment Benefits

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

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

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERs) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2019. However, the cost of this benefit has not been quantified in these financial statements.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City reports a collective deferred outflow of resources related to pensions, which is described in more detail in Note 5 – Defined Benefit Pension Plan.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from several sources: long-term accounts and notes receivable, forgivable loans, property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred revenues are reported in both the government-wide statement of net position and the governmental funds balance sheet for property tax receivable. Property taxes are not recognized as revenue until the period for which they are levied. Additionally, the City reports collective deferred inflow of resources related to pensions, which is described in more detail in Note 5 – Defined Benefit Pension Plan.

Net Position and Fund Balance

In the government-wide and proprietary fund financial statements net position is classified into three components:

- Net investment in capital assets - consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - consisting of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The City first utilizes restricted resources to finance qualifying activities.
- Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

In the governmental fund financial statements, fund balance is comprised of five different classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The fund balance is classified as follows:

- Non-spendable - Assets legally or contractually required to be maintained or are not in spendable form. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.
- Restricted - Assets with externally imposed constraints, such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.
- Committed - Assets with a purpose formally imposed by resolution by the City Council, binding unless modified or rescinded by the City Council.
- Assigned - Comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City Council or (2) a body or official to whom the City Council has delegated the authority to assign amounts to be used for specific purposes as prescribed by the City's fund balance and cash policy.
- Unassigned - All amounts not included in the other fund balance classifications. The general fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

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

Change in Accounting Principle

During 2019, the City changed its accounting policies to include an allowance for doubtful accounts for its utility accounts receivable. The City believes the new method more closely reflects the amount that will actually be collected. The City implemented this change retroactively, which caused a prior period restatement of \$625,245.

Accounting Pronouncements Adopted

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*". The statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The guidance is effective for reporting periods beginning after December 15, 2019 and was early adopted by the City on January 1, 2019. Changes adopted to conform to the provisions of this Statement were applied prospectively.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

City of Lansing, Kansas did not remit or provide a certificate to the state fiscal agent stating that funds are on deposit and held in trust for the payment of interest and principal at least 20 days prior to maturity of the bonds, which is a violation of K.S.A. 10-130.

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental				
Non-Depreciable Capital Assets				
Land	\$ 991,774	-	-	991,774
Construction in Progress	5,071,018	1,565,855	-	6,636,873
Total Non-Depreciable Capital Assets	6,062,792	1,565,855	-	7,628,647
Depreciable Capital Assets				
Buildings, Improvements, and Infrastructure	28,049,998	18,300	(8,192)	28,060,106
Vehicles	916,132	96,346	(36,116)	976,362
Machinery and Equipment	1,733,796	246,759	(50,458)	1,930,097
Total Depreciable Capital Assets	30,699,926	361,405	(94,766)	30,966,565
Accumulated Depreciation	(10,147,930)	(1,135,334)	94,792	(11,188,472)
Depreciable Capital Assets, Net of Accumulated Depreciation	20,551,996	(773,929)	26	19,778,093
Governmental Activities, Capital Assets Net of Accumulated Depreciation	\$ 26,614,788	791,926	26	27,406,740
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities				
Depreciable Capital Assets				
Buildings, Improvements, and Infrastructure	\$ 22,799,063	-	-	22,799,063
Furniture and Fixtures	148,746	-	-	148,746
Vehicles	293,710	36,200	(66,344)	263,566
Machinery and Equipment	682,105	74,043	(91,572)	664,576
Total Depreciable Capital Assets	23,923,624	110,243	(157,916)	23,875,951
Accumulated Depreciation	(13,088,036)	(774,127)	157,916	(13,704,247)
Business-Type Activities, Capital Assets Net of Accumulated Depreciation	\$ 10,835,588	(663,884)	-	10,171,704

NOTE 4 – LONG-TERM DEBT

General Obligation Bonds

The City issues General Obligation Bonds (G.O. Bonds) to provide funds for the acquisition and construction or improvement of major capital assets. G.O. Bonds have been issued for governmental activities and are listed as outstanding by type as follows:

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

	Date Issued	Due Date	Original Amount	Amount Outstanding	Interest Rate
General Obligation Bonds					
Street and Building Improvements	2008	2020	\$ 6,670,000	\$ 360,000	3.75-5.00%
Street and Sewer Improvements	2010	2025	975,000	450,000	2.50-3.70%
Refunding	2012	2028	9,575,000	5,000,000	2.00-2.375%
Street and Infrastructure Improvements and Refunding	2015	2030	7,130,000	6,390,000	2.25-4.00%
Street and Infrastructure Improvements and Refunding	2016	2036	8,135,000	6,280,000	3.00%
Street Improvements	2018	2038	5,500,000	5,280,000	3.00-4.00%
Sewer Improvements	2019	2039	2,065,000	2,065,000	3.00-4.00%
Capital Leases					
Two 2017 Pickups, Trailer and Mower	2017	2019	113,976	-	2.34%
Computer Equipment	2019	2023	22,800	17,535	7.49%

The annual requirements to retire G.O. Bonds as of December 31, 2019 are as follows:

Year	Principal Due	Interest Due	Total
2020	\$ 2,575,000	822,199	3,397,199
2021	2,620,000	704,990	3,324,990
2022	2,470,000	626,430	3,096,430
2023	2,535,000	552,055	3,087,055
2024	2,030,000	475,530	2,505,530
2025-2029	6,535,000	1,680,891	8,215,891
2030-2034	4,135,000	897,944	5,032,944
2035-2039	2,925,000	247,965	3,172,965
Total	\$ 25,825,000	6,008,004	31,833,004

The annual requirements to retire capital leases as of December 31, 2019 are as follows:

Year	Principal Due	Interest Due	Total
2020	\$ 3,906	1,359	5,265
2021	4,208	1,057	5,265
2022	4,535	730	5,265
2023	4,886	379	5,265
Total	\$ 17,535	3,525	21,060

Long-term debt activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Prior Period Adjustment	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 26,260,000	-	2,065,000	2,500,000	25,825,000	2,575,000
Original Issue Premiums	926,780	153,700	60,168	99,426	1,041,222	99,678
Capital Leases	37,985	-	22,800	43,250	17,535	3,906
Compensated Absences	160,464	-	12,615	-	173,079	173,079
Total	\$ 27,385,229	153,700	2,160,583	2,642,676	27,056,836	2,851,663

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

NOTE 5 – DEFINED BENEFIT PENSION PLAN

Plan Description

City of Lansing, Kansas participates 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 benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public Employees, which includes
 - State/School employees
 - Local employees
- Police and 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.

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

Benefits

Benefits are established by statute and may only be changed by the Legislature. Members 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 a member's combined age and years of service equal 85 "points". Police and firemen's normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

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

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. The 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 cash balance retirement plan (KPERS 3) was created for new hires starting after January 1, 2015. Normal retirement age for KPERS 3 is 65 with 5 years of service or 60 with 30 years of service. Early retirement is available at age 55 with 10 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.

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

Contributions

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

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. 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 fiscal year ended June 30, 2019.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory employer capped contribution rate for local government employees are both 8.89%. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory employer capped contribution rate for police and firemen employees are both 22.13%. The member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2019 was 6.00% for local government employees and 7.15% for police and firemen.

Contributions to the pension plan for the City were \$195,981 for local government and \$242,080 for police and firemen for the year ended December 31, 2019.

Employer Allocations

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 Fireman
- 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 allocation percentages for the City's share of the collective pension amounts as of December 31, 2019 were based on the ratio of each employer's contributions to the total employer and nonemployer contributions of the group for the fiscal year ended June 30, 2019.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

Net Pension Liability

Net pension liability activity for the year ended December 31, 2019 was as follows:

	<u>Local Government</u>	<u>Police and Firemen</u>
Net Pension Liability	\$1,649,682	\$1,990,780
Measurement Date	June 30, 2019	June 30, 2019
Valuation Date	December 31, 2018	December 31, 2018
City's Proportion	0.118%	0.197%
Change in Proportion	-0.006%	0.019%

Actuarial Assumptions

The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Price inflation	2.75%
Salary increase	3.50 to 12.00%, including inflation
Investment rate of return net of investment expense, including price inflation	7.75%

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 mortality tables.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the three year period January 1, 2013 through December 31, 2015. The experience study is dated November 18, 2016.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	47.00%	6.85%
Fixed Income	13.00	1.25
Yield Driven	8.00	6.55
Real Return	11.00	1.71
Real Estate	11.00	5.05
Alternatives	8.00	9.85
Short-term Investments	2.00	(0.25)
Total	<u>100.00%</u>	

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The local groups 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 Board may not increase by more than the statutory cap. The statutory cap was 1.2%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Local Employees	\$2,463,834	\$1,649,682	\$ 968,658
Police and Firemen	2,825,062	1,990,780	1,292,327

Pension Expense

For the year ended December 31, 2019, the City recognized pension expense of \$601,830, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for local employees and police and firemen:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 116,078	45,236
Net differences between projected and actual earnings on investments	78,882	-
Changes in assumptions	120,942	5,548
Changes in proportion	257,738	103,433
City contributions subsequent to measurement date	217,306	-
Total	\$ 790,946	154,217

The \$217,306 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	
2020	\$ 184,485
2021	67,644
2022	105,474
2023	59,869
2024	1,951
Thereafter	-

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

NOTE 6 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis as authorized by Kansas statutes. The City's operating transfers and statutory authority for the year ended December 31, 2019 were as follows:

From Fund	To Fund	Statutory Authority	Amount
General Fund	Consolidated Street and Highway Fund	K.S.A 12-1,119	\$ 120,000
General Fund	Special Parks and Recreation Fund	K.S.A. 12-1,119	34,000
General Fund	Capital Improvement Fund	K.S.A. 12-1,119	940,000
General Fund	Equipment Reserve Fund	K.S.A. 12-1,119	100,000
Solid Waste Fund	General Fund	K.S.A. 12-197	100,000
Sales Tax (\$.45) Fund	Bond and Interest Fund	K.S.A. 12-197	385,780
Wastewater Fund	Bond and Interest Fund	K.S.A. 12-825d	1,399,500

In the governmental fund financial statements, total transfers in of \$1,499,500 tie to the total transfers out of \$1,499,500 from the proprietary funds.

NOTE 7 – CONTINGENCIES

City of Lansing, Kansas is party to various legal proceedings, such as foreclosure actions and tax appeals, which normally occur in governmental operations. The legal proceedings are not likely to have a material financial impact on the funds of the City.

City of Lansing, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audits, is not believed to be material.

NOTE 8 – RISK MANAGEMENT – CLAIMS AND JUDGMENTS

City of Lansing, Kansas 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.

The City has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Eastern Region Insurance Trust (KERIT), a public entity risk pool currently operating as a common risk management and insurance program for 18 participating members. The agreement to participate provides that KERIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event. During 2019, the City contributed \$60,092 to the fund for this insurance coverage. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KERIT management.

The City carries commercial insurance for all other risks of loss, including property, general liability, inland marine, sewer liability, crime, automobile, earthquake, and public official/employment liability coverage. There were no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three calendar years.

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

NOTE 9 – CONDUIT DEBT

From time to time, **City of Lansing, Kansas** has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are generally payable from and secured by the project financed and if needed, additional assets or revenues of the private-sector entities serviced by the bond issuance. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. The Multifamily Housing Revenue Bonds were redeemed on February 22, 2019. As of December 31, 2019, there were no industrial revenue bonds outstanding.

NOTE 10 – TAX ABATEMENTS

The Neighborhood Revitalization Rebate Program provides property tax abatements to promote revitalization and development of the **City of Lansing, Kansas** by stimulating new construction and the rehabilitation, conservation or redevelopment of the area in order to protect the public health, safety or welfare of the residents. Abatements are obtained through application by the property owner, including proof that the improvements or construction have been made, and equal 95 percent in the first year of the additional property tax resulting from the increase in assessed value as a result of the improvements or construction. The abatement is on a sliding scale from 95% to 20% over a 10-year process. The amount of the abatement is deducted from the recipient's County property tax bill. The total tax abatements for the year ended December 31, 2019 were \$28,427.

In addition, the **City of Lansing, Kansas** has designated a redevelopment district "Lansing Towne Center" in which certain tax abatement may be negotiated for a development of that area. To date, no taxes have been abated for this designated redevelopment area.

NOTE 11 – COMPARATIVE DATA

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of the changes in **City of Lansing, Kansas'** financial position and operations. The comparative totals appear in the government-wide financial statements, fund financial statements, and the accompanying supplemental financial statements. However, complete comparative data has not been presented in all the financial statements since their inclusion would make the statement unduly complex and difficult to read.

NOTE 12 – RESTATEMENT OF PRIOR YEARS' FINANCIAL STATEMENTS

Accounts receivable is recorded net of estimated allowance. A prior period restatement was needed to accurately reflect the collectible amount of accounts receivable in the amount of \$625,245 in the business-type funds. Bond premiums should be amortized over the life of the bond. A prior period restatement was needed to accurately reflect the unamortized portion in the governmental funds of \$153,700.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent to year end, the United States experienced a nationwide pandemic from the novel coronavirus known as COVID-19. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact the entire United States economy. As of the date of this financial statement, the

CITY OF LANSING, KANSAS
Notes to Financial Statements
December 31, 2019

City is unable to reasonably determine the effects of this virus on the operations of the municipality. The City has evaluated subsequent events through May 21, 2020, which is the date the financial statement was available to be issued.

CITY OF LANSING, KANSAS

Required Supplementary Information

CITY OF LANSING, KANSAS
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Over (Under)	2018 Actual
Revenues				
Property Tax	2,264,355	2,282,345	17,990	2,193,638
Motor Vehicle Tax	285,851	305,478	19,627	305,995
Local Alcoholic Liquor Tax	11,057	18,162	7,105	14,191
Sales Tax	1,695,000	1,719,158	24,158	1,730,815
Compensating Use Tax	298,000	373,431	75,431	317,754
Franchise Fees	668,000	655,438	(12,562)	707,633
Licenses and Permits	95,000	92,948	(2,052)	99,642
Fines and Forfeitures	461,300	636,061	174,761	541,129
Federal Aid	-	38,228	38,228	-
Interest	4,500	14,248	9,748	10,979
Other	2,520	46,913	44,393	32,536
Total Revenues	5,785,583	6,182,410	396,827	5,954,312
Expenditures				
General Government				
City Administrator	142,846	149,079	6,233	141,086
Administration	1,661,628	586,493	(1,075,135)	483,838
Municipal Court	199,150	189,200	(9,950)	181,281
Building Maintenance	75,143	68,115	(7,028)	63,160
Community Development	206,130	192,592	(13,538)	194,644
Economic Development	317,695	326,107	8,412	286,986
Finance Department	259,175	259,129	(46)	251,065
Public Safety				
Police	1,829,743	1,919,841	90,098	1,706,534
Emergency Preparedness	3,000	-	(3,000)	-
Public Works				
General	309,866	316,661	6,795	282,301
Streets	208,180	173,767	(34,413)	179,338
Street Lights	213,820	191,145	(22,675)	176,594
Culture and Recreation				
Parks and Recreation	541,955	522,328	(19,627)	526,601
Activity Center	128,914	123,978	(4,936)	121,058
Historic Society	15,100	-	(15,100)	3,667
Community Center	12,250	9,017	(3,233)	6,274
Total Expenditures	6,124,595	5,027,452	(1,097,143)	4,604,427
Excess Revenues Over (Under) Expenditures	(339,012)	1,154,958	1,493,970	1,349,885
Other Financing Sources (Uses)				
Transfers In	100,000	100,000	-	100,000
Transfers Out	(1,194,000)	(1,194,000)	-	(1,194,000)
Net Other Financing Sources (Uses)	(1,094,000)	(1,094,000)	-	(1,094,000)
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(1,433,012)	60,958	1,493,970	255,885
Fund Balance - Beginning of Year	1,455,622	1,988,910	533,288	1,733,025
Fund Balance - End of Year	\$ 22,610	2,049,868	2,027,258	1,988,910

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
Library Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Totals for the Prior Year Ended December 31, 2018)

	2019		Variance Over (Under)	2018 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes	\$ 315,505	319,652	4,147	279,536
Intergovernmental	3,000	4,831	1,831	5,101
Interest	200	444	244	342
Other	8,200	8,892	692	11,216
Total Revenues	<u>326,905</u>	<u>333,819</u>	<u>6,914</u>	<u>296,195</u>
Expenditures				
Personal Services	245,793	244,808	(985)	236,910
Contractual	9,450	6,766	(2,684)	6,944
Commodities	17,950	12,065	(5,885)	11,314
Capital Outlay	53,000	45,278	(7,722)	42,757
Contingency	50,000	-	(50,000)	-
Total Expenditures	<u>376,193</u>	<u>308,917</u>	<u>(67,276)</u>	<u>297,925</u>
Excess Revenues Over (Under) Expenditures	(49,288)	24,902	74,190	(1,730)
Fund Balance - Beginning of Year	<u>52,126</u>	<u>68,413</u>	<u>16,287</u>	<u>70,141</u>
Fund Balance - End of Year	\$ <u><u>2,838</u></u>	<u><u>93,315</u></u>	<u><u>90,477</u></u>	<u><u>68,411</u></u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
Bond and Interest Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Over (Under)	2018 Actual
Revenues				
Taxes	\$ 1,257,740	1,272,540	14,800	1,214,490
Interest	2,000	9,648	7,648	7,291
Total Revenues	<u>1,259,740</u>	<u>1,282,188</u>	<u>22,448</u>	<u>1,221,781</u>
Expenditures				
Principal - Bonds	2,579,600	2,500,000	(79,600)	2,220,000
Interest and Commissions	590,218	755,830	165,612	655,153
Total Expenditures	<u>3,169,818</u>	<u>3,255,830</u>	<u>86,012</u>	<u>2,875,153</u>
Excess Revenues Over (Under) Expenditures	<u>(1,910,078)</u>	<u>(1,973,642)</u>	<u>(63,564)</u>	<u>(1,653,372)</u>
Other Financing Sources (Uses)				
Bond Costs of Issuance	(300,000)	(45,678)	254,322	-
Transfers In	1,949,500	1,785,280	(164,220)	1,654,933
Net Other Financing Sources (Uses)	<u>1,649,500</u>	<u>1,739,602</u>	<u>90,102</u>	<u>1,654,933</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>(260,578)</u>	<u>(234,040)</u>	<u>26,538</u>	<u>1,561</u>
Fund Balance - Beginning of Year	<u>269,478</u>	<u>535,672</u>	<u>266,194</u>	<u>534,111</u>
Fund Balance - End of Year	<u>\$ 8,900</u>	<u>301,632</u>	<u>292,732</u>	<u>535,672</u>

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
Schedule of Proportionate Share of Collective Net Pension Liability
Kansas Public Employees Retirement System
December 31, 2019

Fiscal Year-End Measurement Date	December 31, 2019 June 30, 2019	December 31, 2018 June 30, 2018	December 31, 2017 June 30, 2017	December 31, 2016 June 30, 2016
KPERS				
The City's proportion of the collective net pension liability	0.118%	0.124%	0.110%	0.110%
The City's proportionate share of the net pension liability	\$ 1,649,682	1,727,017	1,595,387	1,701,593
The City's covered-employee payroll	\$ 2,184,288	2,097,324	1,958,228	1,954,711
The City's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	75.52%	82.34%	81.47%	87.05%
KP&F				
The City's proportion of the collective net pension liability	0.197%	0.178%	0.176%	0.182%
The City's proportionate share of the net pension liability	\$ 1,990,780	1,716,770	1,651,496	1,687,619
The City's covered-employee payroll	\$ 1,049,088	905,865	880,889	845,319
The City's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	189.76%	189.52%	187.48%	199.64%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.88%	67.12%	65.09%

GASB No. 68 requires presentation of ten years. Until a full 10 year trend is compiled, the City will present information for those years for which information is available.

Changes of assumptions and other inputs

Price inflation lowered from 3.00% to 2.75%
Investment return was lowered from 8.00% to 7.75%
General wage growth was lowered from 4.00% to 3.50%
Payroll growth was lowered from 4.00% to 3.00%

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS
Schedule of the City's Contributions
Kansas Public Employees Retirement System
December 31, 2019

	2019	2018	2017	2016
KPERS				
Contractually required contribution	\$ 188,581	186,844	172,284	175,942
Contributions in relation to the contractually required contribution	<u>188,581</u>	<u>186,844</u>	<u>172,284</u>	<u>175,942</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
The City's covered-employee payroll	\$ 2,184,288	2,097,324	1,958,228	1,954,711
Contributions as a percentage of covered-employee payroll	8.63%	8.91%	8.80%	9.00%
KP&F				
Contractually required contribution	\$ 222,322	177,496	173,590	180,472
Contributions in relation to the contractually required contribution	<u>222,322</u>	<u>177,496</u>	<u>173,590</u>	<u>180,472</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
The City's covered-employee payroll	\$ 1,049,088	905,865	880,889	845,319
Contributions as a percentage of covered-employee payroll	21.19%	19.59%	19.71%	21.35%

GASB No. 68 requires presentation of ten years. Until a full 10 year trend is compiled, the City will present information for those years for which information is available.

The notes to the financial statements are an integral part of these statements.

CITY OF LANSING, KANSAS

Supplementary Information

CITY OF LANSING, KANSAS
Combining Balance Sheet
Nonmajor Governmental Fund Types
December 31, 2019
(With Comparative Totals as of December 31, 2018)

	Special Revenue Funds	Capital Project Funds	Totals	
			2019	2018
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,283,985	875,724	2,159,709	2,819,030
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Accounts Payable	\$ 18,997	-	18,997	2,636
Salaries and Wages Payable	11,786	-	11,786	10,075
Total Liabilities	30,783	-	30,783	12,711
Fund Balance				
Restricted	1,253,202	-	1,253,202	1,554,611
Assigned - Reserved for Encumbrances	-	56,720	56,720	-
Assigned	-	819,004	819,004	1,251,708
Total Fund Balance	1,253,202	875,724	2,128,926	2,806,319
Total Liabilities and Fund Balance	\$ 1,283,985	875,724	2,159,709	2,819,030

See independent auditors' report.

CITY OF LANSING, KANSAS
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019
(With Comparative Totals as of December 31, 2018)

	Transient Guest Tax Fund	Mayor's Christmas Fund	Special Alcohol Liquor Fund	Special Parks and Recreation Fund	KS Regional Prisons Museum Fund	Sales Tax (\$.45) Fund	Park Land Trust Fund	Consolidated Street and Highway Fund	Police Equipment Reserve Fund	Totals	
										2019	2018
<u>ASSETS</u>											
Cash and Cash Equivalents	\$ 71,431	15,955	37,131	216,020	143,189	463,736	24	309,122	27,377	1,283,985	1,567,321
<u>LIABILITIES AND FUND BALANCE</u>											
Liabilities											
Accounts Payable	\$ -	-	-	-	-	3,000	-	15,997	-	18,997	2,635
Salaries and Wages Payable	-	-	-	-	-	-	-	11,786	-	11,786	10,075
Total Liabilities	-	-	-	-	-	3,000	-	27,783	-	30,783	12,710
Fund Balance											
Restricted	71,431	15,955	37,131	216,020	143,189	460,736	24	281,339	27,377	1,253,202	1,554,611
Total Liabilities and Fund Balance	\$ 71,431	15,955	37,131	216,020	143,189	463,736	24	309,122	27,377	1,283,985	1,567,321

See independent auditors' report.

CITY OF LANSING, KANSAS
Combining Balance Sheet
Nonmajor Capital Project Funds
December 31, 2019
(With Comparative Totals as of December 31, 2018)

	Equipment Reserve Fund	Capital Improvement Fund	DeSoto Road Project Fund	Totals	
				2019	2018
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 123,305	695,699	56,720	875,724	1,251,709
<u>FUND BALANCE</u>					
Fund Balance					
Assigned - Reserved for Encumbrances \$	-	-	56,720	56,720	-
Assigned	123,305	695,699	-	819,004	1,251,709
Total Fund Balance	\$ 123,305	695,699	56,720	875,724	1,251,709

See independent auditors' report.

CITY OF LANSING, KANSAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Fund Types
December 31, 2019
(With Comparative Totals for the Prior Year Ended December 31, 2018)

	Special Revenue Funds	Capital Project Funds	Totals	
			2019	2018
Revenues				
Taxes	\$ 1,055,260	-	1,055,260	922,078
Intergovernmental	9,000	115,409	124,409	260,383
Interest	11,414	1,664	13,078	10,210
Other	103,189	22,175	125,364	130,682
Total Revenues	1,178,863	139,248	1,318,111	1,323,353
Expenditures				
General Government	170,106	171,237	341,343	291,159
Public Safety	87,902	-	87,902	2,357
Public Works	720,510	1,016,880	1,737,390	1,046,792
Culture and Recreation	180,170	-	180,170	134,554
Construction and Engineering	89,804	367,116	456,920	5,071,019
Total Expenditures	1,248,492	1,555,233	2,803,725	6,545,881
Excess (Deficit) of Revenues Over Expenditures	(69,629)	(1,415,985)	(1,485,614)	(5,222,528)
Other Financing Sources (Uses)				
Proceeds - General Obligation Bonds	-	-	-	5,500,000
Original Issue Premium	-	-	-	118,912
Bond Costs of Issuance	-	-	-	(124,058)
Transfers In	154,000	1,040,000	1,194,000	1,194,000
Transfers Out	(385,780)	-	(385,780)	(256,033)
Net Other Financing Sources (Uses)	(231,780)	1,040,000	808,220	6,432,821
Net Change in Fund Balance	(301,409)	(375,985)	(677,394)	1,210,293
Fund Balance - Beginning of Year	1,554,611	1,251,709	2,806,320	1,596,026
Fund Balance - End of Year	\$ 1,253,202	875,724	2,128,926	2,806,319

See independent auditors' report.

CITY OF LANSING, KANSAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
December 31, 2019
(With Comparative Totals for the Prior Year Ended December 31, 2018)

	Transient Guest Tax Fund	Mayor's Christmas Fund	Special Alcohol Liquor Fund	Special Parks and Recreation Fund	KS Regional Prisons Museum Fund	Sales Tax (\$.45) Fund	Park Land Trust Fund	Consolidated Street and Highway Fund	Police Equipment Reserve Fund	Totals	
										2019	2018
Revenues											
Taxes	\$ 189,540	-	18,162	18,162	-	452,205	-	377,191	-	1,055,260	922,078
Intergovernmental	-	-	-	-	-	-	-	-	9,000	9,000	-
Interest	371	-	261	3,776	3,292	1,763	-	1,951	-	11,414	7,103
Other	16,724	3,619	-	67,599	101	-	-	797	14,349	103,189	108,882
Total Revenues	<u>206,635</u>	<u>3,619</u>	<u>18,423</u>	<u>89,537</u>	<u>3,393</u>	<u>453,968</u>	<u>-</u>	<u>379,939</u>	<u>23,349</u>	<u>1,178,863</u>	<u>1,038,063</u>
Expenditures											
General Government	168,670	1,436	-	-	-	-	-	-	-	170,106	140,356
Public Safety	-	-	31,271	-	-	-	-	-	56,631	87,902	2,357
Public Works	-	-	-	-	-	-	-	720,510	-	720,510	441,568
Culture and Recreation	-	-	-	163,670	-	-	16,500	-	-	180,170	134,554
Construction and Engineering	-	-	-	-	-	89,804	-	-	-	89,804	-
Total Expenditures	<u>168,670</u>	<u>1,436</u>	<u>31,271</u>	<u>163,670</u>	<u>-</u>	<u>89,804</u>	<u>16,500</u>	<u>720,510</u>	<u>56,631</u>	<u>1,248,492</u>	<u>718,835</u>
Excess (Deficit) of Revenues Over Expenditures	<u>37,965</u>	<u>2,183</u>	<u>(12,848)</u>	<u>(74,133)</u>	<u>3,393</u>	<u>364,164</u>	<u>(16,500)</u>	<u>(340,571)</u>	<u>(33,282)</u>	<u>(69,629)</u>	<u>319,228</u>
Other Financing Sources (Uses)											
Transfers In	-	-	-	34,000	-	-	-	120,000	-	154,000	154,000
Transfers Out	-	-	-	-	-	(385,780)	-	-	-	(385,780)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,000</u>	<u>-</u>	<u>(385,780)</u>	<u>-</u>	<u>120,000</u>	<u>-</u>	<u>(231,780)</u>	<u>154,000</u>
Net Change in Fund Balance	<u>37,965</u>	<u>2,183</u>	<u>(12,848)</u>	<u>(40,133)</u>	<u>3,393</u>	<u>(21,616)</u>	<u>(16,500)</u>	<u>(220,571)</u>	<u>(33,282)</u>	<u>(301,409)</u>	<u>473,228</u>
Fund Balance - Beginning of Year	<u>33,466</u>	<u>13,772</u>	<u>49,979</u>	<u>256,153</u>	<u>139,796</u>	<u>482,352</u>	<u>16,524</u>	<u>501,910</u>	<u>60,659</u>	<u>1,554,611</u>	<u>1,081,383</u>
Fund Balance - End of Year	<u>\$ 71,431</u>	<u>15,955</u>	<u>37,131</u>	<u>216,020</u>	<u>143,189</u>	<u>460,736</u>	<u>24</u>	<u>281,339</u>	<u>27,377</u>	<u>1,253,202</u>	<u>1,554,611</u>

See independent auditors' report.

CITY OF LANSING, KANSAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Capital Project Funds
December 31, 2019
(With Comparative Totals for the Prior Year Ended December 31, 2018)

	Equipment Reserve Fund	Capital Improvement Fund	DeSoto Road Project Fund	Totals	
				2019	2018
Revenues					
Intergovernmental	\$ -	115,409	-	115,409	260,383
Interest	971	693	-	1,664	3,107
Other	22,175	-	-	22,175	21,800
Total Revenues	23,146	116,102	-	139,248	285,290
Expenditures					
General Government	171,237	-	-	171,237	150,804
Public Works	-	1,016,880	-	1,016,880	605,224
Construction and Engineering	-	-	367,116	367,116	5,071,016
Total Expenditures	171,237	1,016,880	367,116	1,555,233	5,827,044
Excess (Deficit) of Revenues Over Expenditures	(148,091)	(900,778)	(367,116)	(1,415,985)	(5,541,754)
Other Financing Sources (Uses)					
Proceeds - General Obligation Bonds	-	-	-	-	5,500,000
Original Issue Premium	-	-	-	-	118,912
Bond Costs of Issuance	-	-	-	-	(124,058)
Transfers In	100,000	940,000	-	1,040,000	1,040,000
Transfers Out	-	-	-	-	(256,033)
Total Other Financing Sources (Uses)	100,000	940,000	-	1,040,000	6,278,821
Net Change in Fund Balances	(48,091)	39,222	(367,116)	(375,985)	737,067
Fund Balance - Beginning of Year	171,396	656,477	423,836	1,251,709	514,642
Fund Balance - End of Year	\$ 123,305	695,699	56,720	875,724	1,251,709

See independent auditors' report.

CITY OF LANSING, KANSAS

Transient Guest Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2019

(With Comparative Totals for the Prior Year Ended December 31, 2018)

	2019		Variance Over (Under)	2018 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes	\$ 95,000	189,540	94,540	77,344
Interest	180	371	191	286
Other	19,800	16,724	(3,076)	14,752
Total Revenues	<u>114,980</u>	<u>206,635</u>	<u>91,655</u>	<u>92,382</u>
Expenditures				
Contractual	40,723	29,612	(11,111)	32,867
Commodities	12,750	13,278	528	13,283
Economic Development	43,690	44,271	581	10,296
Events	81,000	81,509	509	82,081
Total Expenditures	<u>178,163</u>	<u>168,670</u>	<u>(9,493)</u>	<u>138,527</u>
Excess (Deficit) of Revenues Over Expenditures	(63,183)	37,965	101,148	(46,145)
Fund Balance - Beginning of Year	<u>63,187</u>	<u>33,466</u>	<u>(29,721)</u>	<u>79,611</u>
Fund Balance - End of Year	\$ <u><u>4</u></u>	<u><u>71,431</u></u>	<u><u>71,427</u></u>	<u><u>33,466</u></u>

See independent auditors' report.

CITY OF LANSING, KANSAS

Mayor's Christmas Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2019

(With Comparative Totals for the Prior Year Ended December 31, 2018)

	2019		Variance Over (Under)	2018 Actual
	Original and Final Budget	Actual		
Revenues				
Other	\$ 3,500	3,619	119	4,663
Expenditures				
Personal Services	4,000	1,436	(2,564)	1,829
Contingency	9,938	-	(9,938)	-
Total Expenditures	13,938	1,436	(12,502)	1,829
Excess (Deficit) of Revenues Over Expenditures	(10,438)	2,183	12,621	2,834
Fund Balance - Beginning of Year	10,438	13,772	3,334	10,938
Fund Balance - End of Year	\$ -	15,955	15,955	13,772

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CITY OF LANSING, KANSAS
Special Alcohol Liquor Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Totals for the Prior Year Ended December 31, 2018)

	2019			2018 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
Revenues				
Taxes	\$ 11,057	18,162	7,105	14,191
Interest	120	261	141	200
Total Revenues	<u>11,177</u>	<u>18,423</u>	<u>7,246</u>	<u>14,391</u>
Expenditures				
Contractual	750	95	(655)	482
Capital Outlay	44,500	31,176	(13,324)	-
Contingency	11,489	-	(11,489)	-
Total Expenditures	<u>56,739</u>	<u>31,271</u>	<u>(25,468)</u>	<u>482</u>
Excess Revenues Over (Under) Expenditures	(45,562)	(12,848)	32,714	13,909
Fund Balance - Beginning of Year	<u>45,563</u>	<u>49,979</u>	<u>4,416</u>	<u>36,070</u>
Fund Balance - End of Year	\$ <u>1</u>	<u>37,131</u>	<u>37,130</u>	<u>49,979</u>

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CITY OF LANSING, KANSAS
Special Parks and Recreation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Totals for the Prior Year Ended December 31, 2018)

	2019		Variance Over (Under)	2018 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes	\$ 11,057	18,162	7,105	14,191
Interest	2,500	3,776	1,276	3,098
Other	71,200	67,599	(3,601)	68,793
Total Revenues	84,757	89,537	4,780	86,082
Expenditures				
Culture and Recreation	299,448	163,670	(135,778)	129,498
Excess (Deficit) of Revenues Over Expenditures	(214,691)	(74,133)	140,558	(43,416)
Other Financing Sources (Uses)				
Transfers In	34,000	34,000	-	34,000
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(180,691)	(40,133)	140,558	(9,416)
Fund Balance - Beginning of Year	180,691	256,153	75,462	265,569
Fund Balance - End of Year	\$ -	216,020	216,020	256,153

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CITY OF LANSING, KANSAS
KS Regional Prisons Museum Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Totals for the Prior Year Ended December 31, 2018)

	2019			2018 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
Revenues				
Interest	\$ 500	3,293	2,793	2,015
Other	100	100	-	-
Total Revenues	600	3,393	2,793	2,015
Expenditures				
Contingency	138,982	-	(138,982)	-
Excess (Deficit) of Revenues Over Expenditures	(138,382)	3,393	141,775	2,015
Fund Balance - Beginning of Year	138,382	139,796	1,414	137,781
Fund Balance - End of Year	\$ -	143,189	143,189	139,796

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CITY OF LANSING, KANSAS
Sales Tax (\$.45) Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Totals for the Prior Year Ended December 31, 2018)

	2019		Variance Over (Under)	2018 Actual
	Original and Final Budget	Actual		
Revenues				
Taxes	\$ 428,000	452,205	24,205	446,071
Interest	-	1,763	1,763	-
Total Revenues	428,000	453,968	25,968	446,071
Expenditures				
Capital Outlay	129,200	89,804	(39,396)	-
Excess (Deficit) of Revenues Over Expenditures	298,800	364,164	65,364	446,071
Other Financing Uses				
Transfers Out	550,000	385,780	(164,220)	-
Net Change in Fund Balance	(251,200)	(21,616)	229,584	446,071
Fund Balance - Beginning of Year	285,082	482,352	197,270	36,282
Fund Balance - End of Year	\$ 33,882	460,736	426,854	482,353

See independent auditors' report.

CITY OF LANSING, KANSAS

Park Land Trust Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2019

(With Comparative Totals for the Prior Year Ended December 31, 2018)

	2019			2018 Actual
	Original and Final Budget	Actual	Variance Over (Under)	
Revenues	\$ -	-	-	-
Expenditures				
Capital Outlay	19,980	16,500	(3,480)	5,056
Excess (Deficit) of Revenues Over Expenditures	(19,980)	(16,500)	3,480	(5,056)
Fund Balance - Beginning of Year	19,980	16,524	(3,456)	21,580
Fund Balance - End of Year	\$ -	24	24	16,524

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CITY OF LANSING, KANSAS
Consolidated Street and Highway Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Totals for the Prior Year Ended December 31, 2018)

	2019		Variance	2018
	Original and Final Budget	Actual	Over (Under)	Actual
Revenues				
Intergovernmental	\$ 352,900	377,192	24,292	370,282
Interest	1,000	1,951	951	1,503
Other	1,500	797	(703)	535
Total Revenues	<u>355,400</u>	<u>379,940</u>	<u>24,540</u>	<u>372,320</u>
Expenditures				
Personal Services	283,402	275,260	(8,142)	270,962
Contractual	91,720	92,542	822	75,738
Commodities	56,000	75,615	19,615	50,869
Capital Outlay	70,000	277,093	207,093	44,000
Contingency	400,579	-	(400,579)	-
Total Expenditures	<u>901,701</u>	<u>720,510</u>	<u>(181,191)</u>	<u>441,569</u>
Excess Revenues Over (Under) Expenditures	(546,301)	(340,570)	205,731	(69,249)
Other Financing Sources				
Transfers In	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(426,301)	(220,570)	205,731	50,751
Fund Balance - Beginning of Year	<u>426,302</u>	<u>501,909</u>	<u>75,607</u>	<u>451,158</u>
Fund Balance - End of Year	\$ <u><u>1</u></u>	<u><u>281,339</u></u>	<u><u>281,338</u></u>	<u><u>501,909</u></u>

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CITY OF LANSING, KANSAS
Police Equipment Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Totals for the Prior Year Ended December 31, 2018)

	2018	2019
Revenues		
Federal Aid	\$ -	9,000
Other	20,139	14,349
Total Revenues	20,139	23,349
Expenditures		
Capital Outlay	1,875	56,631
Excess Revenues Over (Under) Expenditures	18,264	(33,282)
Fund Balance - Beginning of Year	42,395	60,659
Fund Balance - End of Year	\$ 60,659	27,377

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CITY OF LANSING, KANSAS
Combining Balance Sheet
Fiduciary Funds
December 31, 2019
(With Comparative Totals for the Prior Year Ended December 31, 2018)

	Bonds and Fines Escrow Fund	Hillbrook Subdivision Escrow 04-24 Fund	Totals	
			2019	2018
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 10,624	17,935	28,559	138,170
<u>LIABILITIES</u>				
Liabilities				
Due to Others	\$ -	17,935	17,935	120,678
Bonds Posted Escrow	10,624	-	10,624	17,492
Total Liabilities	\$ 10,624	17,935	28,559	138,170

CITY OF LANSING, KANSAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiduciary Funds
December 31, 2019
(With Comparative Totals for the Prior Year Ended December 31, 2018)

	Bonds and Fines Escrow Fund	Hillbrook Subdivision Escrow 04-24 Fund	Totals	
			2019	2018
Revenues	\$ -	-	-	-
Expenditures	-	-	-	-
Excess (Deficit) of Revenues Over Expenditures	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
Fund Balance - End of Year	\$ -	-	-	-

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