CITY OF LIBERAL, KANSAS
Liberal, Kansas

AUDIT REPORT
For the year ended December 31, 2021

CITY OF LIBERAL, KANSAS

FINANCIAL STATEMENTS
For the year ended December 31, 2021

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CITY OF LIBERAL, KANSAS

# FINANCIAL SECTION

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# INDEPENDENT AUDITOR'S REPORT

To the City Commission
City of Liberal, Kansas

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Liberal, Kansas, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Housing Authority of the City of Liberal (a discretely presented component unit), which represents 61 percent and 54 percent, respectively, of the assets and revenues of the component unit columns. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Housing Authority of the City of Liberal (a discretely presented component unit), is based on the report of the other auditors.

***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 financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. 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 the 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.

***Opinions***

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

***Other Matters***

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 56 through 59 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 the City of Liberal, Kansas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022, on our consideration of the City of Liberal's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Liberal's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Liberal's internal control over financial reporting and compliance.

*Hay•Rice & Associates, Chartered*

Hay•Rice & Associates, Chartered

October 28, 2022

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

To the City Commission
City of Liberal, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Liberal, Kansas, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City of Liberal, Kansas' basic financial statements and have issued our report thereon dated October 28, 2022.

## Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a significant deficiency.

**Compliance and Other Matters**

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

**City of Liberal, Kansas' Response to Findings**

The City of Liberal, Kansas' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Liberal, Kansas' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

*Hay•Rice & Associates, Chartered*

Hay•Rice & Associates, Chartered

October 28, 2022

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Liberal, we offer readers of the City of Liberal's financial statements this overview and analysis of the financial activities for the fiscal year ended December 31, 2021. Please read this report in conjunction with the City's financial statements, which begin on page 1.

## FINANCIAL HIGHLIGHTS

The assets of the City of Liberal exceeded its liabilities at the close of 2021 by $110,195,018 (net position). Of this amount, $ (1,451,741) (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Liberal's basic financial statements. These financial statements are comprised of three components: government-wide financial statements, fund financial statements, and 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 Liberal's finances, in a manner similar to private-sector business, and can be found on pages 1 – 4 of this report.

The statement of net position presents information on all of the City of Liberal's assets (what the citizens own) and liabilities (what the citizens owe), 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 Liberal is improving or deteriorating. Other nonfinancial factors should also be considered, such as changes in the City's property tax base, and the condition of the City's capital assets (roads, buildings, water, and sewer lines) to assess the overall health of the City.

The statement of activities presents information showing how the City of Liberal's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City of Liberal that are supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City of Liberal include general government, public safety, public works, and community service. The business-type activities of the City of Liberal include a municipal airport, solid waste, wastewater, and water systems.

The government-wide financial statements include not only the City of Liberal itself but also a legally separate library and a legally separate housing authority, combined under one column heading of "Component Units." Each of these entities has a Board appointed by the City of Liberal Commission. The Commission must also approve bond issuances by either entity. Financial information for these two component units is reported separately from the financial information presented for the primary government itself.

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 Liberal, 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 Liberal can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Our analysis of the City's major funds begins on page 5. Kansas State law requires certain funds at a minimum. The City of Liberal Commission has established other funds to help it control and manage money for particular purposes (Ex. Convention & Tourism Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (Ex. City Sales Tax Funds). The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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 government'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 City of Liberal maintains thirty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the capital projects fund,

and the debt service fund, which are each considered major funds. Data from the other twenty-seven governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report on pages 60 – 68.

The basic governmental fund financial statements can be found on pages 5 – 11 of this report.

Proprietary Funds

Proprietary funds provide the same type of information as business-type activities in the government-wide financial statements, only in more detail. The City of Liberal uses enterprise funds to account for charging customers for the full cost of the services it provides in its water, wastewater, solid waste, and airport operations, which are each considered to be major funds.

The basic proprietary fund financial statements can be found on pages 12 – 19 of this report.

Fiduciary Funds

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

The basic fiduciary fund financial statements can be found on pages 20 – 21 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 – 55 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Liberal's compliance with its annually appropriated budget for its general fund. This required supplementary information can be found on pages 56 – 59 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 60 – 97 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 City of Liberal, assets exceeded liabilities by $110,195,018 at the close of 2021.

The largest portion of the City of Liberal's net position, or 84.56%, reflects its investment in capital assets such as land, buildings, machinery, and equipment, less any debt used to acquire these assets that is still outstanding. The City of Liberal uses these capital assets to provide services to citizens. It is important to note that these assets are not available for future spending. Although the City of Liberal's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets alone cannot be used to liquidate these liabilities.

City of Liberal's Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| Current and other assets | $30,660,523 | $36,456,282 | $ 5,065,380 | $ 6,518,507 | $ 35,725,903 | $ 42,974,789 |
| Capital assets | 53,714,306 | 55,646,634 | 55,280,922 | 71,148,744 | 108,995,228 | 126,795,378 |
| Total Assets | $84,374,829 | $92,102,916 | $60,346,302 | $77,667,251 | $144,721,131 | $169,770,167 |
| Deferred Outflows of Resources | $ 2,800,405 | $ 2,797,262 | - | - | $ 2,800,405 | $ 2,797,262 |
| Long-term liabilities | $14,731,635 | $12,950,244 | $17,996,611 | $36,336,602 | $ 32,728,246 | $ 49,286,846 |
| Other liabilities | 1,436,426 | 1,799,579 | 3,939,811 | 1,485,979 | 5,376,237 | 3,285,558 |
| Total Liabilities | $16,168,061 | $14,749,823 | $21,936,422 | $37,822,581 | $ 38,104,483 | $ 52,572,404 |
| Deferred Inflows of Resources | $ 6,801,382 | $ 9,800,007 | - | - | $ 6,801,382 | $ 9,800,007 |
| Net Position: | | | | | | |
| Net investment in capital assets | $50,355,886 | $51,585,948 | $36,417,669 | $32,752,009 | $ 86,773,555 | $ 84,337,957 |
| Restricted | 19,529,176 | 21,730,018 | (534,200) | 2,675,302 | 18,994,976 | 24,405,320 |
| Unrestricted | (5,679,271) | (2,965,618) | 2,526,411 | 4,417,359 | (3,152,860) | 1,451,741 |
| Total Net Position | $64,205,791 | $70,350,348 | $38,409,880 | $39,844,670 | $102,615,671 | $110,195,018 |

### Governmental Activities

Governmental activities increased the City of Liberal's net position by $7,579,347 through key elements, as follows:

City of Liberal's Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | $ 3,561,581 | $ 3,289,605 | $12,777,023 | $12,368,466 | $ 16,338,604 | $ 15,658,071 |
| Operating grants and contributions | 1,091,272 | 1,693,532 | 1,875 | 5,625 | 1,093,147 | 1,699,157 |
| Capital grants and contributions | 137,833 | 1,664,884 | 1,180,459 | 412,663 | 1,318,292 | 2,077,547 |

| City of Liberal's Changes in Net Position | | | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| Revenues (Continued) | | | | | | |
| General Revenues: | | | | | | |
| Property taxes | 7,087,580 | 7,251,786 | - | - | 7,087,580 | 7,251,786 |
| Other taxes | 12,237,290 | 14,289,574 | - | - | 12,237,290 | 14,289,574 |
| Other | 3,095,595 | 3,141,340 | (61,880) | 298,583 | 3,033,715 | 3,439,923 |
| Total Revenues | $27,211,151 | $31,330,721 | $13,897,477 | $13,085,337 | $ 41,108,628 | $ 44,416,058 |
| Expenses | | | | | | |
| General Government | $ 6,090,620 | $ 6,173,127 | $ - | $ - | $ 6,090,620 | $ 6,173,127 |
| Public Safety | 7,413,662 | 7,286,054 | - | - | 7,413,662 | 7,286,054 |
| Public Works | 5,006,490 | 3,904,532 | - | - | 5,006,490 | 3,904,532 |
| Community Service | 5,295,483 | 5,685,084 | - | - | 5,295,483 | 5,685,084 |
| Community/Economic Development | 2,018,667 | 1,964,209 | - | - | 2,018,667 | 1,964,209 |
| Water | - | - | 5,333,143 | 5,671,140 | 5,333,143 | 5,671,140 |
| Wastewater | - | - | 3,168,515 | 2,740,790 | 3,168,515 | 2,740,790 |
| Solid Waste | - | - | 2,476,220 | 2,138,056 | 2,476,220 | 2,138,056 |
| Airport | - | - | 2,214,393 | 1,273,719 | 2,214,393 | 1,273,719 |
| Total Expenses | $25,824,922 | $25,013,006 | $13,192,271 | $11,823,705 | $ 39,017,193 | $ 36,836,711 |
| Fund transfer | $ (152,995) | $ (173,158) | $ 152,995 | $ 173,158 | - | - |
| Increase in Net Position | $ 1,233,234 | $ 6,144,557 | $ 858,201 | $ 1,434,790 | $ 2,091,435 | $ 7,579,347 |
| Net Position, January 1 | 62,972,557 | 64,205,791 | 37,551,679 | 38,409,880 | 100,524,236 | 102,615,671 |
| Net Position, December 31 | $64,205,791 | $70,350,348 | $38,409,880 | $39,844,670 | $102,615,671 | $110,195,018 |

The Statement of Activities format is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance, as expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. This format highlights the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

## Business-Type Activities

Business-type activities increased the City of Liberal's net position by $1,434,790, as referenced in the table above.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

## Governmental Funds

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

As of the end of 2021, the City of Liberal's governmental funds reported combined ending fund balances of $29,162,909, or an increase of $5,358,964.

Approximately $26,026,326 is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available due to prior commitments such as liquidating contracts and purchase orders of the prior period in the amount of $(36,046), or for a variety of other restricted purposes in the amount of $3,172,629.

Proprietary Funds

The City of Liberal's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds were as follows: the Water Fund totaled $2,890,611, the Wastewater Fund totaled $1,170,609, the Solid Waste Fund totaled $170,443, and the Airport Fund totaled $185,696.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During 2021, the general fund actual revenues were greater than the budgeted revenue amount by $341,962 and the general fund expenses were less than the budgeted amount by $1,664,937, which gives an overall favorable amount of $1,322,975. After transfers there was a favorable amount of $1,282,551.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2021, the City had $109,137,429 invested in capital assets including police and fire equipment, buildings, park facilities, new roads, and water and sewer lines, as follows:

| | City of Liberal's Capital Assets | | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| Land | $ 2,060,804 | $ 2,060,804 | $ 4,149,500 | $ 4,149,500 | $ 6,210,304 | $ 6,210,304 |
| Construction in progress | 18,875,683 | 22,847,185 | 30,695,408 | 44,603,832 | 49,571,091 | 67,451,017 |
| Buildings | 9,428,929 | 9,428,724 | 10,299,429 | 10,299,429 | 19,728,358 | 19,728,153 |
| Improvements | 9,796,321 | 9,786,242 | 41,839,225 | 41,838.677 | 51,635,546 | 51,624,919 |
| Equipment | 6,807,190 | 5,953,958 | 6,335,469 | 6,679,669 | 13,142,659 | 12,633,627 |
| Vehicles | 6,058,382 | 6,034,571 | 2,403,823 | 2,423,327 | 8,462,205 | 8,457,898 |
| Streets | 64,163,598 | 64,291,818 | - | - | 64,163,598 | 64,291,818 |
| Accumulated depreciation | (63,877,787) | (65,175,369) | (39,904,545) | (41,581,606) | (103,782,332) | (106,756,975) |
| Total | $ 53,313,120 | $ 55,227,933 | $ 55,818,309 | $ 68,412,828 | $ 109,131,429 | $ 123,640,761 |

Additional information on the City of Liberal's capital assets can be found in Note 4 on pages 37 – 39 of this report.

Long-Term Debt

At the end of 2021, the City of Liberal had $50,424,932 in outstanding bonds, compensated absences, notes, capital leases and pension obligation. Additional long-term debt information can be found in Note 6 on pages 40 – 44 of this report, and is summarized, as follows:

| | City of Liberal's Long-Term Debt | | | | | |
|---|---|---|---|---|---|---|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 |
| General obligation bonds | $ 2,022,245 | $ 2,935,821 | $ 1,807,755 | $ 5,384,179 | $ 3,830,000 | $ 8,320,000 |
| Compensated absences | 885,803 | 873,007 | 171,245 | 164,278 | 1,057,048 | 1,037,285 |
| Capital leases & temporary notes | 957,781 | 748,335 | 17,630,871 | 30,300,926 | 18,588,652 | 31,049,261 |
| Net pension obligation | 11,295,946 | 8,890,493 | 1,650,376 | 1,127,893 | 12,946,322 | 10,018,386 |
| Total | $15,161,775 | $13,447,656 | $21,260,247 | $36,977,276 | $36,422,022 | $50,424,932 |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City has taken a focused approach towards maximizing the rate of return on taxpayer funds. We have also expanded our banking relationships wherein we designated all local banks additional depositories and they have the opportunity to bid on City taxpayer funds, based upon the State of Kansas Pooled Money Investment Board rates. Due to the overall state of the economy, we have reduced our budgeted investment earnings, although due to bids we continually receive, we are still optimizing these earnings as much as possible.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, please contact the Finance Director at City of Liberal, 324 North Kansas Avenue, Liberal, Kansas 67901.

CITY OF LIBERAL, KANSAS

# BASIC FINANCIAL STATEMENTS

CITY OF LIBERAL, KANSAS

STATEMENT OF NET POSITION
December 31, 2021

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Component Units |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash, including time deposits | $ 26,615,012 | $ 4,642,764 | $ 31,257,776 | $ 871,348 |
| Taxes receivable | 6,666,963 | - | 6,666,963 | 603,598 |
| Accounts receivable (net) | 84,675 | 707,620 | 792,295 | 12,028 |
| Receivable from other governments | 2,632,070 | - | 2,632,070 | - |
| Unbilled receivable | - | 734,114 | 734,114 | - |
| Interest receivable | 556 | 206 | 762 | - |
| Inventory | 232,922 | 381,822 | 614,744 | 6,963 |
| Prepaid expenses | 224,084 | 51,981 | 276,065 | 21,481 |
| Total current assets | $ 36,456,282 | $ 6,518,507 | $ 42,974,789 | $ 1,515,418 |
| Noncurrent Assets | | | | |
| Restricted Assets: | | | | |
| Cash, including time deposits | $ 341,728 | $ 2,638,210 | $ 2,979,938 | $ 129,964 |
| Other Assets: | | | | |
| Deferred bond cost | 115,892 | 106,652 | 222,544 | - |
| Less – Amortization | (38,919) | (8,946) | (47,865) | - |
| Capital Assets: | | | | |
| Construction in progress | 22,847,185 | 44,603,832 | 67,451,017 | - |
| Land | 2,060,804 | 4,149,500 | 6,210,304 | 133,565 |
| Buildings | 9,428,724 | 10,299,429 | 19,728,153 | 5,693,737 |
| Improvements other than buildings | 9,786,242 | 41,838,677 | 51,624,919 | 645,729 |
| Machinery, equipment, furniture and fixtures | 5,953,958 | 6,679,669 | 12,633,627 | 1,125,831 |
| Vehicles | 6,034,571 | 2,423,327 | 8,457,898 | - |
| Streets | 64,291,818 | - | 64,291,818 | - |
| Less – Accumulated depreciation | (65,175,369) | (41,581,606) | (106,756,975) | (5,981,129) |
| Total noncurrent assets | $ 55,646,634 | $ 71,148,744 | $ 126,795,378 | $ 1,747,697 |
| Total Assets | $ 92,102,916 | $ 77,667,251 | $ 169,770,167 | $ 3,263,115 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Total deferred outflows of resources | $ 2,797,262 | - | $ 2,797,262 | $ 121,502 |

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

CITY OF LIBERAL, KANSAS

Statement 1

STATEMENT OF NET POSITION
December 31, 2021

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Component Units |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts payable | $ 373,168 | $ 374,191 | $ 747,359 | $ 4,857 |
| Accrued interest payable | 26,806 | 222,725 | 249,531 | 311 |
| Accrued wages and benefits | 458,520 | 107,104 | 565,624 | 12,727 |
| Unapplied credits | - | 67,865 | 67,865 | 28,701 |
| Lease purchase contracts – Current | 183,201 | 328,107 | 511,308 | - |
| Due to other governments | 408,871 | - | 408,871 | - |
| Unearned revenue | - | - | - | - |
| General obligation bonds payable – Current | 349,013 | 385,987 | 735,000 | - |
| Notes payable – Current | - | - | - | 17,374 |
| Total current liabilities | $ 1,799,579 | $ 1,485,979 | $ 3,285,558 | $ 63,970 |
| Noncurrent Liabilities | | | | |
| Deferred bond premium | $ 47,965 | $ 75,761 | $ 123,726 | $ - |
| Less – Accretion | (13,163) | (2,341) | (15,504) | - |
| Accrued compensated absences | 873,007 | 164,278 | 1,037,285 | 16,686 |
| General obligation bonds payable | 2,586,808 | 4,998,192 | 7,585,000 | - |
| Notes payable – Net of current portion | - | - | - | 216,139 |
| Lease purchase contracts | 565,134 | 29,972,819 | 30,537,953 | - |
| Net pension obligation | 8,890,493 | 1,127,893 | 10,018,386 | 322,608 |
| Total noncurrent liabilities | $12,950,244 | $36,336,602 | $ 49,286,846 | $ 555,433 |
| Total Liabilities | $14,749,823 | $37,822,581 | $ 52,572,404 | $ 619,403 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred revenue | $ 6,394,542 | - | $ 6,394,542 | $ 603,598 |
| Pension related | 3,405,465 | - | 3,405,465 | 155,599 |
| Total Deferred Inflows of Resources | $ 9,800,007 | - | $ 9,800,007 | $ 759,197 |
| NET POSITION | | | | |
| Net investment in capital assets | $51,585,948 | $32,752,009 | $ 84,337,957 | $ 1,384,220 |
| Restricted for: | | | | |
| Capital projects | 3,210,332 | 2,363,677 | 5,574,009 | - |
| Debt service | 3,517,599 | 178,345 | 3,695,944 | - |
| Other purposes | 15,002,087 | 133,280 | 15,135,367 | 129,964 |
| Unrestricted | (2,965,618) | 4,417,359 | 1,451,741 | 491,833 |
| Total Net Position | $70,350,348 | $39,844,670 | $110,195,018 | $ 2,006,017 |

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

CITY OF LIBERAL, KANSAS

Statement 2

STATEMENT OF ACTIVITIES
For the year ended December 31, 2021

| Functions/Programs | Expenses | Program Revenues: Charges for Services & Other | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Business-Type Activities | Net (Expense) Revenue and Changes in Net Position: Total | Component Units |
|---|---|---|---|---|---|---|---|---|
| Primary Government: | | | | | | | | |
| Governmental Activities: | | | | | | | | |
| General Government: | | | | | | | | |
| Administration | $ 2,357,581 | $ 147,471 | $ 50,000 | $1,511,501 | $ (648,609) | - | $ (648,609) | - |
| Planning commission | 6,627 | (550) | - | - | (7,177) | - | (7,177) | - |
| Building inspection | 691,988 | 213,952 | - | - | (478,036) | - | (478,036) | - |
| Legislative | 91,410 | - | - | - | (91,410) | - | (91,410) | - |
| Utility billing | 40,145 | - | - | - | (40,145) | - | (40,145) | - |
| Employees' benefits | 2,221,229 | (845) | - | - | (2,222,074) | - | (2,222,074) | - |
| Health and welfare | 11,068 | - | - | - | (11,068) | - | (11,068) | - |
| Interest and fiscal charges | 753,079 | 975,504 | - | - | 222,425 | - | 222,425 | - |
| Total general government | $ 6,173,127 | $1,335,532 | $ 50,000 | $1,511,501 | $ (3,276,094) | - | $ (3,276,094) | - |
| Public Safety: | | | | | | | | |
| Police | $ 3,818,608 | $ 116,953 | $ 33,782 | - | $ (3,667,873) | - | $ (3,667,873) | - |
| Fire | 1,766,885 | 39,531 | 38,602 | - | (1,688,752) | - | (1,688,752) | - |
| Municipal Court | 838,010 | 821,703 | 4,000 | - | (12,307) | - | (12,307) | - |
| Communications | 598,327 | (300) | 363,940 | - | (234,687) | - | (234,687) | - |
| Animal control | 264,224 | 39,676 | 3,463 | - | (221,085) | - | (221,085) | - |
| Total public safety | $ 7,286,054 | $1,017,563 | $ 443,787 | - | $ (5,824,704) | - | $ (5,824,704) | - |
| Public Works: | | | | | | | | |
| Transportation | $ 1,675,113 | $ - | $ 251,531 | $ - | $ (1,423,582) | - | $ (1,423,582) | - |
| Engineering | 43,845 | - | - | - | (43,845) | - | (43,845) | - |
| Recreation | 394,641 | 188,511 | 305,727 | - | 99,597 | - | 99,597 | - |
| Arkalon | 85,736 | 93,194 | 6,000 | 20,000 | 33,458 | - | 33,458 | - |
| Beautification | 169,620 | 4,800 | - | - | (164,820) | - | (164,820) | - |
| Street lighting | 1,535,577 | (6,503) | - | - | (1,542,080) | - | (1,542,080) | - |
| Total public works | $ 3,904,532 | $ 280,002 | $ 563,258 | $ 20,000 | $ (3,041,272) | - | $ (3,041,272) | - |
| Community Service: | | | | | | | | |
| Golf course | $ 665,243 | $ 339,541 | $ 800 | $ - | $ (324,902) | - | $ (324,902) | - |
| Parks | 830,962 | 45,477 | - | 133,383 | (652,102) | - | (652,102) | - |
| Swimming pool | 429,559 | 129,615 | - | - | (299,944) | - | (299,944) | - |
| Cemetery | 232,619 | 59,575 | - | - | (173,044) | - | (173,044) | - |
| Library | 577,503 | - | - | - | (577,503) | - | (577,503) | - |
| Educational | 2,100,000 | - | - | - | (2,100,000) | - | (2,100,000) | |
| Air Museum | 480,763 | 48,648 | 80,541 | - | (351,574) | - | (351,574) | - |
| Convention and Tourism | 368,435 | 17,122 | - | - | (351,313) | - | (351,313) | - |
| Total community service | $ 5,685,084 | $ 639,978 | $ 81,341 | $ 133,383 | $ (4,830,382) | - | $ (4,830,382) | - |
| Community/Economic Development: | | | | | | | | |
| Urban Development and Housing | $ 456,712 | $ - | $ 6,875 | - | $ (449,837) | - | $ (449,837) | - |
| Economic development | 1,507,497 | 16,530 | 548,271 | - | (942,696) | - | (942,696) | - |
| Total community/economic development | $ 1,964,209 | $ 16,530 | $ 555,146 | - | $ (1,392,533) | - | $ (1,392,533) | - |
| Total governmental activities | $25,013,006 | $3,289,605 | $1,693,532 | $1,664,884 | $ (18,364,985) | - | $ (18,364,985) | - |

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

CITY OF LIBERAL, KANSAS

Statement 2
(Continued)

STATEMENT OF ACTIVITIES
For the year ended December 31, 2021

| Functions/Programs | Expenses | Program Revenues: Charges for Services & Other | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Governmental Activities | Net (Expense) Revenue and Changes in Net Position: Business-Type Activities | Net (Expense) Revenue and Changes in Net Position: Total | Component Units |
|---|---|---|---|---|---|---|---|---|
| Business-Type Activities: | | | | | | | | |
| Water | $ 5,671,140 | $ 6,179,140 | $ - | $ - | - | $ 508,000 | $ 508,000 | - |
| Wastewater | 2,740,790 | 3,785,036 | - | - | - | 1,044,246 | 1,044,246 | - |
| Solid Waste | 2,138,056 | 2,361,308 | 5,625 | - | - | 228,877 | 228,877 | - |
| Airport | 1,273,719 | 42,982 | - | 412,663 | - | (818,074) | (818,074) | - |
| Total business-type activities | $11,823,705 | $12,368,466 | $ 5,625 | $ 412,663 | - | $ 963,049 | $ 963,049 | - |
| Total Primary Government | $36,836,711 | $15,658,071 | $1,699,157 | $2,077,547 | $ (18,364,985) | $ 963,049 | $ (17,401,936) | - |
| Component Units: | | | | | | | | |
| Housing Authority | $ 734,453 | $ 457,342 | $ 246,304 | - | - | - | - | $ (30,807) |
| Library | 714,938 | 639,326 | 60,635 | - | - | - | - | (14,977) |
| Total Component Units | $ 1,449,391 | $ 1,096,668 | $ 306,939 | - | - | - | - | $ (45,784) |
| General Revenues: | | | | | | | | |
| Ad valorem property tax | | | | | $ 6,187,235 | $ - | $ 6,187,235 | $ - |
| Delinquent tax | | | | | 232,429 | - | 232,429 | - |
| Franchise tax | | | | | 1,896,296 | - | 1,896,296 | - |
| Motor vehicle tax | | | | | 782,889 | - | 782,889 | - |
| Commercial vehicle fees | | | | | 49,233 | - | 49,233 | - |
| RHID | | | | | 74,863 | - | 74,863 | - |
| Local sales tax | | | | | 10,507,107 | - | 10,507,107 | - |
| CID | | | | | 190,403 | - | 190,403 | - |
| TIF sales tax | | | | | 237,873 | - | 237,873 | - |
| Liquor tax | | | | | 186,145 | - | 186,145 | - |
| Transient guest tax | | | | | 433,951 | - | 433,951 | - |
| Rebate of TGT | | | | | 153,451 | - | 153,451 | |
| Highway connecting links | | | | | 55,232 | - | 55,232 | - |
| Gasoline tax | | | | | 554,253 | - | 554,253 | - |
| Administrative fees | | | | | 3,085,500 | - | 3,085,500 | - |
| Interest | | | | | 8,416 | 3,063 | 11,479 | |
| Royalties | | | | | 8,858 | 19,741 | 28,599 | - |
| Lease income | | | | | 38,566 | 240,129 | 278,695 | - |
| Gain or (loss) on disposal of assets | | | | | - | 35,650 | 35,650 | - |
| Transfer in (out) | | | | | (173,158) | 173,158 | - | - |
| Total general revenues and transfers | | | | | $ 24,509,542 | $ 471,741 | $ 24,981,283 | - |
| Change in Net Position | | | | | $ 6,144,557 | $ 1,434,790 | $ 7,579,347 | $ (45,784) |
| Net Position, Beginning | | | | | 64,205,791 | 38,409,880 | 102,615,671 | 2,051,801 |
| Net Position, Ending | | | | | $ 70,350,348 | $39,844,670 | $110,195,018 | $2,006,017 |

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

CITY OF LIBERAL, KANSAS

Statement 3

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

| ASSETS | General Fund | Capital Projects Fund | Debt Service Fund | Other Governmental Funds | Reclassifications and Eliminations | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Cash, including time deposits | $ 4,781,935 | $3,393,706 | $3,519,836 | $14,919,535 | $ - | $26,615,012 |
| Cash, restricted | - | - | 106 | 341,622 | - | 341,728 |
| Accounts receivable | 84,475 | - | - | 200 | - | 84,675 |
| Interest receivable | 336 | - | - | 220 | - | 556 |
| Due from other funds | - | 67,386 | - | - | (67,386) | - |
| Taxes receivable | 4,193,228 | - | 100,079 | 2,373,656 | - | 6,666,963 |
| Receivable from other governments | 597,764 | 341,485 | - | 1,692,821 | - | 2,632,070 |
| Inventory | 196,311 | - | - | 36,611 | - | 232,922 |
| Prepaid expense | 154,288 | - | - | 69,796 | - | 224,084 |
| Total Assets | $10,008,337 | $3,802,577 | $3,620,021 | $19,434,461 | $ (67,386) | $36,798,010 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | $ 162,396 | $ 115,988 | $ 2,343 | $ 92,441 | $ - | $ 373,168 |
| Accrued wages and benefits | 330,714 | - | - | 127,806 | - | 458,520 |
| Due to other funds | - | - | - | 67,386 | (67,386) | - |
| Bank overdraft | - | 408,871 | - | - | - | 408,871 |
| Total liabilities | $ 493,110 | $ 524,859 | $ 2,343 | $ 287,633 | $ (67,386) | $ 1,240,559 |
| Deferred Inflows of Resources | | | | | | |
| Deferred revenue | $ 3,997,425 | - | $ 99,831 | $ 2,297,286 | - | $ 6,394,542 |
| Fund Balances | | | | | | |
| Nonspendable for accounts receivable, inventory and prepaid expenses | $ 1,228,977 | $ 67,386 | $ 248 | $ 1,876,018 | - | $ 3,172,629 |
| Assigned for encumbrances | (7,483) | - | - | (28,563) | - | (36,046) |
| Assigned to: | | | | | | |
| Special Revenue Funds | - | - | - | 15,002,087 | - | 15,002,087 |
| Capital Projects Funds | - | 3,210,332 | - | - | - | 3,210,332 |
| Debt Service Funds | - | - | 3,517,599 | - | - | 3,517,599 |
| Unassigned | 4,296,308 | - | - | - | - | 4,296,308 |
| Total fund balances | $ 5,517,802 | $3,277,718 | $3,517,847 | $16,849,542 | - | $29,162,909 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $10,008,337 | $3,802,577 | $3,620,021 | $19,434,461 | $ (67,386) | $36,798,010 |

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

Statement 3
(Continued)

## RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2021

| | |
|---|---|
| Total Governmental Fund Balances | $ 29,162,909 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets and deferred outflows of resources used in governmental activities are not financial resources and therefore are not reported in the funds: | |
| Capital assets net of accumulated depreciation of $65,169,142 | 55,227,933 |
| Deferred outflows of resources | 2,797,262 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: | |
| Deferred bond cost | 115,892 |
| Accumulated amortization | (38,919) |
| Long-term liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds: | |
| General obligation bonds payable | (2,935,821) |
| Lease purchase contracts payable | (748,335) |
| Accrued interest | (26,806) |
| Accrued compensated absences | (873,007) |
| Deferred bond premium | (47,965) |
| Accumulated accretion | 13,163 |
| Net pension obligation | (8,890,493) |
| Pension related deferred inflows of resources | (3,405,465) |
| Net Position of Governmental Activities | $ 70,350,348 |

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

CITY OF LIBERAL, KANSAS

Statement 4

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the year ended December 31, 2021

| | General Fund | Capital Projects Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Taxes | $ 6,462,044 | $ - | $ 192,822 | $ 2,645,695 | $ 9,300,561 |
| Intergovernmental | 6,469,440 | - | - | 10,825,459 | 17,294,899 |
| Licenses, permits, & fees | 168,835 | - | - | - | 168,835 |
| Charges for services | 925,062 | - | - | 179,534 | 1,104,596 |
| Fines and forfeitures | 821,702 | - | - | - | 821,702 |
| Interest income | 5,151 | - | - | 3,568 | 8,719 |
| Royalty and lease income | 47,423 | - | - | - | 47,423 |
| Entities' share | - | 2,054,121 | - | - | 2,054,121 |
| Contribution | - | 153,383 | - | 552,154 | 705,537 |
| Miscellaneous | 197,529 | - | - | 373,360 | 570,889 |
| General long-term debt issued | - | - | 1,154,677 | - | 1,154,677 |
| Total revenues | $15,097,186 | $2,207,504 | $1,347,499 | $14,579,770 | $33,231,959 |
| Expenditures | | | | | |
| Current Operations: | | | | | |
| General Government: | | | | | |
| Administration | $ 1,976,949 | - | - | $ 3,351 | $ 1,980,300 |
| Planning commission | 6,627 | - | - | - | 6,627 |
| Building inspection | 688,160 | - | - | - | 688,160 |
| Legislative | 107,823 | - | - | - | 107,823 |
| Building maintenance | 215,419 | - | - | - | 215,419 |
| Utility billing | 41,924 | - | - | - | 41,924 |
| Employees' benefits | - | - | - | 1,796,967 | 1,796,967 |
| Health and welfare | - | - | - | 11,068 | 11,068 |
| Total general gov. | $ 3,036,902 | - | - | $ 1,811,386 | $ 4,848,288 |
| Public Safety: | | | | | |
| Police | $ 3,548,348 | - | - | $ 107,767 | $ 3,656,115 |
| Fire | 1,537,044 | - | - | 122,050 | 1,659,094 |
| Municipal Court | 729,972 | - | - | 98,333 | 828,305 |
| Communications | - | - | - | 835,412 | 835,412 |
| Animal control | 265,820 | - | - | - | 265,820 |
| Total public safety | $ 6,081,184 | - | - | $ 1,163,562 | $ 7,244,746 |

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

CITY OF LIBERAL, KANSAS

Statement 4
(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the year ended December 31, 2021

| Expenditures (Continued) | General Fund | Capital Projects Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| Current Operations (Cont.): | | | | | |
| Public Works: | | | | | |
| Transportation | $ 946,623 | - | - | $ 2,777,002 | $ 3,723,625 |
| Engineering | 42,211 | - | - | - | 42,211 |
| Recreation | 700,608 | - | - | 374,414 | 1,075,022 |
| Arkalon | 58,691 | - | - | 20,512 | 79,203 |
| Beautification | - | - | - | 169,196 | 169,196 |
| Street lighting | 316,830 | - | - | - | 316,830 |
| Total public works | $ 2,064,963 | - | - | $ 3,341,124 | $ 5,406,087 |
| Community Service: | | | | | |
| Golf course | $ 645,597 | - | - | $ - | $ 645,597 |
| Parks | 628,890 | - | - | - | 628,890 |
| Swimming pool | 259,833 | - | - | - | 259,833 |
| Cemetery | 217,762 | - | - | - | 217,762 |
| Library | - | - | - | 600,570 | 600,570 |
| Educational | - | - | - | 2,100,000 | 2,100,000 |
| Air Museum | - | - | - | 512,874 | 512,874 |
| Convention & Tourism | - | - | - | 347,530 | 347,530 |
| Total community service | $ 1,752,082 | - | - | $ 3,560,974 | $ 5,313,056 |
| Community/Economic Development: | | | | | |
| Urban Housing and Development | - | - | - | $ 492,622 | $ 492,622 |
| Economic development | - | - | - | 1,455,424 | 1,455,424 |
| Total community/ economic develop. | - | - | - | $ 1,948,046 | $ 1,948,046 |
| Debt Service: | | | | | |
| Principal | - | - | $ 236,424 | - | $ 236,424 |
| Interest & other charges | - | - | 69,288 | - | 69,288 |
| Total debt service | - | - | $ 305,712 | - | $ 305,712 |
| Capital outlay | - | $3,021,139 | - | $ 47,163 | $ 3,068,302 |
| Total expenditures | $12,935,131 | $3,021,139 | $ 305,712 | $11,872,255 | $28,134,237 |

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

CITY OF LIBERAL, KANSAS

Statement 4
(Continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the year ended December 31, 2021

| | General Fund | Capital Projects Fund | Debt Service Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|
| Excess (deficiency) of revenues over expenditures | $ 2,162,055 | $ (813,635) | $1,041,787 | $ 2,707,515 | $ 5,097,722 |
| Other Financing Sources (Uses): | | | | | |
| Operating transfers in | $ - | - | $ 218,247 | $ 979,860 | $ 1,198,107 |
| Operating transfers out | (923,284) | - | - | (447,980) | (1,371,264) |
| Total other financing sources (uses) | $ (923,284) | - | $ 218,247 | $ 531,880 | $ (173,157) |
| Net change in fund balances | $ 1,238,771 | $ (813,635) | $1,260,034 | $ 3,239,395 | $ 4,924,565 |
| Fund Balances, Beginning | 4,274,769 | 4,088,631 | 2,257,565 | 13,182,980 | 23,803,945 |
| Other Changes: | | | | | |
| Increase or (decrease) in reserves | 4,262 | 2,722 | 248 | 427,167 | 434,399 |
| Fund Balances, Ending | $ 5,517,802 | $3,277,718 | $3,517,847 | $16,849,542 | $29,162,909 |

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

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

| | |
|---|---|
| Net Change in Fund Balances – Total Governmental Funds | $ 4,924,565 |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense: | |
| Capital asset purchases capitalized | 4,444,934 |
| Capital assets transferred to business-type activities | - |
| Depreciation expense | (2,327,936) |
| Basis of assets disposed of | (202,185) |
| Accretion | 17,504 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund: | |
| Current taxes receivable | 6,666,963 |
| Prior taxes receivable | (6,582,924) |
| Current accounts receivable | 84,675 |
| Prior accounts receivable | (92,298) |
| Current due from other funds | 67,386 |
| Prior due from other funds | (64,664) |
| Current receivable from other governments | 2,632,070 |
| Prior receivable from other governments | (2,137,115) |
| Current grants receivable | 341,485 |
| Prior grants receivable | (341,485) |
| Current interest receivable | 556 |
| Prior interest receivable | (859) |
| Current deferred revenue on receivables | (6,394,542) |
| Prior deferred revenue on receivables | 6,234,616 |
| Issuance of debt in revenue in the governmental funds, but the receipt increases long-term liabilities in the statement of net position: | |
| Bond proceeds | (1,150,000) |
| Deferred bond premium | (4,677) |
| Accumulated accretion | 6,552 |

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

CITY OF LIBERAL, KANSAS

Statement 4
(Continued)

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended December 31, 2021

| | |
|---|---|
| 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 principal payments | 236,424 |
| Capital lease principal payments | 209,446 |
| Capital lease principal acquired in current year | - |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due: | |
| Current interest payable | (26,806) |
| Prior interest payable | 5,930 |
| Some assets, such as prepaid insurance and inventory, are reported as reserves to fund balances in the governmental funds statement so these amounts are included in the expense accounts on the governmental funds: | |
| Current prepaid maintenance contracts | 80,948 |
| Prior prepaid maintenance contracts | (78,333) |
| Current prepaid insurance | 143,138 |
| Prior prepaid insurance | (129,851) |
| Current inventory | 232,922 |
| Prior inventory | (228,289) |
| Some expense reported in the statement of activities, such as compensated absences and net pension obligation, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds: | |
| Current compensated absences | (873,007) |
| Prior compensated absences | 885,803 |
| Current net pension obligation | (8,890,493) |
| Prior net pension obligation | 11,295,946 |
| Net change in deferred outflows of resources | (3,143) |
| Net change in pension deferred inflows of resources | (2,838,699) |
| Change in Net Position on Governmental Activities | $ 6,144,557 |

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

CITY OF LIBERAL, KANSAS

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
December 31, 2021

| | Business-Type Activities | | | | |
|---|---|---|---|---|---|
| | Water | Wastewater | Solid Waste | Airport | Totals |
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash, including time deposits | $ 2,772,301 | $ 1,397,206 | $ 137,925 | $ 335,332 | $ 4,642,764 |
| Accounts receivable (net) | 363,870 | 165,614 | 137,289 | 40,847 | 707,620 |
| Unbilled receivable | 286,982 | 265,120 | 180,259 | 1,753 | 734,114 |
| Interest receivable | 125 | 42 | 26 | 13 | 206 |
| Inventory | 121,944 | 33,438 | 215,679 | 10,761 | 381,822 |
| Prepaid expenses | 20,750 | 10,936 | 9,797 | 10,498 | 51,981 |
| Total current assets | $ 3,565,972 | $ 1,872,356 | $ 680,975 | $ 399,204 | $ 6,518,507 |
| Noncurrent Assets | | | | | |
| Restricted Assets: | | | | | |
| Cash, including time deposits | $ 2,212,625 | $ (647,944) | $ 857,947 | $ 215,582 | $ 2,638,210 |
| Other Assets: | | | | | |
| Deferred bond cost | 106,652 | - | - | - | 106,652 |
| Less – Amortization | (8,946) | - | - | - | (8,946) |
| Capital Assets: | | | | | |
| Construction in progress | 4,875,281 | 38,181,108 | - | 1,547,443 | 44,603,832 |
| Land | 774,019 | 1,042,226 | 51,349 | 2,281,906 | 4,149,500 |
| Buildings | 1,274,535 | 7,361,288 | 95,763 | 1,567,843 | 10,299,429 |
| Improvements other than buildings | 18,720,366 | 6,608,686 | 986 | 16,508,639 | 41,838,677 |
| Machinery, equipment, furniture and fixtures | 3,351,320 | 1,665,340 | 672,602 | 990,407 | 6,679,669 |
| Vehicles | 462,953 | 205,695 | 1,310,745 | 443,934 | 2,423,327 |
| Less – Accumulated deprec. | (14,705,713) | (13,347,879) | (1,922,971) | (11,605,043) | (41,581,606) |
| Total noncurrent assets | $ 17,063,092 | $ 41,068,520 | $ 1,066,421 | $ 11,950,711 | $ 71,148,744 |
| Total Assets | $ 20,629,064 | $ 42,940,876 | $ 1,747,396 | $ 12,349,915 | $ 77,667,251 |

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

CITY OF LIBERAL, KANSAS

Statement 5

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
December 31, 2021

| | Business-Type Activities | | | | |
|---|---|---|---|---|---|
| | Water | Wastewater | Solid Waste | Airport | Totals |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Payable from Current Assets: | | | | | |
| Accounts payable | $ 54,693 | $ 146,351 | $ 109,232 | $ 63,915 | $ 374,191 |
| Accrued interest payable | 42,296 | 180,429 | - | - | 222,725 |
| Accrued wages and benefits | 37,715 | 32,213 | 28,523 | 8,653 | 107,104 |
| Unapplied credits | 48,643 | - | 4,678 | 14,544 | 67,865 |
| Total current liabilities payable from current assets | $ 183,347 | $ 358,993 | $ 142,433 | $ 87,112 | $ 771,885 |
| Payable from Restricted Assets: | | | | | |
| Current portion of general obligation bonds | 385,987 | - | - | - | 385,987 |
| Current portion of lease purchase | 132,723 | 195,384 | - | - | 328,107 |
| Total current liabilities | $ 702,057 | $ 554,377 | $ 142,433 | $ 87,112 | $ 1,485,979 |
| Noncurrent Liabilities | | | | | |
| Deferred bond premium | $ 75,761 | $ - | $ - | $ - | $ 75,761 |
| Less – Amortization | (2,341) | - | - | - | (2,341) |
| Accrued compensated absences | 66,959 | 31,993 | 47,369 | 17,957 | 164,278 |
| General obligation bonds payable | 4,998,192 | - | - | - | 4,998,192 |
| Lease purchase payable | - | 29,972,819 | - | - | 29,972,819 |
| Net pension obligation | 425,055 | 310,761 | 283,638 | 108,439 | 1,127,893 |
| Total noncurrent liabilities | $ 5,563,626 | $30,315,573 | $ 331,007 | $ 126,396 | $36,336,602 |
| Total Liabilities | $ 6,265,683 | $30,869,950 | $ 473,440 | $ 213,508 | $37,822,581 |
| NET POSITION | | | | | |
| Net investment in capital assets | $ 9,260,145 | $11,548,261 | $ 208,474 | $11,735,129 | $32,752,009 |
| Restricted for: | | | | | |
| Capital projects | 2,031,701 | (652,509) | 895,039 | 89,446 | 2,363,677 |
| Other purposes | 180,924 | 4,565 | - | 126,136 | 311,625 |
| Unrestricted | 2,890,611 | 1,170,609 | 170,443 | 185,696 | 4,417,359 |
| Total Net Position | $14,363,381 | $12,070,926 | $1,273,956 | $12,136,407 | $39,844,670 |

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

CITY OF LIBERAL, KANSAS

Statement 6

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS
For the year ended December 31, 2021

| | Business-Type Activities | | | | |
|---|---|---|---|---|---|
| | Water | Wastewater | Solid Waste | Airport | Totals |
| Operating Revenues | | | | | |
| Charges for services | $6,138,415 | $3,784,360 | $2,345,638 | $ 283,111 | $12,551,524 |
| Other sales or services | 40,725 | 676 | 15,670 | - | 57,071 |
| Total operating revenues | $6,179,140 | $3,785,036 | $2,361,308 | $ 283,111 | $12,608,595 |
| Operating Expenses | | | | | |
| Production: | | | | | |
| Salaries and wages | $ 96,118 | - | - | - | $ 96,118 |
| Employees' benefits | 11,081 | - | - | - | 11,081 |
| Power, fuel and electrical power | 695,249 | - | - | - | 695,249 |
| Repairs and maintenance | 222,430 | - | - | - | 222,430 |
| Other contractual | 5,519 | - | - | - | 5,519 |
| Operating supplies | 10,324 | - | - | - | 10,324 |
| Gas and oil | 25,722 | - | - | - | 25,722 |
| Total production expenses | $1,066,443 | - | - | - | $ 1,066,443 |
| Transmission and Distribution: | | | | | |
| Salaries and wages | $ 423,360 | - | - | - | $ 423,360 |
| Employees' benefits | 93,483 | - | - | - | 93,483 |
| Repairs and maintenance | 304,704 | - | - | - | 304,704 |
| Vehicle insurance | 5,298 | - | - | - | 5,298 |
| Other contractual | 6,916 | - | - | - | 6,916 |
| Gas and oil | 22,777 | - | - | - | 22,777 |
| Other | 7,167 | - | - | - | 7,167 |
| Total transmission and distribution expenses | $ 863,705 | - | - | - | $ 863,705 |

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

CITY OF LIBERAL, KANSAS

Statement 6
(Continued)

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS
For the year ended December 31, 2021

| | Business-Type Activities | | | | |
|---|---|---|---|---|---|
| | Water | Wastewater | Solid Waste | Airport | Totals |
| Operating Expenses (Continued) | | | | | |
| Pick-up Service: | | | | | |
| Salaries and wages | - | - | $ 478,177 | - | $ 478,177 |
| Employees' benefits | - | - | 26,862 | - | 26,862 |
| Repairs and maintenance | - | - | 100,422 | - | 100,422 |
| Landfill service | - | - | 549,069 | - | 549,069 |
| Other contractual | - | - | 3,455 | - | 3,455 |
| Gas and oil | - | - | 80,542 | - | 80,542 |
| Equipment and vehicle ins. | - | - | 27,443 | - | 27,443 |
| Operational supplies | - | - | 37,134 | - | 37,134 |
| Total pick-up service exp. | - | - | $1,303,104 | - | $ 1,303,104 |
| Plant Operations: | | | | | |
| Salaries and wages | - | $ 306,325 | - | - | $ 306,325 |
| Employees' benefits | - | 58,896 | - | - | 58,896 |
| Utilities | - | 260,979 | - | - | 260,979 |
| Repairs and maintenance | - | 97,322 | - | - | 97,322 |
| Other contractual | - | 645 | - | - | 645 |
| Operating supplies | - | 133,928 | - | - | 133,928 |
| Gas and oil | - | 5,878 | - | - | 5,878 |
| Total plant operations expense | - | $ 863,973 | - | - | $ 863,973 |
| Line Operations: | | | | | |
| Salaries and wages | - | $ - | - | - | $ - |
| Employees' benefits | - | (1,374) | - | - | (1,374) |
| Repairs and maintenance | - | 83,673 | - | - | 83,673 |
| Telephone | - | 5,996 | - | - | 5,996 |
| Operating supplies | - | 6,498 | - | - | 6,498 |
| Gas and oil | - | 13,309 | - | - | 13,309 |
| Total line operations exp. | - | $ 108,102 | - | - | $ 108,102 |

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

CITY OF LIBERAL, KANSAS

Statement 6
(Continued)

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS
For the year ended December 31, 2021

| | Business-Type Activities | | | | |
|---|---|---|---|---|---|
| | Water | Wastewater | Solid Waste | Airport | Totals |
| Operating Expenses (Continued) | | | | | |
| Administrative, General and Billings: | | | | | |
| Salaries and wages | $ 189,110 | $ 227,699 | $ - | $ 166,838 | $ 583,647 |
| Employees' benefits | 18,935 | 45,618 | - | 16,485 | 81,038 |
| Repairs and maintenance | 23,406 | 8,139 | - | 103,245 | 134,790 |
| Audit and legal fees | 7,700 | 5,500 | 5,500 | 4,500 | 23,200 |
| Travel and meetings | 7,200 | 3,937 | - | 13,176 | 24,313 |
| Office supplies and expenses | 1,348 | 2,740 | - | 3,603 | 7,691 |
| Sales tax | 54,912 | - | - | - | 54,912 |
| Property taxes | - | - | - | 33,823 | 33,823 |
| Utilities and telephone | 26,673 | 7,929 | 13,550 | 50,207 | 98,359 |
| Insurance | 43,299 | 29,756 | - | 32,178 | 105,233 |
| Depreciation | 793,746 | 389,913 | 97,182 | 410,213 | 1,691,054 |
| Laboratory expense | - | 42,877 | - | - | 42,877 |
| State water plan | 24,829 | - | - | - | 24,829 |
| Franchise fees | 250,000 | 100,000 | 100,000 | - | 450,000 |
| Bad debt expense | 22,269 | 20,130 | 11,720 | 2,650 | 56,769 |
| Engineering fees | 4,987 | 1,626 | - | 489,683 | 496,296 |
| Clean drinking water fee | 23,277 | - | - | - | 23,277 |
| Other | 87,282 | 24,571 | - | (55,382) | 56,471 |
| Administration | 2,076,000 | 400,000 | 607,000 | 2,500 | 3,085,500 |
| Total administrative exp. | $3,654,973 | $1,310,435 | $ 834,952 | $ 1,273,719 | $ 7,074,079 |
| Total operating exp. | $5,585,121 | $2,282,510 | $2,138,056 | $ 1,273,719 | $11,279,406 |
| Net Operating Income | $ 594,019 | $1,502,526 | $ 223,252 | $ (990,608) | $ 1,329,189 |

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

CITY OF LIBERAL, KANSAS

Statement 6
(Continued)

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION – PROPRIETARY FUNDS
For the year ended December 31, 2021

| | Business-Type Activities | | | | |
|---|---|---|---|---|---|
| | Water | Wastewater | Solid Waste | Airport | Totals |
| Non-Operating Revenue (Expense) | | | | | |
| Interest income | $ 1,963 | $ 441 | $ 436 | $ 223 | $ 3,063 |
| Royalty income | - | - | - | 19,741 | 19,741 |
| Interest and fiscal charges | (151,975) | (458,280) | - | - | (610,255) |
| Amortization of deferred bond cost | (5,304) | - | - | - | (5,304) |
| Accretion of deferred bond premium | 71,260 | - | - | - | 71,260 |
| Grants and other funding | - | - | 5,625 | 412,663 | 418,288 |
| Gain (loss) on disposal of assets | - | - | - | 35,650 | 35,650 |
| Transfer in (out) | (82,000) | - | - | 255,158 | 173,158 |
| Total non-operating revenue (expense) | $ (166,056) | $ (457,839) | $ 6,061 | $ 723,435 | $ 105,601 |
| Change in Net Position | $ 427,963 | $ 1,044,687 | $ 229,313 | $ (267,173) | $ 1,434,790 |
| Net Position, Beginning of year | 13,935,418 | 11,026,239 | 1,044,643 | 12,403,580 | 38,409,880 |
| Net Position, End of year | $14,363,381 | $12,070,926 | $1,273,956 | $12,136,407 | $39,844,670 |

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

CITY OF LIBERAL, KANSAS

Statement 7

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the year ended December 31, 2021

| | Business-Type Activities | | | | |
|---|---|---|---|---|---|
| | Water | Wastewater | Solid Waste | Airport | Totals |
| Cash Flows from Operating Activities | | | | | |
| Cash received from customers | $ 6,009,133 | $ 3,748,677 | $ 2,338,315 | $ 283,354 | $ 12,379,479 |
| Cash paid to suppliers and employees | (5,057,992) | (1,871,665) | (2,423,729) | (866,104) | (10,219,490) |
| Other sales and miscellaneous income | 40,725 | 676 | 15,670 | - | 57,071 |
| Net cash provided (used) by operating activities | $ 991,866 | $ 1,877,688 | $ (69,744) | $ (582,750) | $ 2,217,060 |
| Cash Flows from Non-Capital Financing Activities | | | | | |
| Interest paid | $ (90,300) | $ (372,282) | $ - | $ - | $ (462,582) |
| Grant income | - | - | 5,625 | 412,663 | 418,288 |
| Net cash provided (used) by non-capital financing activities | $ (90,300) | $ (372,282) | $ 5,625 | $ 412,663 | $ (44,294) |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Acquisition of capital assets | $ (273,477) | $ (14,015,597) | - | $ 39,152 | $ (14,249,922) |
| Cash received from bond proceeds | 3,630,553 | - | - | - | 3,630,553 |
| Cash received on issuance of lease purchase contract | 159,422 | 16,667,523 | - | - | 16,826,945 |
| Operating transfer in (out) | (82,000) | - | - | 255,158 | 173,158 |
| Payment on lease purchase contract | (3,947,643) | (209,246) | - | - | (4,156,889) |
| Payment on general obligation bonds | (43,576) | - | - | - | (43,576) |
| Net cash provided (used) for capital and related financing activities | $ (556,721) | $ 2,442,680 | - | $ 294,310 | $ 2,180,269 |
| Cash Flows from Investing Activities | | | | | |
| Interest income | $ 2,064 | $ 426 | $ 462 | $ 232 | $ 3,184 |
| Royalty revenue | - | - | - | 19,741 | 19,741 |
| Net cash provided by investing activities | $ 2,064 | $ 426 | $ 462 | $ 19,973 | $ 22,925 |
| Net Increase (Decrease) in Cash and Cash Equivalents | $ 346,909 | $ 3,948,512 | $ (63,657) | $ 144,196 | $ 4,375,960 |
| Cash and Cash Equivalents at Beginning of Year | 4,638,017 | (3,199,250) | 1,059,529 | 406,718 | 2,905,014 |
| Cash and Cash Equivalents at End of Year | $ 4,984,926 | $ 749,262 | $ 995,872 | $ 550,914 | $ 7,280,974 |

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

CITY OF LIBERAL, KANSAS

Statement 7
(Continued)

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the year ended December 31, 2021

| | Business-Type Activities | | | | |
|---|---|---|---|---|---|
| | Water | Wastewater | Solid Waste | Airport | Totals |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | |
| Operating Income (Loss) | $ 594,019 | $ 1,502,526 | $ 223,252 | $ (990,608) | $ 1,329,189 |
| Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Depreciation expense | $ 793,746 | $ 389,913 | $ 97,182 | $ 410,213 | $ 1,691,054 |
| Changes in Assets and Liabilities: | | | | | |
| Decrease (increase) in accounts receivable | (120,973) | (15,553) | 1,782 | (6,851) | (141,595) |
| Decrease (increase) in prepaid expenses | 120 | (889) | (782) | 1,595 | 44 |
| Decrease (increase) in inventory | (3,180) | 2,142 | (147,096) | 2,893 | (145,241) |
| (Decrease) increase in unapplied credits | 13,959 | - | 2,615 | 9,744 | 26,318 |
| (Decrease) increase in accrued compensated absences | 12,031 | (12,398) | 2,340 | (8,941) | (6,968) |
| (Decrease) increase in accounts payable | (124,893) | 133,304 | (73,727) | 56,189 | (9,127) |
| (Decrease) increase in accrued salaries | (2,240) | (1,169) | 1,737 | (2,460) | (4,132) |
| (Decrease) increase in net pension obligation | (170,723) | (120,188) | (177,047) | (54,524) | (522,482) |
| Total adjustments | $ 397,847 | $ 375,162 | $ (292,996) | $ 407,858 | $ 887,871 |
| Net Cash Provided by Operating Activities | $ 991,866 | $ 1,877,688 | $ (69,744) | $ (582,750) | $ 2,217,060 |

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

CITY OF LIBERAL, KANSAS

Statement 8

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
December 31, 2021

| | Agency Funds | | | | | | |
|---|---|---|---|---|---|---|---|
| | Insurance | Municipal Court | Health Insurance Reserve | Employee Cafeteria Fund | Payroll Fund | Evidence Fund | Total |
| ASSETS | | | | | | | |
| Cash, including time deposits | $ (246,855) | $ 15,748 | $350,912 | $ 1,202 | $ 50 | $ 52,355 | $ 173,412 |
| LIABILITIES | | | | | | | |
| Due others | $ (246,855) | $ 15,748 | $350,912 | $ 1,202 | $ 50 | $ 52,355 | $ 173,412 |

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

CITY OF LIBERAL, KANSAS

Statement 9

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
December 31, 2021

| | Insurance | Municipal Court | Health Insurance Reserve | Employee Cafeteria Fund | Payroll Fund | Evidence Fund | Total |
|---|---|---|---|---|---|---|---|
| ADDITIONS | | | | | | | |
| Payroll withholdings and employer taxes and benefits | $8,002,739 | $ - | $ 715 | $ 3,557 | $ 9,551 | $ - | $8,016,562 |
| Bonds posted | - | 82,327 | - | - | - | 6,025 | 88,352 |
| Total additions | $8,002,739 | $ 82,327 | $ 715 | $ 3,557 | $ 9,551 | $ 6,025 | $8,104,914 |
| DEDUCTIONS | | | | | | | |
| Personnel services | $8,288,688 | $ - | - | $ 3,992 | $ 9,696 | $ - | $8,302,376 |
| Contractual services | - | 80,769 | - | - | - | 14,207 | 94,976 |
| Total deductions | $8,288,688 | $ 80,769 | - | $ 3,992 | $ 9,696 | $ 14,207 | $8,397,352 |
| Change in Net Position | $ (285,949) | $ 1,558 | $ 715 | $ (435) | $ (145) | $ (8,182) | $ (292,438) |
| Net Position – Beginning of Year | 39,094 | 14,190 | 350,197 | 1,637 | 195 | 60,537 | 465,850 |
| Net Position – End of Year | $ (246,855) | $ 15,748 | $350,912 | $ 1,202 | $ 50 | $ 52,355 | $ 173,412 |

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

CITY OF LIBERAL, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

## Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Liberal, Kansas is a municipal corporation governed by an elected five-member commission. The City's major operations include police and fire protection, library, parks, recreation, public works and general administrative services. In addition, the City owns and operates a water, wastewater and solid waste system.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America 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 Governmental Units and by the Financial Accounting Standards Board (when applicable). As allowed in Section P80 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedure issued after November 30, 1989. The more significant accounting policies of the City are described below.

### A. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Financial Reporting Entity (Continued)

Discretely presented component units of the City of Liberal, Kansas are as follows:

1. Housing Authority – An appointed City board operates the City's housing projects. The authority can sue and be sued, and can buy, sell or lease real property. Bond issuances must be approved by the City. The authority has a year end of September 30. Copies of the financial statements may be obtained from the Housing Authority located at Parklane Towers, 1401 N. New York Ave., Liberal, Kansas.

2. Library Board – An appointed City board operates the municipal library. The City Commissioners must approve acquisition or disposition of real property. Bond issuances must also be approved by the City's governing body. Copies of the financial statements may be obtained from the Library located at 519 N. Kansas, Liberal, Kansas.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the City (primary government) as a whole. They include all funds of the reporting entity except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each on which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

2. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds:

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally or administratively restricted to expenditures for certain purposes.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

Governmental Funds (Continued):

Capital Projects Fund

The Capital Projects Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items (other than those financed by enterprise funds). The reporting entity includes only one Capital Projects Fund and it is used to account for the acquisition of capital assets with transfers made from the General Fund.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt and the financing of special assessments that are general obligations of the City (other than debt service payments made by enterprise funds).

Proprietary Fund:

Enterprise Fund

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (Not included in government-wide statements):

Agency Funds

Agency funds account for assets held by the City in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The government reports the following major governmental funds:

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

The Capital Projects Fund accounts for financial resources segregated for the acquisition of major capital facilities (other than those financed by enterprise funds).

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Cont.)

The government reports the following major proprietary funds:

The Water Fund accounts for the water services to residents of the City and some residents of the County.

The Wastewater Fund accounts for the wastewater services to residents of the City and some residents of the County.

The Solid Waste Fund accounts for the pick-up service of trash and garbage to the residents of the City and some residents of the County.

The Airport Fund accounts for all income and revenue derived from the operations of the Airport Industrial Park.

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

D. Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, "cash, including time deposits" includes all demand and savings accounts and certificates of deposits of the City. For the purposes of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Receivables and Payables

Activity between funds that are outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The City records water revenue billed to its customers when meters are read on a monthly basis. Charges for sewage treatment and refuse services are billed monthly.

Only amounts of delinquent tax collected by the County Treasurer are included as receivables. Records of back tax are such that it is impracticable to ascertain the amounts that represent receivables.

Receivables of the general and special revenue funds are not available as resources that can be used to finance the current year operations of the City and, consequently, are offset by reserves in the fund statements for control purposes.

With the exception of back taxes, accounts receivable, which were considered doubtful as to collectability, have been charged off. Therefore, a provision for uncollectible accounts has not been recognized for statement presentation.

Inventories and Prepaid Items

Inventories in the general fund consist of expendable supplies held for the City's use and are carried at cost using the first-in, first-out method. Inventories are expensed when purchased for fund financials and expensed when used for government-wide financials.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets

Capital assets purchased or acquired with an original cost of $2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|---|---|
| Buildings and improvements | 30 to 50 years |
| Motor vehicles and motorized equipment | 3 to 7 years |
| Furniture, machinery and equipment | 5 to 8 years |
| Extensions | 50 years |
| Infrastructure | 20 to 90 years |

The City has a collection of airplanes presented for public exhibition and education that is being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other acquisitions. The collection is not capitalized or depreciated as part of capital assets.

Compensated Absences

The City accrues accumulated unpaid vacation when earned (or estimated to be earned) by the employee. Sick leave is not required to be accrued as of December 31, 2021.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Long-Term Obligations (Continued)

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

Government-Wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position is divided into three components:

Net Investment in Capital Assets – Consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted Net Position – Consists of net position that is restricted by the City's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – All other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Position or Equity (Continued)

Governmental Fund Balances (Continued)

Committed – Amounts that can be used only for specific purposes determined by a formal action by City Commission ordinance or resolution.

Assigned – Amounts that are designated by City officials for a particular purpose.

Unassigned – All amounts not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the City's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the City's policy is to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

E. Revenues, Expenditures and Expenses

Revenues

Substantially all governmental fund revenues are accrued. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB 33. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Collection of current year property taxes 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. 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Revenues, Expenditures and Expenses (Continued)

Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased. Principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Requirements, Accounting and Reporting

Requirements for all funds:

A. Annual budgets are adopted for most City funds. Such budgets are based on expected expenditures by program within a fund and estimated resources by source for all funds. 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:

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

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

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budget Requirements, Accounting and Reporting (Continued)

B. For day-to-day management control, expenditures plus encumbrances may not exceed budget at the expenditure-type (i.e., personnel services, other operations and maintenance, etc.) level of each cost center (activity within a program within a fund).

C. 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 ten days after publication, the hearing may be held and the governing body may amend the budget at that time. Any unused budgeted expenditure authority lapses at year end.

D. 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.

E. Budgetary comparison schedules are presented in the Supplemental Section as Required Supplementary Information. The budgetary basis is the modified accrual basis of accounting with encumbrances included as actual.

F. A legal operating budget is not required for capital projects funds, fiduciary type funds, and the following special revenue funds:

a. Municipal Equipment Fund
b. Bequest Fund
c. Diversion Program Fund
d. Cemetery Perpetual Fund
e. Fire Insurance Proceeds Fund
f. Police Step Grant Fund
g. Nighttime Seatbelt Grant Fund
h. Edward Byrne Memorial 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.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budget Requirements, Accounting and Reporting (Continued)

G. During the year ended December 31, 2021 the City did not over expend the legal operating budget in any fund.

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year end, except for the portion related to encumbered amounts. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

Note 3: DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the City of Liberal. The statute requires banks eligible to hold the City of Liberal's funds have a main or branch bank in the county in which the City of Liberal 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 of Liberal has no other policies that would further limit interest rate risk.

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

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that in the event of a bank failure, the City of Liberal's deposits may not be returned or the City of Liberal will not be able to recover collateral securities in the possession of an outside party.

Note 3: DEPOSITS AND INVESTMENTS (Continued)

The City of Liberal's policy requires deposits to be 100 percent secured by collateral valued at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service, as determined by a rating of C minus or above by independent rating agencies. Collateral agreements must be approved prior to deposit of funds as provided by law. The City of Liberal Commission approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of an evaluation committee and/or the City of Liberal Finance Director. Custodial credit risk for deposits is not formally addressed by bond indentures or pension trust policy. Indentures require that restricted deposits be maintained by the trustee bank specified in the indenture. Pension trust investment policy restricts uninvested cash to minimal balances generally covered by the FDIC.

Deposits of the City of Liberal's reporting entity are insured or collateralized with securities held by the City of Liberal, its agent, or by the pledging financial institutions' trust department or agent in the name of the City of Liberal or applicable public trust.

At December 31, 2021, the City of Liberal's carrying amount of deposits, including certificates of deposit, was $24,306,372 and the bank balance was $25,788,553. Of the bank balance, $1,000,000 was covered by federal depository insurance and the remaining $24,778,553 was collateralized with securities held by the pledging financial institution's agent in the City of Liberal'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 of Liberal 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.

Note 3: DEPOSITS AND INVESTMENTS (Continued)

As of December 31, 2021, the City of Liberal's reporting entity had the following investments:

| Types of Investments | Fair Value/ Carrying Amount | Cost | Credit Risk |
|---|---|---|---|
| Primary Government | | | |
| Pooled Investments | | | |
| Kansas Municipal Investment Pool: | | | |
| General Government | $9,490,675 | $9,490,675 | |
| Health Insurance Reserve | 156,708 | 156,708 | |

Government pools are considered a cash equivalent on the government-wide statement of net position.

City Investment Policy

The City of Liberal's current investment policy is complying with state statutes as to type of investments allowed. The City is currently in the process of developing a policy that will be more detailed in the assessment of credit risk and interest rate risk.

The City has historically only used investments in U.S. Agency Notes with short-term maturities. These policies have left the City with relatively low levels of credit risk and interest rate risk.

Note 4: CAPITAL ASSETS AND DEPRECIATION

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

| Governmental Activities: | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Capital Assets, not Being Depreciated: | | | | | |
| Land | $ 2,060,804 | $ - | - | - | $ 2,060,804 |
| Construction in progress | 18,875,683 | 3,971,502 | - | - | 22,847,185 |
| Total capital assets, not being depreciated | $20,936,487 | $ 3,971,502 | - | - | $24,907,989 |
| Capital Assets, Being Depreciated: | | | | | |
| Buildings | $ 9,428,929 | $ 10,800 | $ 11,005 | - | $ 9,428,724 |
| Structures and improvements other than buildings | 9,796,321 | - | 10,079 | - | 9,786,242 |
| Machinery, equipment, furniture and fixtures | 6,807,190 | 70,884 | 924,116 | - | 5,953,958 |
| Vehicles | 6,058,382 | 136,200 | 160,011 | - | 6,034,571 |
| Streets and other assets | 64,163,598 | 255,548 | 127,328 | - | 64,291,818 |
| Total capital assets, being depreciated | $96,254,420 | $ 473,432 | $1,232,539 | - | $95,495,313 |
| Less – Accumulated Depreciation for: | | | | | |
| Buildings | $ 6,323,209 | $ 192,277 | $ 8,842 | - | $ 6,506,644 |
| Structures and improvements other than buildings | 5,358,259 | 381,972 | 9,993 | - | 5,730,238 |
| Machinery, equipment, furniture and fixtures | 5,183,140 | 347,792 | 865,330 | - | 4,665,602 |
| Vehicles | 5,495,110 | 271,934 | 99,776 | - | 5,667,268 |
| Streets and other assets | 41,518,069 | 1,133,961 | 46,413 | - | 42,605,617 |
| Total accumulated depreciation | $63,877,787 | $ 2,327,936 | $1,030,354 | - | $65,175,369 |
| Total Capital Assets, Being Depreciated, Net | $32,376,633 | $ (1,854,504) | $ 202,185 | - | $30,319,944 |
| Governmental Activities Capital Assets, Net | $53,313,120 | $ 2,116,998 | $ 202,185 | - | $55,227,933 |

Note 4: CAPITAL ASSETS AND DEPRECIATION (Continued)

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|---|---|---|---|---|
| Business-Type Activities: | | | | | |
| Capital Assets, not Being Depreciated: | | | | | |
| Land | $ 4,149,500 | $ - | - | - | $ 4,149,500 |
| Construction in progress | 30,695,408 | 13,908,424 | - | - | 44,603,832 |
| Total capital assets, not being depreciated | $34,844,908 | $13,908,424 | - | - | $48,753,332 |
| Capital Assets, Being Depreciated: | | | | | |
| Buildings | $10,299,429 | $ - | $ - | - | $10,299,429 |
| Structures and improvements other than buildings | 41,839,225 | - | 548 | - | 41,838,677 |
| Machinery, equipment, furniture and fixtures | 6,335,469 | 360,204 | 16,004 | - | 6,679,669 |
| Vehicles | 2,403,824 | 20,446 | 943 | - | 2,423,327 |
| Total capital assets, being depreciated | $60,877,947 | $ 380,650 | $ 17,495 | - | $61,241,102 |
| Less – Accumulated Depreciation for: | | | | | |
| Buildings | $ 8,943,088 | $ 230,598 | $ - | - | $ 9,173,686 |
| Structures and improvements other than buildings | 24,607,609 | 822,789 | 32 | - | 25,430,366 |
| Machinery, equipment, furniture and fixtures | 4,482,368 | 503,426 | 13,018 | - | 4,972,776 |
| Vehicles | 1,871,480 | 134,241 | 943 | - | 2,004,778 |
| Total accumulated depreciation | $39,904,545 | $ 1,691,054 | $ 13,993 | - | $41,581,606 |
| Total Capital Assets, Being Depreciated, Net | $20,973,402 | $ (1,310,404) | $ 3,502 | - | $19,659,496 |
| Business-Type Activities Capital Assets, Net | $55,818,310 | $12,598,020 | $ 3,502 | - | $68,412,828 |

Note 4: CAPITAL ASSETS AND DEPRECIATION (Continued)

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

| | |
|---|---|
| Governmental Activities: | |
| General Government: | |
| Administration | $ 138,261 |
| Building inspection | 3,591 |
| Utility billing | 69 |
| Public Safety: | |
| Police | 161,338 |
| Fire | 165,616 |
| Municipal Court | 7,400 |
| Communications | 43,742 |
| Traffic Control | - |
| Public Works: | |
| Transportation | - |
| Engineering | 1,699 |
| Recreation | 59,107 |
| Arkalon | 18,735 |
| Beautification | 687 |
| Street lighting | 1,173,523 |
| Community Service: | |
| Golf course | 27,553 |
| Parks | 219,048 |
| Swimming Pool | 222,075 |
| Cemetery | 14,997 |
| Air Museum | 4,165 |
| Convention and Tourism | 13,650 |
| Community/Economic Development: | |
| Urban Development and Housing | 39 |
| Economic Development | 52,641 |
| Total Governmental Activities Depreciation Expense | $2,327,936 |
| | |
| Business-Type Activities: | |
| Water | $ 793,746 |
| Wastewater | 389,913 |
| Solid Waste | 97,182 |
| Airport | 410,213 |
| Total Business-Type Activities Depreciation Expense | $1,691,054 |

Note 5: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of December 31, 2021 is as follows:

Interfund Transfers:

| Transfer Out | Transfer In | Amount |
|---|---|---|
| General Fund | Air Museum Fund | $ 309,000 |
| | Bequest Fund | 35,000 |
| | Communication Center Fund | 523,860 |
| | Municipal Equipment Reserve | 40,000 |
| | Debt Service Fund | 115,425 |
| Tourism Fund | Air Museum Fund | 72,000 |
| Street and Drainage | General Fund | 100,000 |
| | Debt Service Fund | 102,822 |
| Economic Development | Airport | 173,158 |
| Water Main Replacement Reserve | Airport Land Sale Fund | 82,000 |
| Total | | $1,553,265 |

The transfers listed above were made according to the approved budget except for the transfers to the Bond and Interest Fund, which were made in accordance with KSA 12-6a16.

Note 6: LONG-TERM DEBT

Lease Purchase Contracts

The City of Liberal, Kansas has entered into several lease purchase contracts. Contracts outstanding at year end are as follows:

| Fund | Interest Rates | Amount |
|---|---|---|
| General | 2.770% | $ 462,288 |
| General | 2.30% | 105,053 |
| General | 2.72% | 112,882 |
| General | 4.13% | 68,112 |
| Water | 2.50% | 132,723 |
| | | $ 881,058 |

Note 6: LONG-TERM DEBT (Continued)

Lease Purchase Contracts (Continued)

Lease purchase debt service requirements to maturity, including $52,199 of interest, are as follows:

| Year | General Fund | Water Fund | Total |
|---|---|---|---|
| 2022 | $ 183,201 | $ 132,723 | $ 315,924 |
| 2023 | 203,763 | - | 203,763 |
| 2024 | 203,763 | - | 203,763 |
| 2025 | 163,687 | - | 163,687 |
| 2026 | 24,299 | - | 24,299 |
| 2027 | 21,821 | - | 21,821 |
| | $ 800,534 | $ 132,723 | $ 933,257 |

KDHE Revolving Loans

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for the Engineering and Administrative portion of the Sewer Plant & Interceptor Line Project. The loan was entered into on February 2, 2015 with an interest rate of 2.20% and a maximum amount of $2,985,000. The loan was amended on February 18, 2019 to increase the maximum amount to $4,274,042 with an interest rate of 2.20%. As of December 31, 2021, $4,274,042 had been drawn on this loan and the payback amount was $3,318,644. Principal payments of $955,398 were made in 2021.

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE) for the Construction portion of the Sewer Plant & Interceptor Line Project. The loan was entered into on April 22, 2015 with an interest rate of 2.11% and a maximum amount of $26,643,080. The loan was amended on February 18, 2019 to increase the maximum amount to $39,531,880 with an interest rate of 2.11%. As of December 31, 2021, $32,436,963 had been drawn on this loan and the payback amount was $26,849,558. Principal payments of $200 were made in 2021. The payback period for the amount of the loan remaining is 16 years.

Note 6: LONG-TERM DEBT (Continued)

KDHE Revolving Loans (Continued)

The City entered into a loan agreement with the Kansas Department of Health and Environment (KDHE), using the Kansas Public Water Supply Loan Fund for the Engineering and Construction of the Water System Improvements Project. The loan was entered into on January 5, 2017 with an interest rate of 2.16% and a maximum amount of $2,712,419. The loan was amended on December 6, 2018 to increase the maximum amount to $3,948,841 at an interest rate of 2.16%. As of December 31, 2021, $3,948,841 had been drawn on this loan and the payback amount was $0. Principal payments of $3,601,444 were made in 2021. This loan was refinanced in 2021 with a general obligation bond.

| Fund | Interest Rates | Amount |
|---|---|---|
| Wastewater | 2.20% | $ 3,318,644 |
| Wastewater | 2.11% | 26,849,558 |
| | | $30,168,202 |

KDHE Revolving Loan requirements to maturity, including $14,689,060 of interest are as follows:

| Year | Wastewater Fund |
|---|---|
| 2022 | $ 985,951 |
| 2023 | 985,947 |
| 2024 | 3,082,492 |
| 2025 | 3,082,492 |
| 2026 | 3,082,492 |
| 2027 | 3,082,492 |
| 2028-2037 | 30,555,396 |
| | $44,857,262 |

Note 6: LONG-TERM DEBT (Continued)

General Obligation Bonds

The City of Liberal, Kansas issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be issued to refund both general obligation and revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

| Purpose | Interest Rates | Amount |
|---|---|---|
| Governmental activities | 1.00% - 3.00% | $2,935,821 |
| Business-type activities – Water | 2.00% - 4.00% | 5,384,179 |
| | | $8,320,000 |

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

| | Governmental Activities | | Business-Type Activities | |
|---|---|---|---|---|
| Year | Principal | Interest | Principal | Interest |
| 2022 | $ 349,013 | $ 55,508 | $ 530,987 | $ 96,057 |
| 2023 | 359,013 | 44,832 | 565,987 | 78,567 |
| 2024 | 366,601 | 38,240 | 573,398 | 72,730 |
| 2025 | 371,601 | 31,508 | 403,398 | 67,024 |
| 2026 | 241,601 | 24,470 | 238,399 | 61,712 |
| 2027 | 234,191 | 21,377 | 245,809 | 55,640 |
| 2028-2039 | 1,013,801 | 57,684 | 2,826,201 | 300,823 |
| | $2,935,821 | $273,619 | $5,384,179 | $ 732,553 |

Note 6: LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities

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

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Bonds Payable: | | | | | |
| General obligation bonds | $ 2,022,245 | $ 1,150,000 | $ 236,424 | $ 2,935,821 | $ 349,013 |
| Capital leases | 957,781 | - | 209,446 | 748,335 | 183,201 |
| Compensated absences | 885,803 | 873,007 | 885,803 | 873,007 | 873,007 |
| Net pension obligation | 11,295,946 | 8,890,493 | 11,295,946 | 8,890,493 | 8,890,493 |
| Governmental activity long-term liabilities | $15,161,775 | $10,913,500 | $12,627,619 | $13,447,656 | $10,295,714 |
| Business-Type Activities: | | | | | |
| General obligation bonds | $ 1,807,755 | $ 3,620,000 | $ 43,576 | $ 5,384,179 | $ 385,987 |
| Capital leases | 392,499 | - | 259,776 | 132,723 | 132,723 |
| KDHE revolving loan | 17,238,372 | 16,826,945 | 3,897,114 | 30,168,203 | 195,384 |
| Compensated absences | 171,245 | 164,278 | 171,245 | 164,278 | 164,278 |
| Net pension obligation | 1,650,376 | 1,127,893 | 1,650,376 | 1,127,893 | 1,127,893 |
| Business-type activity long-term liabilities | $21,260,247 | $21,739,116 | $ 6,022,087 | $36,977,276 | $ 2,006,265 |

## Note 7: DEFINED BENEFIT PENSION PLAN

### Plan Description

The City of Liberal, Kansas participates in a cost-sharing multiple-employer 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.

Those employees participating in the Pension Plan for the City are included in the Public Employees, and Police and Firemen employee groups.

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

### Benefits Provided

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

Note 7: DEFINED BENEFIT PENSION PLAN (Continued)

Benefits Provided (Continued)

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. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the State of Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

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

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

Note 7: DEFINED BENEFIT PENSION PLAN (Continued)

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 be determined based on the results of each annual actuarial valuation for each of the three state wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. 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, which includes the state and the school 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, 2021.

The actuarially determined employer contribution rates (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rates for City employees are as follows:

| | Actuarial Employer Rate | Statutory Employer Capped Rate |
|---|---|---|
| Local government employees | 8.87% | 8.87% |
| Police and Firemen | 22.80% | 22.80% |

Member contribution rates as a percentage of eligible compensation in fiscal year 2021 are 6.00% for Local employees and 7.15% for Police and Firemen.

Note 7: DEFINED BENEFIT PENSION PLAN (Continued)

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 Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in KPERS' 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, 2021 are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal year ended December 31, 2021.

The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2021, the City's proportion for the Local employees group was 0.378162%, which was an increase of 0.008113% from its proportion measured at June 30, 2020. At June 30, 2021, the City's proportion for the Police and Firemen group was 0.57434%, which was a decrease of 0.043779% from its proportion measured at June 30, 2020.

Net Pension Liability

At December 31, 2021, the City reported a liability of $4,537,778 and $5,480,608, respectively, for its total proportionate share of the net pension liability for the Local and Police and Firemen groups.

Note 7: DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. 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 increases | 3.50%-12.00%, including pricing inflation |
| Investment rate of return | 7.25% compounded annually, net of investment expenses, and including price inflation |

Mortality rates were based on the RP 2014 Healthy Annuitant Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 7, 2020, as provided by KPERS' Investment consultant, are summarized in the following table:

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

Note 7: DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability at the measurement date of June 30, 2021 was 7.25%. The discount rate used to measure total pension liability at the prior measurement date of June 30, 2020 was 7.50%. The actuarial assumptions used in the calculation of the total pension liability were based on the results of the most recent actuarial experience study. It covered the three-year period of January 1, 2016 through December 31, 2018 and was dated January 7, 2020.

The projection of cash flows used to determine the discount rate was based on member and employer contributions. In KPERS, the State, School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase more than the statutory cap. The statutory cap for fiscal year 2021 was 1.2%.

The Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate.

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

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

| | 1% Decrease (6.25%) | Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|---|---|---|
| Local | $ 6,315,368 | $ 3,839,356 | $1,762,906 |
| Police and Firemen | 8,225,868 | 5,480,608 | 3,184,197 |
| | $14,541,236 | $ 9,319,964 | $4,947,103 |

Note 7: DEFINED BENEFIT PENSION PLAN (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions as shown in the following tables. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive plan members in the beginning of the measurement period. Investment gains and losses are recognized over a fixed five year period.

| | Deferred Outflows of Resources | | |
|---|---|---|---|
| | Local | Police & Firemen | Total |
| Differences between expected and actual experience | $ 179,117 | $ 432,461 | $ 611,578 |
| Net difference between projected and actual earnings on pension plan investments | - | - | - |
| Changes in assumptions | 893,267 | 697,141 | 1,590,408 |
| Changes in proportion | 174,124 | 421,152 | 595,276 |
| | $1,246,508 | $1,550,754 | $2,797,262 |

| | Deferred Inflows of Resources | | |
|---|---|---|---|
| | Local | Police & Firemen | Total |
| Differences between expected and actual experience | $ 41,088 | $ - | $ 41,088 |
| Net differences between projected and actual earnings on pension plan investments | 1,611,353 | 1,437,844 | 3,049,197 |
| Changes of assumptions | - | - | - |
| Changes in proportion | 11,483 | 303,697 | 315,180 |
| | $1,663,924 | $1,741,541 | $3,405,465 |

Note 7: DEFINED BENEFIT PENSION PLAN (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)

The net deferred outflows of resources and (deferred inflows) of resources as of June 30, 2021 that will be recognized in pension expense in future years are as follows:

| Fiscal Year | Local | Police & Firemen | Total |
|---|---|---|---|
| 2022 | $ 2,103 | $ 74,993 | $ 77,096 |
| 2023 | (28,144) | 3,300 | (24,844) |
| 2024 | (73,162) | (65,855) | (139,017) |
| 2025 | (353,966) | (249,208) | (603,174) |
| 2026 | 35,753 | 45,981 | 81,734 |
| | $ (417,416) | $ (190,789) | $ (608,205) |

Pension Expense

For the year ended December 31, 2021, the City recognized Local pension expense of $466,357 and Police and Firemen pension expense of $805,397, 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.

Note 8: RISK MANAGEMENT

The local government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

The City of Liberal, Kansas established a health benefit plan for active full time employees who are working full normal work-weeks (not less than 30 hours) and are receiving full compensation. The City participates in a fully-insured benefit plan where claims are administered and processed through Blue Cross/Blue Shield of Kansas. The benefit year is a period of 12 months starting on January 1 and ending December 31.

## Note 9: CONTINGENT LIABILITIES AND COMMITMENTS

### Federal Assistance

The City of Liberal participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives for audits of these programs for or including the year ending December 31, 2021.

It is possible that the City's compliance with applicable grant agreements may be established at some future date. The amount of expenditures which may be disallowed by the grantor agencies cannot be determined at this date, although the City expects such amounts, if any, to be immaterial.

### Environmental Issues

Environmental issues pertaining to the City of Liberal are subject to state and federal requirements. The amount of expenditures required, if any, is not presently ascertainable.

## Note 10: CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2021, there were two series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of $72,567,066.

## Note 11: AIRPORT LEASES

The City of Liberal leases space at the municipal airport to individuals and businesses. The lease contracts are for one year terms. The revenue is reported in the Airport Proprietary Fund.

Note 12: TAX ABATEMENTS

The City enters into property tax abatement agreements with local developers under Kansas statutes 12-5241 et seq., which authorizes a city to designate rural housing incentive districts. Under the statutes, the City is authorized to reimburse the developer for all or a portion of the costs of implementing the development through the use of property tax increments allocated to the City under the provisions of the statute.

For the year ended December 31, 2021, property taxes abated totaled $77,313 under the rural housing incentive districts program.

The City enters into sales tax abatement agreements with local developers under Kansas statutes 12-6a26 et seq., which enables a city to create a district for the purpose of financing various improvements from specially designated revenues, including assessments and/or a CID sales tax of up to 2%. Under the statutes, the City is authorized to reimburse the developer for expenditures that are for economic development purposes.

For the year ended December 31, 2021, sales taxes abated totaled $185,352 under the community improvement district program. The City's share of the abated sales taxes was $9,268.

Note 13: COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City of Liberal's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City of Liberal, Kansas is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2021.

Note 13: COVID-19 (Continued)

As a result of the COVID-19 outbreak, numerous Federal and State grants have been made available to the City of Liberal to assist with the risks and help offset incurred costs of the City of Liberal.

Note 14: SUBSEQUENT EVENTS

The City of Liberal's management has evaluated events and transactions through October 28, 2022, the date which the financial statements were available to be issued.

CITY OF LIBERAL, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LIBERAL, KANSAS

Schedule 1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the year ended December 31, 2021

| Revenues | Original & Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|---|---|---|
| Taxes: | | | |
| Ad valorem property tax | $3,948,705 | $3,839,101 | $ (109,604) |
| Delinquent tax | 120,000 | 138,973 | 18,973 |
| Franchise | 2,035,000 | 1,888,099 | (146,901) |
| Motor vehicle tax | 579,364 | 562,437 | (16,927) |
| Commercial vehicle fees | 43,612 | 33,434 | (10,178) |
| Total taxes | $6,726,681 | $6,462,044 | $ (264,637) |
| Intergovernmental: | | | |
| Local sales tax | $2,700,000 | $3,269,048 | $ 569,048 |
| Private club liquor tax | 46,000 | 58,860 | 12,860 |
| Highway connecting links | 33,000 | 55,232 | 22,232 |
| Administrative fees | 1,533,000 | 3,085,500 | 1,552,500 |
| Total intergovernmental | $4,312,000 | $6,468,640 | $2,156,640 |
| Licenses, Permits, and Fees: | | | |
| Building permits | $ 101,000 | $ 78,507 | $ (22,493) |
| Occupational licenses | 35,000 | 36,083 | 1,083 |
| Other licenses and fees | 27,000 | 22,785 | (4,215) |
| Vehicle inspections | 35,000 | 31,460 | (3,540) |
| Total licenses, permits, and fees | $ 198,000 | $ 168,835 | $ (29,165) |
| Charges for Services: | | | |
| Cemetery | $ 36,300 | $ 55,395 | $ 19,095 |
| Park fees, concessions | 46,500 | 45,477 | (1,023) |
| Swimming pool, concessions | 156,500 | 129,615 | (26,885) |
| Vehicle service charges | 500 | - | (500) |
| Recreation | 452,600 | 129,615 | (322,985) |
| Arkalon Park revenues | 13,050 | 15,041 | 1,991 |
| Golf course fees and other | 302,000 | 339,541 | 37,541 |
| Police | 4,800 | 7,811 | 3,011 |
| Animal shelter | 26,500 | 39,676 | 13,176 |
| Building Inspection Department: | | | |
| Mowing and demolition | 70,000 | 103,195 | 33,195 |
| Zoning and planning fees | - | (550) | (550) |
| Total charges for services | $1,108,750 | $ 864,816 | $ (243,934) |

CITY OF LIBERAL, KANSAS

Schedule 1
(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the year ended December 31, 2021

| | Original & Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|---|---|---|
| Revenues (Continued) | | | |
| Fines and Fees: | | | |
| Municipal Court | $ 709,700 | $ 821,702 | $ 112,002 |
| Use of Money and Property: | | | |
| Interest | $ 75,100 | $ 5,151 | $ (69,949) |
| Royalties and leases | 50,000 | 47,423 | (2,577) |
| Raw water sales | 55,000 | 78,154 | 23,154 |
| Total use of money and property | $ 180,100 | $ 130,728 | $ (49,372) |
| Miscellaneous: | | | |
| Other | $ 101,305 | $ 119,375 | $ 18,070 |
| Contributions | $ 29,000 | - | $ (29,000) |
| Grant proceeds | $ 2,013,366 | $ 800 | $ (2,012,566) |
| Total Revenues | $15,378,902 | $15,036,940 | $ (341,962) |
| Expenditures | | | |
| General Government: | | | |
| Administration | $ 2,133,192 | $ 1,949,791 | $ 183,401 |
| Planning Commission | 10,000 | 6,627 | 3,373 |
| Building inspection | 611,700 | 686,267 | (74,567) |
| Legislative | 108,400 | 108,933 | (533) |
| Building maintenance | 260,000 | 215,419 | 44,581 |
| Utility billing | 48,000 | 41,924 | 6,076 |
| Total general government | $ 3,171,292 | $ 3,008,961 | $ 162,331 |
| Public Safety: | | | |
| Police | $ 3,964,400 | $ 3,550,980 | $ 413,420 |
| Fire | 1,686,300 | 1,532,221 | 154,079 |
| Municipal court | 775,600 | 730,192 | 45,408 |
| Animal control | 346,200 | 263,264 | 82,936 |
| Total public safety | $ 6,772,500 | $ 6,076,657 | $ 695,843 |

CITY OF LIBERAL, KANSAS

Schedule 1
(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the year ended December 31, 2021

| Expenditures (Continued) | Original & Final Budget | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|---|---|---|
| Public Works: | | | |
| Transportation | $ 1,266,900 | $ 945,591 | $ 321,309 |
| Engineering | 78,500 | 42,211 | 36,289 |
| Recreation | 870,900 | 698,132 | 172,768 |
| Arkalon | 122,050 | 58,691 | 63,359 |
| Street lighting | 315,000 | 313,829 | 1,171 |
| Total public works | $ 2,653,350 | $ 2,058,454 | $ 594,896 |
| Community Service: | | | |
| Golf course | $ 697,500 | $ 616,157 | $ 81,343 |
| Parks | 676,600 | 617,024 | 59,576 |
| Swimming pool | 294,200 | 243,217 | 50,983 |
| Cemetery | 230,600 | 210,635 | 19,965 |
| Total community service | $ 1,898,900 | $ 1,687,033 | $ 211,867 |
| Total expenditures | $14,496,042 | $12,831,105 | $ 1,664,937 |
| Revenues over (under) expenditures | $ 882,860 | $ 2,205,835 | $ 1,322,975 |
| Other Fund Financing Sources (Uses): | | | |
| Operating transfer (out) | (882,860) | (923,284) | (40,424) |
| Revenues over (under) expenditures and other financing sources (uses) | - | $ 1,282,551 | $ 1,282,551 |
| Fund Balances, January 1 | - | 7,110,498 | 7,110,498 |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Receivables and inventory | - | 4,262 | 4,262 |
| Encumbrances | - | (105,670) | (105,670) |
| Fund Balances, December 31 | - | $ 8,291,641 | $ 8,291,641 |

CITY OF LIBERAL, KANSAS

OTHER SUPPLEMENTARY INFORMATION

CITY OF LIBERAL, KANSAS

Schedule 2

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2021

| | Library | Special Fire Equipment Reserve | Communication Center | Employees' Benefits | Special City Streets | Special Parks & Recreation | Tourism |
|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | |
| Cash, including time deposits | $ - | $105,774 | $326,533 | $1,233,191 | $ 784,984 | $ 20,107 | $265,792 |
| Cash, restricted | - | - | 27,647 | - | 313,975 | - | - |
| Accounts receivable | - | - | - | - | - | - | - |
| Taxes receivable | 535,230 | 44,189 | - | 1,794,237 | - | - | - |
| Receivable from other governments | - | - | - | - | 128,708 | 16,012 | 115,066 |
| Interest receivable | - | - | 9 | - | - | - | - |
| Inventory | - | - | - | - | - | - | 15,321 |
| Prepaid expenses | - | - | 12,137 | 39,672 | 1,702 | - | 1,592 |
| Total Assets | $535,230 | $149,963 | $366,326 | $3,067,100 | $1,229,369 | $ 36,119 | $397,771 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | - | - | $ 2,618 | $ - | $ 910 | - | $ 7,169 |
| Accrued wages and benefits | - | - | 31,936 | 49,945 | 1,944 | - | 4,479 |
| Due to other funds | - | - | - | - | - | - | - |
| Total liabilities | - | - | $ 34,554 | $ 49,945 | $ 2,854 | - | $ 11,648 |
| Deferred Inflows of Resources | | | | | | | |
| Deferred revenue | $517,615 | $ 42,770 | - | $1,736,901 | - | - | - |
| Fund Balances | | | | | | | |
| Nonspendable for receivables | $ - | $ 1,419 | $ 9 | $ 57,336 | $ 128,708 | $ 16,012 | $115,066 |
| Nonspendable for prepaid expenses | 17,615 | - | 12,137 | 39,672 | 1,702 | - | 1,592 |
| Nonspendable for inventory | - | - | - | - | - | - | 15,321 |
| Assigned for encumbrances | - | - | (522) | - | - | - | 14,443 |
| Assigned to Special Revenue Funds | - | 105,774 | 320,148 | 1,183,246 | 1,096,105 | 20,107 | 239,701 |
| Total fund balances | $ 17,615 | $107,193 | $331,772 | $1,280,254 | $1,226,515 | $ 36,119 | $386,123 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $535,230 | $149,963 | $366,326 | $3,067,100 | $1,229,369 | $ 36,119 | $397,771 |

CITY OF LIBERAL, KANSAS

Schedule 2
(Continued)

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2021

| | Special Alcoholic Treatment | Special City Beautification | Special Housing | Special Crime Prevention | Special Economic Development | Street Drainage and Capital Improvements | Educational Sales Tax |
|---|---|---|---|---|---|---|---|
| ASSETS | | | | | | | |
| Cash, including time deposits | $136,652 | $673,524 | $1,177,080 | $755,757 | $2,006,118 | $3,643,723 | $176,784 |
| Cash, restricted | - | - | - | - | - | - | - |
| Accounts receivable | - | - | - | - | 200 | - | - |
| Taxes receivable | - | - | - | - | - | - | - |
| Receivable from other governments | 16,012 | 171,346 | 127,913 | 42,638 | 127,913 | 511,653 | 428,060 |
| Interest receivable | - | 17 | 30 | 19 | 51 | 94 | - |
| Inventory | - | - | - | - | 221 | - | - |
| Prepaid expenses | - | 1,640 | 371 | 858 | 5,408 | 669 | - |
| Total Assets | $152,664 | $846,527 | $1,305,394 | $799,272 | $2,139,911 | $4,156,139 | $604,844 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | - | $ 32,872 | $ 6,468 | $ 2,963 | $ 6,049 | $ 4,681 | - |
| Accrued wages and benefits | - | - | 2,905 | - | 21,316 | - | - |
| Due to other funds | - | - | 48,708 | - | 3,319 | 15,359 | - |
| Total liabilities | - | $ 32,872 | $ 58,081 | $ 2,963 | $ 30,684 | $ 20,040 | - |
| Deferred Inflows of Resources | | | | | | | |
| Deferred revenue | - | - | - | - | - | - | - |
| Fund Balances | | | | | | | |
| Nonspendable for receivables | $ 16,012 | $171,363 | $ 127,943 | $ 42,657 | $ 128,164 | $ 511,747 | $428,060 |
| Nonspendable for prepaid expenses | - | 1,640 | 371 | 858 | 5,408 | 669 | - |
| Nonspendable for inventory | - | - | - | - | 221 | - | - |
| Assigned for encumbrances | - | (6,932) | 14,018 | - | 5,876 | (579) | - |
| Assigned to Special Revenue Funds | 136,652 | 647,584 | 1,104,981 | 752,794 | 1,969,558 | 3,624,262 | 176,784 |
| Total fund balances | $152,664 | $813,655 | $1,247,313 | $796,309 | $2,109,227 | $4,136,099 | $604,844 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $152,664 | $846,527 | $1,305,394 | $799,272 | $2,139,911 | $4,156,139 | $604,844 |

CITY OF LIBERAL, KANSAS

Schedule 2
(Continued)

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2021

| | Economic Incentives | Air Museum | ARPA | Municipal Equipment Reserve | Bequest | Diversion Program |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Cash, including time deposits | $ 19,025 | $192,580 | $1,463,064 | $1,089,040 | $595,884 | $ 204,910 |
| Cash, restricted | - | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - | - |
| Taxes receivable | - | - | - | - | - | - |
| Receivable from other governments | - | 7,500 | - | - | - | - |
| Interest receivable | - | - | - | - | - | - |
| Inventory | - | 21,069 | - | - | - | - |
| Prepaid expenses | - | 5,747 | - | - | - | - |
| Total Assets | $ 19,025 | $226,896 | $1,463,064 | $1,089,040 | $595,884 | $ 204,910 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | $ 16,338 | $ 2,649 | - | - | $ 6,124 | $ 3,600 |
| Accrued wages and benefits | - | 11,144 | - | - | 4,137 | - |
| Due to other funds | - | - | - | - | - | - |
| Total liabilities | $ 16,338 | $ 13,793 | - | - | $ 10,261 | $ 3,600 |
| Deferred Inflows of Resources | | | | | | |
| Deferred revenue | - | - | - | - | - | - |
| Fund Balances | | | | | | |
| Nonspendable for receivables | $ - | $ 7,500 | $ - | $ - | $ - | $ - |
| Nonspendable for prepaid expenses | - | 5,747 | - | - | - | - |
| Nonspendable for inventory | - | 21,069 | - | - | - | - |
| Assigned for encumbrances | - | (13,533) | - | 2,120 | 63,637 | (108,158) |
| Assigned to Special Revenue Funds | 2,687 | 192,320 | 1,463,064 | 1,086,920 | 521,986 | 309,468 |
| Total fund balances | $ 2,687 | $213,103 | $1,463,064 | $1,089,040 | $585,623 | $ 201,310 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 19,025 | $226,896 | $1,463,064 | $1,089,040 | $595,884 | $ 204,910 |

CITY OF LIBERAL, KANSAS

Schedule 2
(Continued)

COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2021

| | Cemetery Perpetual | Fire Insurance Proceeds | Police Step Grant | Sobriety Checkpoint Grant | Edward Byrne Memorial | Total Nonmajor Special Revenue |
|---|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Cash, including time deposits | $ 28,013 | $ 14,393 | $ 2,255 | $ 2,653 | $ 1,699 | $14,919,535 |
| Cash, restricted | - | - | - | - | - | 341,622 |
| Accounts receivable | - | - | - | - | - | 200 |
| Taxes receivable | - | - | - | - | - | 2,373,656 |
| Receivable from other governments | - | - | - | - | - | 1,692,821 |
| Interest receivable | - | - | - | - | - | 220 |
| Inventory | - | - | - | - | - | 36,611 |
| Prepaid expenses | - | - | - | - | - | 69,796 |
| Total Assets | $ 28,013 | $ 14,393 | $ 2,255 | $ 2,653 | $ 1,699 | $19,434,461 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | - | - | - | - | - | $ 92,441 |
| Accrued wages and benefits | - | - | - | - | - | 127,806 |
| Due to other funds | - | - | - | - | - | 67,386 |
| Total liabilities | - | - | - | - | - | $ 287,633 |
| Deferred Inflows of Resources | | | | | | |
| Deferred revenue | - | - | - | - | - | $ 2,297,286 |
| Fund Balances | | | | | | |
| Nonspendable for receivables | $ - | $ - | $ - | $ - | $ - | $ 1,751,996 |
| Nonspendable for prepaid expenses | - | - | - | - | - | 87,411 |
| Nonspendable for inventory | - | - | - | - | - | 36,611 |
| Assigned for encumbrances | 1,067 | - | - | - | - | (28,563) |
| Assigned to Special Revenue Funds | 26,946 | 14,393 | 2,255 | 2,653 | 1,699 | 15,002,087 |
| Total fund balances | $ 28,013 | $ 14,393 | $ 2,255 | $ 2,653 | $ 1,699 | $16,849,542 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 28,013 | $ 14,393 | $ 2,255 | $ 2,653 | $ 1,699 | $19,434,461 |

CITY OF LIBERAL, KANSAS

Schedule 3

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
For the year ended December 31, 2021

| | Library | Special Fire Equipment Reserve | Communication Center | Employees' Benefits | Special City Streets | Special Parks & Recreation | Tourism |
|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | |
| Taxes | $600,570 | $ 49,458 | $ - | $1,995,667 | $ - | $ - | $ - |
| Intergovernmental | - | - | 363,940 | - | 551,507 | 58,860 | 353,595 |
| Charges for services | - | - | - | - | - | - | 17,122 |
| Use of money and property | - | - | 142 | - | - | - | - |
| Contributions | - | - | - | - | - | - | - |
| Other | - | - | - | (845) | 251,531 | - | - |
| Grants | - | - | - | - | - | - | - |
| General long-term debt issued | - | - | - | - | - | - | - |
| Total Revenues | $600,570 | $ 49,458 | $ 364,082 | $1,994,822 | $ 803,038 | $ 58,860 | $370,717 |
| Expenditures | | | | | | | |
| Public safety | $ - | $ 53,636 | $ 835,412 | $ - | $ - | $ - | $ - |
| Public works | - | - | - | - | 476,285 | 46,000 | - |
| Community services | 600,570 | - | - | - | - | - | 347,530 |
| Health and welfare | - | - | - | - | - | - | - |
| Employees' benefits | - | - | - | 1,796,967 | - | - | - |
| Urban development and housing | - | - | - | - | - | - | - |
| Economic development | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Total Expenditures | $600,570 | $ 53,636 | $ 835,412 | $1,796,967 | $ 476,285 | $ 46,000 | $347,530 |
| Revenues over (under) Expenditures | $ - | $ (4,178) | $ (471,330) | $ 197,855 | $ 326,753 | $ 12,860 | $ 23,187 |
| Other Financing Sources (Uses): | | | | | | | |
| Operating transfers in (out) | - | - | 523,860 | - | - | - | (72,000) |
| Fund Balances, January 1 | 17,129 | 111,454 | 280,313 | 1,080,089 | 896,727 | 20,071 | 388,501 |
| Other Changes: | | | | | | | |
| Increase or (decrease) in reserves | 486 | (83) | (1,071) | 2,310 | 3,035 | 3,188 | 46,435 |
| Fund Balances, December 31 | $ 17,615 | $107,193 | $ 331,772 | $1,280,254 | $1,226,515 | $ 36,119 | $386,123 |

Schedule 3
(Continued)

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
For the year ended December 31, 2021

| | Special Alcoholic Treatment | Special City Beautification | Special Housing | Special Crime Prevention | Special Economic Development | Street Drainage and Capital Improvements | Educational Sales Tax |
|---|---|---|---|---|---|---|---|
| Revenues | | | | | | | |
| Taxes | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | 58,860 | 226,537 | 679,612 | 226,537 | 677,852 | 2,718,449 | 2,276,784 |
| Charges for services | - | 4,800 | - | - | 16,570 | - | - |
| Use of money and property | - | 250 | 430 | 264 | 701 | 1,770 | - |
| Contributions | - | - | - | - | - | - | - |
| Other | - | - | 6,875 | 950 | 71,600 | - | - |
| Grants | - | - | - | - | 476,671 | - | - |
| General long-term debt issued | - | - | - | - | - | - | - |
| Total Revenues | $ 58,860 | $231,587 | $ 686,917 | $227,751 | $1,243,394 | $2,720,219 | $2,276,784 |
| Expenditures | | | | | | | |
| Public safety | $ - | $ - | $ - | $ 97,129 | $ - | $ - | $ - |
| Public works | - | 169,196 | - | - | - | 2,300,717 | - |
| Community services | - | - | - | - | - | - | 2,100,000 |
| Health and welfare | 11,068 | - | - | - | - | - | - |
| Employees' benefits | - | - | - | - | - | - | - |
| Urban development and housing | - | - | 492,622 | - | - | - | - |
| Economic development | - | - | - | - | 803,022 | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Total Expenditures | $ 11,068 | $169,196 | $ 492,622 | $ 97,129 | $ 803,022 | $2,300,717 | $2,100,000 |
| Revenues over (under) Expenditures | $ 47,792 | $ 62,391 | $ 194,295 | $130,622 | $ 440,372 | $ 419,502 | $ 176,784 |
| Other Financing Sources (Uses): | | | | | | | |
| Operating transfers in (out) | - | - | - | - | (173,158) | (202,822) | - |
| Fund Balances, January 1 | 101,684 | 614,553 | 1,029,762 | 657,900 | 1,818,733 | 3,826,512 | 350,419 |
| Other Changes: | | | | | | | |
| Increase or (decrease) in reserves | 3,188 | 136,711 | 23,256 | 7,787 | 23,280 | 92,907 | 77,641 |
| Fund Balances, December 31 | $152,664 | $813,655 | $1,247,313 | $796,309 | $2,109,227 | $4,136,099 | $ 604,844 |

CITY OF LIBERAL, KANSAS

Schedule 3
(Continued)

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
For the year ended December 31, 2021

| | Economic Incentives | Air Museum | ARPA | Municipal Equipment Reserve | Bequest | Diversion Program |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| Taxes | $ - | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | 656,590 | 30,000 | - | - | - | - |
| Charges for services | - | 48,512 | - | - | 16,088 | 76,442 |
| Use of money and property | - | - | - | - | - | - |
| Contributions | - | 111 | - | - | 547,863 | - |
| Other | - | 25 | - | 6,416 | - | - |
| Grants | - | - | 1,463,064 | - | - | - |
| General long-term debt issued | - | - | - | - | - | - |
| Total Revenues | $656,590 | $ 78,648 | $1,463,064 | $ 6,416 | $563,951 | $ 76,442 |
| Expenditures | | | | | | |
| Public safety | $ - | $ - | - | $ - | $109,106 | $ 36,586 |
| Public works | - | - | - | - | 348,926 | - |
| Community services | - | 436,912 | - | - | 75,962 | - |
| Health and welfare | - | - | - | - | 3,351 | - |
| Employees' benefits | - | - | - | - | - | - |
| Urban development and housing | - | - | - | - | - | - |
| Economic development | 652,402 | - | - | - | - | - |
| Capital outlay | - | - | - | 47,163 | - | - |
| Total Expenditures | $652,402 | $ 436,912 | - | $ 47,163 | $537,345 | $ 36,586 |
| Revenues over (under) Expenditures | $ 4,188 | $ (358,264) | $1,463,064 | $ (40,747) | $ 26,606 | $ 39,856 |
| Other Financing Sources (Uses): | | | | | | |
| Operating transfers in (out) | - | 381,000 | - | 40,000 | 35,000 | - |
| Fund Balances, January 1 | - | 180,769 | - | 1,089,787 | 524,017 | 161,454 |
| Other Changes: | | | | | | |
| Increase or (decrease) in reserves | (1,501) | 9,598 | - | - | - | - |
| Fund Balances, December 31 | $ 2,687 | $ 213,103 | $1,463,064 | $1,089,040 | $585,623 | $201,310 |

CITY OF LIBERAL, KANSAS

Schedule 3
(Continued)

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR SPECIAL REVENUE FUNDS
For the year ended December 31, 2021

| | Cemetery Perpetual | Fire Insurance Proceeds | Police Step Grant | Sobriety Checkpoint Grant | Edward Byrne Memorial | Total Nonmajor Special Revenue |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| Taxes | $ - | $ - | $ - | $ - | - | $ 2,645,695 |
| Intergovernmental | - | - | - | - | - | 8,879,123 |
| Charges for services | - | - | - | - | - | 179,534 |
| Use of money and property | - | 11 | - | - | - | 3,568 |
| Contributions | 4,180 | - | - | - | - | 552,154 |
| Other | - | 36,808 | - | - | - | 373,360 |
| Grants | - | - | 3,948 | 2,653 | - | 1,946,336 |
| General long-term debt issued | - | - | - | - | - | - |
| Total Revenues | $ 4,180 | $ 36,819 | $ 3,948 | $ 2,653 | - | $14,579,770 |
| Expenditures | | | | | | |
| Public safety | - | $ 30,000 | $ 1,693 | - | - | $ 1,163,562 |
| Public works | - | - | - | - | - | 3,341,124 |
| Community services | - | - | - | - | - | 3,560,974 |
| Health and welfare | - | - | - | - | - | 14,419 |
| Employees' benefits | - | - | - | - | - | 1,796,967 |
| Urban development and housing | - | - | - | - | - | 492,622 |
| Economic development | - | - | - | - | - | 1,455,424 |
| Capital outlay | - | - | - | - | - | 47,163 |
| Total Expenditures | - | $ 30,000 | $ 1,693 | - | - | $11,872,255 |
| Revenues over (under) Expenditures | $ 4,180 | $ 6,819 | $ 2,255 | $ 2,653 | $ - | $ 2,707,515 |
| Other Financing Sources (Uses): | | | | | | |
| Operating transfers in (out) | - | - | - | - | - | 531,880 |
| Fund Balances, January 1 | 23,833 | 7,574 | - | - | 1,699 | 13,182,980 |
| Other Changes: | | | | | | |
| Increase or (decrease) in reserves | - | - | - | - | - | 427,167 |
| Fund Balances, December 31 | $ 28,013 | $ 14,393 | $ 2,255 | $ 2,653 | $ 1,699 | $16,849,542 |

CITY OF LIBERAL, KANSAS

Schedule 4-1

LIBRARY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Taxes: | | | |
| Ad valorem property tax | $517,575 | $505,943 | $ (11,632) |
| Delinquent tax | 5,864 | 17,910 | 12,046 |
| Commercial vehicle fees | 5,612 | 4,303 | (1,309) |
| Motor vehicle tax | 74,547 | 72,414 | (2,133) |
| Total Revenues | $603,598 | $600,570 | $ (3,028) |
| Expenditures | | | |
| Community Services: | | | |
| Appropriations to Library Board | 603,598 | 600,570 | 3,028 |
| Revenues over (under) Expenditures | - | $ - | $ - |
| Fund Balances, January 1 | - | 17,129 | 17,129 |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Receivables | - | 486 | 486 |
| Fund Balances, December 31 | - | $ 17,615 | $ 17,615 |

CITY OF LIBERAL, KANSAS

Schedule 4-2

SPECIAL FIRE EQUIPMENT RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|---|
| Revenues | | | | |
| Taxes: | | | | |
| Ad valorem property tax | $ 42,472 | $ 42,472 | $ 41,582 | $ (890) |
| Delinquent tax | 900 | 900 | 1,461 | 561 |
| Commercial vehicle fees | 464 | 464 | 358 | (106) |
| Motor vehicle tax | 6,164 | 6,164 | 6,057 | (107) |
| Total Revenues | $ 50,000 | $ 50,000 | $ 49,458 | $ (542) |
| Expenditures | | | | |
| Public Safety – Fire Protection: | | | | |
| Capital outlay | $ 31,300 | $ 41,300 | $ 34,950 | $ 6,350 |
| Capital lease payment | 18,700 | 18,700 | 18,686 | 14 |
| Total Expenditures | $ 50,000 | $ 60,000 | $ 53,636 | $ 6,364 |
| Revenues over (under) Expenditures | - | $ (10,000) | $ (4,178) | $ 5,822 |
| Fund Balances, January 1 | - | 10,000 | 111,454 | 101,454 |
| Other Changes: | | | | |
| Increase or (Decrease) in Reserves: | | | | |
| Receivables | - | - | (83) | (83) |
| Fund Balances, December 31 | - | - | $107,193 | $107,193 |

CITY OF LIBERAL, KANSAS

Schedule 4-3

COMMUNICATION CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental: | | | |
| Seward County | $ 363,640 | $ 363,940 | $ 300 |
| Use of Money and Property: | | | |
| Interest | - | 142 | 142 |
| Total Revenues | $ 363,640 | $ 364,082 | $ 442 |
| Expenditures | | | |
| Public Safety: | | | |
| Personnel services | $ 773,600 | $ 741,292 | $ 32,308 |
| Operation and maintenance | 176,400 | 94,120 | 82,280 |
| Total Expenditures | $ 950,000 | $ 835,412 | $114,588 |
| Revenues over (under) Expenditures | $ (586,360) | $ (471,330) | $115,030 |
| Other Financing Sources (Uses): | | | |
| Operating transfer in | 523,860 | 523,860 | - |
| Fund Balances, January 1 | 62,500 | 280,313 | 217,813 |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Receivables and prepaid expense | - | (1,071) | (1,071) |
| Fund Balances, December 31 | - | $ 331,772 | $331,772 |

CITY OF LIBERAL, KANSAS

Schedule 4-4

EMPLOYEES' BENEFITS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Taxes: | | | |
| Ad valorem property tax | $1,726,364 | $1,687,410 | $ (38,954) |
| Delinquent tax | 50,000 | 57,571 | 7,571 |
| Commercial vehicle fees | 18,457 | 14,118 | (4,339) |
| Motor vehicle tax | 245,179 | 236,568 | (8,611) |
| Other income | - | (845) | (845) |
| Total Revenues | $2,040,000 | $1,994,822 | $ (45,178) |
| Expenditures | | | |
| Employees' Benefits | 2,040,000 | 1,796,967 | 243,033 |
| Revenues over (under) Expenditures | - | $ 197,855 | $ 197,855 |
| Fund Balances, January 1 | - | 1,080,089 | 1,080,089 |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Receivables and prepaid expense | - | 2,310 | 2,310 |
| Fund Balances, December 31 | - | $1,280,254 | $1,280,254 |

CITY OF LIBERAL, KANSAS

Schedule 4-5

SPECIAL CITY STREETS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental: | | | |
| State of Kansas – Gasoline tax | $448,120 | $ 551,507 | $ 103,387 |
| Other: | | | |
| Miscellaneous | 173,880 | 251,531 | 77,651 |
| Total Revenues | $622,000 | $ 803,038 | $ 181,038 |
| Expenditures | | | |
| Public works | 622,000 | 476,285 | 145,715 |
| Revenues over (under) Expenditures | - | $ 326,753 | $ 326,753 |
| Fund Balances, January 1 | - | 896,727 | 896,727 |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Receivables | - | 3,035 | 3,035 |
| Fund Balances, December 31 | - | $1,226,515 | $1,226,515 |

CITY OF LIBERAL, KANSAS

Schedule 4-6

SPECIAL PARKS AND RECREATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental: | | | |
| Private club liquor tax | $ 46,000 | $ 58,860 | $ 12,860 |
| Expenditures | | | |
| Public Works: | | | |
| Maintenance | 46,000 | 46,000 | - |
| Revenues over (under) Expenditures | - | $ 12,860 | $ 12,860 |
| Fund Balances, January 1 | - | 20,071 | 20,071 |
| Other Changes: | | | |
| Increase (decrease) in reserves | - | 3,188 | 3,188 |
| Fund Balances, December 31 | - | $ 36,119 | $ 36,119 |

CITY OF LIBERAL, KANSAS

Schedule 4-7

TOURISM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental: | | | |
| Local transient guest tax | $ 300,000 | $ 353,595 | $ 53,595 |
| Charges for sales and services | 14,000 | 17,122 | 3,122 |
| Total Revenues | $ 314,000 | $ 370,717 | $ 56,717 |
| Expenditures | | | |
| Community Services: | | | |
| Personnel services | $ 174,700 | $ 177,232 | $ (2,532) |
| Operations | 273,800 | 170,298 | 103,502 |
| Capital improvements | 2,500 | - | 2,500 |
| Total Expenditures | $ 451,000 | $ 347,530 | $ 103,470 |
| Revenues over (under) Expenditures | $ (137,000) | $ 23,187 | $ 160,187 |
| Other Financing Sources (Uses): | | | |
| Operating transfer (out) | (72,000) | (72,000) | - |
| Fund Balances, January 1 | 209,000 | 388,501 | 179,501 |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Receivables, prepaid expense and inventory | - | 46,435 | 46,435 |
| Fund Balances, December 31 | - | $ 386,123 | $ 386,123 |

CITY OF LIBERAL, KANSAS

Schedule 4-8

SPECIAL ALCOHOLIC TREATMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental: | | | |
| Private club liquor tax | $ 46,000 | $ 58,860 | $ 12,860 |
| Expenditures | | | |
| Health – Alcoholic Treatment: | | | |
| Contractual services | 46,000 | 11,068 | 34,932 |
| Revenues over (under) Expenditures | - | $ 47,792 | $ 47,792 |
| Fund Balances, January 1 | - | 101,684 | 101,684 |
| Other Changes: | | | |
| Increase or (decrease) in reserves | - | 3,188 | 3,188 |
| Fund Balances, December 31 | - | $152,664 | $152,664 |

CITY OF LIBERAL, KANSAS

Schedule 4-9

SPECIAL CITY BEAUTIFICATION FUND
(5% OF 1% SALES TAX)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental: | | | |
| Local sales tax | $160,000 | $226,537 | $ 66,537 |
| Use of Money and Property: | | | |
| Interest | - | 250 | 250 |
| Charges for Services: | | | |
| Tree cost sharing | 5,000 | 4,800 | (200) |
| Total Revenues | $165,000 | $231,587 | $ 66,587 |
| Expenditures | | | |
| Public works: | | | |
| Contractual services | 230,000 | 169,196 | 60,804 |
| Revenues over (under) Expenditures | $ (65,000) | $ 62,391 | $127,391 |
| Fund Balances, January 1 | 65,000 | 614,553 | 549,553 |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Receivables and prepaid expense | - | 136,711 | 136,711 |
| Fund Balances, December 31 | - | $813,655 | $813,655 |

CITY OF LIBERAL, KANSAS

Schedule 4-10

SPECIAL HOUSING FUND
(15% OF 1% SALES TAX)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental: | | | |
| Local sales tax | $ 481,000 | $ 679,612 | $ 198,612 |
| Use of Money and Property: | | | |
| Interest | 10,000 | 430 | (9,570) |
| Other: | | | |
| Miscellaneous | - | 6,875 | 6,875 |
| Total Revenues | $ 491,000 | $ 686,917 | $ 195,917 |
| Expenditures | | | |
| Urban Development & Housing: | | | |
| Project expense | 683,000 | 492,622 | 190,378 |
| Revenues over (under) Expenditures | $ (192,000) | $ 194,295 | $ 386,295 |
| Fund Balances, January 1 | 192,000 | 1,029,762 | 837,762 |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Receivables and inventory | - | 23,256 | 23,256 |
| Fund Balances, December 31 | - | $1,247,313 | $1,247,313 |

CITY OF LIBERAL, KANSAS

Schedule 4-11

SPECIAL CRIME PREVENTION DRUGS AND ALCOHOL FUND
(5% OF 1% SALES TAX)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental: | | | |
| Local sales tax | $ 160,400 | $226,537 | $ 66,137 |
| Use of Money and Property: | | | |
| Interest | 2,000 | 264 | (1,736) |
| Other: | | | |
| Miscellaneous | 600 | 950 | 350 |
| Total Revenues | $ 163,000 | $227,751 | $ 64,751 |
| Expenditures | | | |
| Public Safety: | | | |
| Program expense | 341,000 | 97,129 | 243,871 |
| Revenues over (under) Expenditures | $ (178,000) | $130,622 | $308,622 |
| Fund Balances, January 1 | 178,000 | 657,900 | 479,900 |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Receivables | - | 7,787 | 7,787 |
| Fund Balances, December 31 | - | $796,309 | $796,309 |

CITY OF LIBERAL, KANSAS

Schedule 4-12

SPECIAL ECONOMIC DEVELOPMENT FUND
(15% OF 1% SALES TAX)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental: | | | |
| Local sales tax | $ 481,000 | $ 677,852 | $ 196,852 |
| Charges for services | 22,000 | 16,570 | (5,430) |
| Use of Money and Property: | | | |
| Interest | 10,000 | 701 | (9,299) |
| Other | - | 71,600 | 71,600 |
| Grant proceeds | 429,000 | 476,671 | 47,671 |
| Total Revenues | $ 942,000 | $1,243,394 | $ 301,394 |
| Expenditures | | | |
| Economic Development: | | | |
| Project expense | 1,200,000 | 803,022 | 396,978 |
| Revenues over (under) Expenditures | $ (258,000) | $ 440,372 | $ 698,372 |
| Other Financing Sources (Uses): | | | |
| Operating transfer in (out) | - | (173,158) | (173,158) |
| Fund Balances, January 1 | 258,000 | 1,818,733 | 1,560,733 |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Receivables | - | 23,280 | 23,280 |
| Fund Balances, December 31 | - | $2,109,227 | $2,109,227 |

CITY OF LIBERAL, KANSAS

Schedule 4-13

STREET DRAINAGE AND OTHER CAPITAL IMPROVEMENTS FUND
(60% OF 1% SALES TAX)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental: | | | |
| Local sales tax | $ 1,925,000 | $2,718,449 | $ 793,449 |
| Use of Money and Property: | | | |
| Interest | 20,000 | 1,770 | (18,230) |
| Total Revenues | $ 1,945,000 | $2,720,219 | $ 775,219 |
| Expenditures | | | |
| Public Works: | | | |
| Entity's share | 2,978,000 | 2,300,717 | 677,283 |
| Revenues over (under) Expenditures | $ (1,033,000) | $ 419,502 | $1,452,502 |
| Other Financing Sources (Uses): | | | |
| Operating transfer in (out) | - | (202,822) | (202,822) |
| Fund Balances, January 1 | 1,033,000 | 3,826,512 | 2,793,512 |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Receivables | - | 92,907 | 92,907 |
| Fund Balances, December 31 | - | $4,136,099 | $4,136,099 |

CITY OF LIBERAL, KANSAS

Schedule 4-14

EDUCATIONAL SALES TAX FUND
(1/2% SALES TAX)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues1 | | | |
| Intergovernmental: | | | |
| Local sales tax | $2,100,000 | $2,276,784 | $176,784 |
| Expenditures | | | |
| Public Works: | | | |
| Administrative expenses | $ 100 | $ - | $ 100 |
| Appropriations to USD 480 | 2,099,900 | 2,100,000 | (100) |
| Total Expenditures | $2,100,000 | $2,100,000 | - |
| Revenues over (under) Expenditures | - | $ 176,784 | $176,784 |
| Fund Balances, January 1 | - | 350,419 | 350,419 |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Receivables | - | 77,641 | 77,641 |
| Fund Balances, December 31 | - | $ 604,844 | $604,844 |

CITY OF LIBERAL, KANSAS

Schedule 4-15

ECONOMIC INCENTIVES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental: | | | |
| Community Imp District (CID) | $ 300,000 | $190,403 | $ (109,597) |
| Rural Housing Inc District (RHID) | 250,000 | 74,863 | (175,137) |
| Rebate of TGT | 250,000 | 153,451 | (96,549) |
| Tax Increment Financing District | 450,000 | 237,873 | (212,127) |
| Total Revenues | $1,250,000 | $656,590 | $ (593,410) |
| Expenditures | | | |
| Economic Development: | | | |
| CID payments | $ 300,000 | $185,352 | $ 114,648 |
| RHID payments | 250,000 | 77,313 | 172,687 |
| Rebate of TGT payments | 250,000 | 151,151 | 98,849 |
| TIF payment | 450,000 | 238,586 | 211,414 |
| Total Expenditures | $1,250,000 | $652,402 | $ 597,598 |
| Revenues over (under) Expenditures | - | $ 4,188 | $ 4,188 |
| Fund Balances, January 1 | - | - | - |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Receivables | - | (1,501) | (1,501) |
| Fund Balances, December 31 | - | $ 2,687 | $ 2,687 |

CITY OF LIBERAL, KANSAS

Schedule 4-16

AIR MUSEUM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original & Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|
| Revenues | | | |
| Intergovernmental: | | | |
| Local transient guest tax | $ 30,000 | $ 30,000 | $ - |
| Charges for Services: | | | |
| Admission | 25,000 | 20,961 | (4,039) |
| Gift shop and concessions | 23,500 | 27,576 | 4,076 |
| Contributions | 2,500 | 111 | (2,389) |
| Total Revenues | $ 81,000 | $ 78,648 | $ (2,352) |
| Expenditures | | | |
| Community Services: | | | |
| Personnel services | $ 295,000 | $ 297,826 | $ (2,826) |
| Operation and maintenance | 175,000 | 139,086 | 35,914 |
| Total Expenditures | $ 470,000 | $ 436,912 | $ 33,088 |
| Revenues over (under) Expenditures | $ (389,000) | $ (358,264) | $ 30,736 |
| Other Financing Sources (Uses): | | | |
| Operating transfer in (out) | 381,000 | 381,000 | - |
| Fund Balances, January 1 | 8,000 | 180,769 | 172,769 |
| Other Changes: | | | |
| Increase or (Decrease) in Reserves: | | | |
| Receivables, inventory and prepaid expense | - | 9,598 | 9,598 |
| Fund Balances, December 31 | - | $ 213,103 | $213,103 |

CITY OF LIBERAL, KANSAS

Schedule 5

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2021

| | Improvement Projects | | | | | | |
|---|---|---|---|---|---|---|---|
| | 6 Points Pavement & Signals | South Park/ Pine Street | City Hall Construction | KC Park Project | Mahuron Park Phase 2 | McCray Park | Street Department Building |
| ASSETS | | | | | | | |
| Cash and time deposits | $138,458 | $ 16,590 | $ 35,492 | $ - | $ 14,062 | - | $ 27,311 |
| Due from other funds | - | - | - | 48,708 | - | - | - |
| Receivables/Prepaid expense | - | - | - | - | - | - | - |
| Total Assets | $138,458 | $ 16,590 | $ 35,492 | $ 48,708 | $ 14,062 | - | $ 27,311 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Bank overdraft | - | - | - | $ 48,708 | - | - | $ - |
| Vouchers payable | - | - | - | - | - | - | 234 |
| Total liabilities | - | - | - | $ 48,708 | - | - | $ 234 |
| Fund Balances | | | | | | | |
| Nonspendable for receivables/ Prepaid expense | $ - | $ - | $ - | $ 48,708 | $ - | - | $ - |
| Assigned | 138,458 | 16,590 | 35,492 | (48,708) | 14,062 | - | 27,077 |
| Total fund balances | $138,458 | $ 16,590 | $ 35,492 | - | $ 14,062 | - | $ 27,077 |
| Total Liabilities and Fund Balances | $138,458 | $ 16,590 | $ 35,492 | $ 48,708 | $ 14,062 | - | $ 27,311 |

CITY OF LIBERAL, KANSAS

Schedule 5
(Continued)

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2021

| | Improvement Projects | | | | | | |
|---|---|---|---|---|---|---|---|
| | Animal Shelter Expansion | Air Museum Rebrand | Ball Fields Project | Baseball Fields Project | Soccer Complex Project | South Kansas Avenue | Clay & Hwy 54 Lights |
| ASSETS | | | | | | | |
| Cash and time deposits | $ 25,013 | $ 36,758 | $ - | $ - | $ 44,879 | $302,125 | $146,919 |
| Due from other funds | - | - | 15,359 | 3,319 | - | - | - |
| Receivables/Prepaid expense | - | - | - | - | - | - | - |
| Total Assets | $ 25,013 | $ 36,758 | $ 15,359 | $ 3,319 | $ 44,879 | $302,125 | $146,919 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Bank overdraft | - | - | $ 15,359 | $ 3,319 | - | - | - |
| Vouchers payable | - | - | - | - | - | - | - |
| Total liabilities | - | - | $ 15,359 | $ 3,319 | - | - | - |
| Fund Balances | | | | | | | |
| Nonspendable for receivables/ Prepaid expense | $ - | $ - | $ 15,359 | $ 3,319 | $ - | $ - | $ - |
| Assigned | 25,013 | 36,758 | (15,359) | (3,319) | 44,879 | 302,125 | 146,919 |
| Total fund balances | $ 25,013 | $ 36,758 | - | - | $ 44,879 | $302,125 | $146,919 |
| Total Liabilities and Fund Balances | $ 25,013 | $ 36,758 | $ 15,359 | $ 3,319 | $ 44,879 | $302,125 | $146,919 |

CITY OF LIBERAL, KANSAS

Schedule 5
(Continued)

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2021

| | Improvement Projects | | | | | | |
|---|---|---|---|---|---|---|---|
| | New City Pool | Depot Parking Lot | West 2nd Street Project | USD 480 MacArthur Site | USD 480 Pine Site | USD 480 Smith Site | USD 480 Western Site |
| ASSETS | | | | | | | |
| Cash and time deposits | $ 220 | $ 14,911 | $1,793,878 | $ 42,122 | $ - | $ - | $ - |
| Due from other funds | - | - | - | - | - | - | - |
| Receivables/Prepaid expense | - | - | - | - | 322,487 | 18,955 | 43 |
| Total Assets | $ 220 | $ 14,911 | $1,793,878 | $ 42,122 | $322,487 | $ 18,955 | $ 43 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Bank overdraft | - | - | - | - | $322,487 | $ 18,955 | $ 43 |
| Vouchers payable | - | - | - | - | - | - | - |
| Total liabilities | - | - | - | - | $322,487 | $ 18,955 | $ 43 |
| Fund Balances | | | | | | | |
| Nonspendable for receivables/ Prepaid expense | $ - | $ - | $ - | $ - | - | - | - |
| Assigned | 220 | 14,911 | 1,793,878 | 42,122 | - | - | - |
| Total fund balances | $ 220 | $ 14,911 | $1,793,878 | $ 42,122 | - | - | - |
| Total Liabilities and Fund Balances | $ 220 | $ 14,911 | $1,793,878 | $ 42,122 | $322,487 | $ 18,955 | $ 43 |

CITY OF LIBERAL, KANSAS

Schedule 5
(Continued)

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2021

| | Improvement Projects | | | | | | |
|---|---|---|---|---|---|---|---|
| | Willow Tree Irrigation | Northeast Industrial Park | Arkalon Host Cabin | Airport Industrial Park | Recreation Center Project | Country Club Park | Total |
| ASSETS | | | | | | | |
| Cash and time deposits | $ 7,757 | $ 9,686 | $ 20,000 | $ 41,151 | $675,267 | $ 1,107 | $3,393,706 |
| Due from other funds | - | - | - | - | - | - | 67,386 |
| Receivables/Prepaid expense | - | - | - | - | - | - | 341,485 |
| Total Assets | $ 7,757 | $ 9,686 | $ 20,000 | $ 41,151 | $675,267 | $ 1,107 | $3,802,577 |
| LIABILITIES AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Bank overdraft | - | - | $ - | - | $ - | - | $ 408,871 |
| Vouchers payable | - | - | 7,400 | - | 108,354 | - | 115,988 |
| Total liabilities | - | - | $ 7,400 | - | $108,354 | - | $ 524,859 |
| Fund Balances | | | | | | | |
| Nonspendable for receivables/ Prepaid expense | $ - | $ - | $ - | $ - | $ - | $ - | $ 67,386 |
| Assigned | 7,757 | 9,686 | 12,600 | 41,151 | 566,913 | 1,107 | 3,210,332 |
| Total fund balances | $ 7,757 | $ 9,686 | $ 12,600 | $ 41,151 | $566,913 | $ 1,107 | $3,277,718 |
| Total Liabilities and Fund Balances | $ 7,757 | $ 9,686 | $ 20,000 | $ 41,151 | $675,267 | $ 1,107 | $3,802,577 |

CITY OF LIBERAL, KANSAS

Schedule 6

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS

For the year ended December 31, 2021

| | Improvement Projects | | | | | | |
|---|---|---|---|---|---|---|---|
| | 6 Points Pavement & Signals | South Park/ Pine Street | City Hall Construction | KC Park Project | Mahuron Park Phase 2 | McCray Park | Street Department Building |
| Revenues | | | | | | | |
| Entities' share | - | - | - | $ 51,886 | - | $ 2,235 | - |
| Grants: | | | | | | | |
| State of Kansas | - | - | - | 133,383 | - | - | - |
| Total Revenues | - | - | - | $185,269 | - | $ 2,235 | - |
| Expenditures | | | | | | | |
| Construction cost | - | - | - | $138,357 | $ 707 | $ 14 | $ 10,868 |
| Engineering/architect | - | - | - | 30,773 | - | 3,482 | 34,934 |
| Other | - | - | - | 183 | - | - | 108 |
| Total Expenditures | - | - | - | $169,313 | $ 707 | $ 3,496 | $ 45,910 |
| Excess or (deficiency) of Revenues over Expenditures | $ - | $ - | $ - | $ 15,956 | $ (707) | $ (1,261) | $ (45,910) |
| Fund Balances, January 1 | 138,458 | 16,590 | 35,492 | - | 14,769 | 1,261 | 72,987 |
| Other Financing Sources (Uses): | | | | | | | |
| Increase (decrease) in reserves | - | - | - | (15,956) | - | - | - |
| Fund Balances, December 31 | $138,458 | $ 16,590 | $ 35,492 | - | $ 14,062 | - | $ 27,077 |

CITY OF LIBERAL, KANSAS

Schedule 6
(Continued)

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS
For the year ended December 31, 2021

| | Improvement Projects | | | | | | |
|---|---|---|---|---|---|---|---|
| | Animal Shelter Expansion | Air Museum Rebrand | Ball Fields Project | Baseball Fields Project | Soccer Complex Project | South Kansas Avenue | Clay & Hwy 54 Lights |
| Revenues | | | | | | | |
| Entities' share | - | - | - | - | - | - | - |
| Grants: | | | | | | | |
| State of Kansas | - | - | - | - | - | - | - |
| Total Revenues | - | - | - | - | - | - | - |
| Expenditures | | | | | | | |
| Construction cost | - | - | $ 3,761 | $ 7,809 | $ 480 | - | $ 36,612 |
| Engineering/architect | - | - | 13,603 | - | - | - | 403 |
| Other | - | - | 6,867 | - | 2,144 | - | - |
| Total Expenditures | - | - | $ 24,231 | $ 7,809 | $ 2,624 | - | $ 37,015 |
| Excess or (deficiency) of Revenues over Expenditures | $ - | $ - | $ (24,231) | $ (7,809) | $ (2,624) | $ - | $ (37,015) |
| Fund Balances, January 1 | 25,013 | 36,758 | 8,872 | 4,490 | 47,503 | 302,125 | 183,934 |
| Other Financing Sources (Uses): | | | | | | | |
| Increase (decrease) in reserves | - | - | 15,359 | 3,319 | - | - | - |
| Fund Balances, December 31 | $ 25,013 | $ 36,758 | - | - | $ 44,879 | $302,125 | $146,919 |

CITY OF LIBERAL, KANSAS

Schedule 6
(Continued)

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS
For the year ended December 31, 2021

| | Improvement Projects | | | | | | |
|---|---|---|---|---|---|---|---|
| | New City Pool | Depot Parking Lot | West 2nd Street Project | USD 480 MacArthur Site | USD 480 Pine Site | USD 480 Smith Site | USD 480 Western Site |
| Revenues | | | | | | | |
| Entities' share | - | - | $ 1,300,000 | - | - | - | - |
| Grants: | | | | | | | |
| State of Kansas | - | - | - | - | - | - | - |
| Total Revenues | - | - | $ 1,300,000 | - | - | - | - |
| Expenditures | | | | | | | |
| Construction cost | - | $ 2,342 | $ 2,116,798 | - | - | - | - |
| Engineering/architect | - | - | 268,781 | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total Expenditures | - | $ 2,342 | $ 2,385,579 | - | - | - | - |
| Excess or (deficiency) of Revenues over Expenditures | $ - | $ (2,342) | $ (1,085,579) | $ - | - | - | - |
| Fund Balances, January 1 | 220 | 17,253 | 2,879,457 | 42,122 | - | - | - |
| Other Financing Sources (Uses): | | | | | | | |
| Increase (decrease) in reserves | - | - | - | - | - | - | - |
| Fund Balances, December 31 | $ 220 | $ 14,911 | $ 1,793,878 | $ 42,122 | - | - | - |

CITY OF LIBERAL, KANSAS

Schedule 6
(Continued)

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS
For the year ended December 31, 2021

| | Improvement Projects | | | | | | |
|---|---|---|---|---|---|---|---|
| | Willow Tree Irrigation | Northeast Industrial Park | Arkalon Host Cabin | Airport Industrial Park | Recreation Center Project | Country Club Park | Total |
| Revenue | | | | | | | |
| Entities' share | - | - | $ - | - | $700,000 | - | $2,054,121 |
| Grants: | | | | | | | |
| State of Kansas | - | - | 20,000 | - | - | - | 153,383 |
| Total Revenues | - | - | $ 20,000 | - | $700,000 | - | $2,207,504 |
| Expenditures | | | | | | | |
| Construction cost | $ 2,880 | - | $ 7,400 | - | $287,742 | $ 14 | $2,615,784 |
| Engineering/architect | - | - | - | - | 43,807 | - | 395,783 |
| Other | - | - | - | - | 270 | - | 9,572 |
| Total Expenditures | $ 2,880 | - | $ 7,400 | - | $331,819 | $ 14 | $3,021,139 |
| Excess or (deficiency) of Revenues over Expenditures | $ (2,880) | $ - | $ 12,600 | $ - | $368,181 | $ (14) | $ (813,635) |
| Fund Balances, January 1 | 10,637 | 9,686 | - | 41,151 | 198,732 | 1,121 | 4,088,631 |
| Other Financing Sources (Uses): | | | | | | | |
| Increase (decrease) in reserves | - | - | - | - | - | - | 2,722 |
| Fund Balances, December 31 | $ 7,757 | $ 9,686 | $ 12,600 | $ 41,151 | $566,913 | $ 1,107 | $3,277,718 |

CITY OF LIBERAL, KANSAS

Schedule 7

BOND AND INTEREST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL
For the year ended December 31, 2021

| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavor.) |
|---|---|---|---|---|
| Revenues | | | | |
| Taxes: | | | | |
| Ad valorem property tax | $116,000 | $ 116,000 | $ 113,199 | $ (2,801) |
| Delinquent tax | - | - | 536 | 536 |
| Special assessments | 64,000 | 64,000 | 79,087 | 15,087 |
| Intergovenmental: | | | | |
| Local sales tax | 36,000 | 36,000 | - | (36,000) |
| GO bond proceeds | - | - | 1,154,677 | 1,154,677 |
| Total Revenues | $216,000 | $ 216,000 | $1,347,499 | $1,131,499 |
| Expenditures | | | | |
| Bond principal | $171,500 | $ 236,500 | $ 236,424 | $ 76 |
| Interest coupons | 40,300 | 50,300 | 42,532 | 7,768 |
| Cost of issuance | - | 25,000 | 26,287 | (1,287) |
| Miscellaneous | 4,200 | 4,200 | 469 | 3,731 |
| Total Expenditures | $216,000 | $ 316,000 | $ 305,712 | $ 10,288 |
| Revenues over (under) Expenditures | - | $ (100,000) | $1,041,787 | $1,141,787 |
| Other Financing Sources (Uses): | | | | |
| Operating transfer in (out) | - | - | 218,247 | 218,247 |
| Fund Balances, January 1 | - | 100,000 | 2,257,565 | 2,157,565 |
| Fund Balances, December 31 | - | - | $3,517,599 | $3,517,599 |

CITY OF LIBERAL, KANSAS

Schedule 8

CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS – SCHEDULE BY SOURCE
December 31, 2021

| | |
|---|---|
| Governmental Funds Capital Assets: | |
| Land | $ 2,060,804 |
| Buildings | 9,428,724 |
| Structures and improvements other than buildings | 9,786,242 |
| Machinery, equipment, furniture and fixtures | 5,953,958 |
| Vehicles | 6,034,571 |
| Streets and other assets | 64,291,818 |
| Construction in progress | 22,847,185 |
| Total Governmental Funds Capital Assets | $120,403,302 |

CITY OF LIBERAL, KANSAS

Schedule 9

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
For the year ended December 31, 2021

| Function and Activity | Governmental Fund Capital Assets 01/01/21 | Additions | Reductions | Transfers | Governmental Fund Capital Assets 12/31/21 |
|---|---|---|---|---|---|
| General Government: | | | | | |
| Administration | $ 2,956,865 | $ 2,401 | $ 89,433 | - | $ 2,869,833 |
| Building inspection | 76,606 | - | 2,543 | - | 74,063 |
| Legislative | (5,195) | - | (5,195) | - | - |
| Utility billing | 736 | - | 736 | - | - |
| Finance & personnel | 35,198 | - | 3,659 | - | 31,539 |
| City Manager | 61,373 | - | - | - | 61,373 |
| Building maintenance | 5,392,284 | - | 1,172 | - | 5,391,112 |
| Data processing | 217,745 | - | 16,202 | - | 201,543 |
| Total general government | $ 8,735,612 | $ 2,401 | $ 108,550 | - | $ 8,629,463 |
| Public Safety: | | | | | |
| Police | $ 3,997,647 | $ 88,400 | $ 315,935 | - | $ 3,770,112 |
| Fire | 5,466,607 | 112,577 | 225,662 | - | 5,353,522 |
| Municipal Court | 44,145 | - | - | - | 44,145 |
| Public Safety & animal control | 153,722 | 287,786 | 3,537 | - | 437,971 |
| Communications | 51,262 | - | 24,361 | - | 26,901 |
| Total public safety | $ 9,713,383 | $ 488,763 | $ 569,495 | - | $ 9,632,651 |
| Public Works: | | | | | |
| Transportation | $ 71,786,164 | $2,482,590 | $ 21,030 | - | $ 74,247,724 |
| Engineering | 8,495 | - | 1,800 | - | 6,695 |
| Recreation | 2,129,509 | 1,112,334 | 59,810 | - | 3,182,033 |
| Arkalon | 1,262,310 | 21,412 | - | - | 1,283,722 |
| Street lighting | 5,085,299 | - | - | - | 5,085,299 |
| Airport | 2,444,563 | - | 197,982 | - | 2,246,581 |
| Total public works | $ 82,716,340 | $3,616,336 | $ 280,622 | - | $ 86,052,054 |
| Community Service: | | | | | |
| Golf course | $ 2,288,993 | $ 31,387 | $ 121,579 | - | $ 2,198,801 |
| Parks | 5,283,764 | 203,320 | 74,483 | - | 5,412,601 |
| Swimming pool | 5,995,618 | 46,367 | - | - | 6,041,985 |
| Economic development | 1,191,594 | - | 3,183 | - | 1,188,411 |
| Cemetery | 412,745 | 23,067 | 21,556 | - | 414,256 |
| Tourism | 568,564 | - | 7,411 | - | 561,153 |
| Housing | 32,720 | - | - | - | 32,720 |
| Air Museum | 187,739 | 33,293 | 45,660 | - | 175,372 |
| Beautification | 63,835 | - | - | - | 63,835 |
| Total community service | $ 16,025,572 | $ 337,434 | $ 273,872 | - | $ 16,089,134 |
| Total Governmental Funds Capital Assets | $117,190,907 | $4,444,934 | $1,232,539 | - | $120,403,302 |

CITY OF LIBERAL, KANSAS

Schedule 10

SCHEDULE OF CITY'S PROPORTIONATE SHARE
OF THE NET DEFINED PENSION PLAN LIABILITY
December 31, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| City's proportion of the net pension liability | 0.95% | 0.90% | 0.94% | 0.95% | 0.90% | 0.94% | 0.92% | 0.91% |
| City's proportionate share of the net pension liability | $10,018,386 | $12,946,321 | $10,954,223 | $10,763,172 | $10,224,914 | $10,976,242 | $8,689,338 | $7,854,394 |
| City's covered-employee payroll | 9,611,420 | 9,285,420 | 8,875,786 | 9,520,252 | 9,123,612 | 8,376,582 | 7,561,179 | 7,552,629 |
| City's proportionate share of the net pension Liability as a percentage of its covered-employee payroll | 104.23% | 139.43% | 123.42% | 113.06% | 112.07% | 131.03% | 114.92% | 104.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 79.19% | 69.25% | 75.02% | 73.52% | 72.05% | 69.22% | 73.33% | 74.35% |

CITY OF LIBERAL, KANSAS

Schedule 11

SCHEDULE OF CITY'S CONTRIBUTIONS
TO DEFINED PENSION PLAN
December 31, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 1,356,706 | $ 1,252,433 | $ 1,236,882 | $ 1,137,458 | $ 1,089,298 | $ 1,154,287 | $ 1,066,526 | $ 932,856 | $ 858,267 | $ 928,679 |
| Contributions in relation to the contractually required contribution | (1,356,706) | (1,252,433) | (1,236,882) | (1,137,458) | (1,089,298) | (1,154,287) | (1,066,526) | (932,856) | (858,267) | (928,679) |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - | - |
| City's covered-employee payroll | $ 9,611,420 | $ 9,285,420 | $ 8,875,786 | $ 9,520,252 | $ 9,123,612 | $ 8,376,582 | $ 7,561,179 | $7,552,629 | $7,906,407 | $9,255,330 |
| Contributions as a percentage of covered-employee payroll | 14.12% | 13.49% | 13.94% | 11.95% | 11.94% | 13.78% | 14.11% | 12.35% | 10.86% | 10.03% |

HAY·RICE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
CHARTERED

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# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Commission
City of Liberal, Kansas

## Report on Compliance for Each Major Federal Program

We have audited the City of Liberal, Kansas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Liberal, Kansas' major federal programs for the year ended December 31, 2021. The City of Liberal, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### *Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the City of Liberal, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with the *Kansas Municipal Audit and Accounting Guide*; auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Liberal, Kansas' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Liberal, Kansas' compliance.



Members of the American Institute and of the Kansas Society of Certified Public Accountants
Member of Private Practice Section

***Opinion on Each Major Federal Program***

In our opinion, the City of Liberal, Kansas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

**Report on Internal Control Over Compliance**

Management of the City of Liberal, Kansas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Liberal, Kansas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Liberal, Kansas' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance, that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency

in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a significant deficiency.

The City of Liberal's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Liberal's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Hay•Rice & Associates, Chartered*

Hay•Rice & Associates, Chartered

October 28, 2022

CITY OF LIBERAL, KANSAS

Schedule 12

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2021

| Federal Grantor/Pass-Through Program Title | Federal CFDA Number | Pass-Through Entity Identifying Number | Federal Grant Award | Federal Expenditures |
|---|---|---|---|---|
| U.S. Department of Transportation Federal Aviation Administration: | | | | |
| Airport Improvement Program | 20.106 | 2021 | $ 261,643 | $261,643 |
| COVID-19 Airport Improvement Program | 20.106 | COVID-19 | 52,432 | 52,432 |
| U.S. Department of Health and Human Services Passed Through Kansas Department of Commerce: | | | | |
| COVID-19 Community Development Block Grant-CV | 14.218 | COVID-19 | 77,515 | 77,515 |
| U.S. Department of Transportation Passed Through Kansas Department of Transportation: | | | | |
| State and Community Highway Safety | 20.600 | 2021 | 6,600 | 6,600 |
| Public Transportation Assistance Project | 20.509 | 2021 | 23,373 | 23,373 |
| U.S. Department of Transportation Passed Through Southwest Kansas Regional Transportation Council, Inc.: | | | | |
| Public Transportation Assistance Project | 20.509 | 2021 | 453,298 | 453,298 |
| U.S. Department of Treasury Passed Through Kansas Governor's Office: | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | COVID-19 | 1,463,064 | - |
| U.S. Department of Treasury Passed Through Seward County, Kansas: | | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | 2020 | - | 3,351 |
| U.S. Environmental Protection Agency Passed Through | | | | |
| Kansas Department of Wildlife and Parks Playground and Trial Development | 15.916 | 2021 | 27,983 | 27,983 |
| Total Expenditures of Federal Awards | | | $2,365,908 | $906,195 |

CITY OF LIBERAL, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2021

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Liberal, Kansas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Liberal, Kansas, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Liberal, Kansas.

Note B: Subrecipient Grant Agreement

There were no subrecipient agreements at December 31, 2021.

Note C: Indirect Cost Rate

The City of Liberal, Kansas has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note D: Noncash Assistance and Cumulative Endowment Funds

The City of Liberal, Kansas received no federal noncash assistance and no cumulative endowment funds for the year ended December 31, 2021.

Note E: Federal Loan or Loan Guarantee Programs

For the year 2021, the following loan was outstanding at year end:

| | |
|---|---|
| Kansas Water Pollution Control Revolving Loan Fund | $26,849,558 |

There were no loan guarantees outstanding at year end.

Note F: There was no interest subsidy received by the City of Liberal, Kansas under a federal loan or loan guarantee program.

Note G: No awards were passed through to subrecipients.

CITY OF LIBERAL, KANSAS

Schedule 13

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City of Liberal, Kansas were prepared in accordance with GAAP.

2. One significant deficiency and one material weakness relating to the audit of the financial statements is reported.

3. No instances of noncompliance material to the financial statements of the City of Liberal, Kansas were disclosed during the audit.

4. There were no significant deficiencies relating to the audit of the major federal awards that were considered material weaknesses.

5. The auditor's report on compliance for the major federal award programs for the City of Liberal, Kansas expresses an unmodified opinion.

6. There were no audit findings relative to the major federal award programs for the City of Liberal, Kansas as reported in Part C. of this schedule.

7. The programs tested as major programs include:
   Public Transportation Assistance Project CFDA #20.509

8. The threshold used for distinguishing between type A and B programs was $750,000.

9. The City of Liberal, Kansas was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS

Material Weaknesses

2021-001. Financial Statement Preparation

Condition: Controls and resources were not in place to ensure that accounting records, including records on bank reconciliations, fixed assets, and inventory, were maintained in a timely manner. This resulted in the condition that errors and inconsistencies could not be detected and addressed correctly. This also caused substantial delays in the preparation of the financial statements.

Criteria: Internal controls and resources should be in place to provide reasonable assurance that accounting records can be maintained in a timely manner.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2021

B. FINDINGS – FINANCIAL STATEMENTS (Continued)

Material Weaknesses (Continued)

Cause: Staffing shortages prevented the maintenance of accounting records in a timely manner.

Effect: Financial results and conditions could not be analyzed and errors or inconsistencies could not be detected and addressed in a timely manner.

Recommendation: Procedures should be implemented to ensure that accounting records can be maintained in a timely manner.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the recommendation and procedures are being addressed to ensure timely accounting record maintenance.

Significant Deficiencies

2021-002 Approval of Invoices

Condition: Controls were not in place to ensure that invoices were being approved for payment by department heads and/or other appropriate management personnel.

Criteria: Internal controls should be in place to provide for approval of invoices by department heads and/or other appropriate management personnel.

Cause: Turnover in upper management positions prevented proper internal controls from being implemented.

Effect: There was the possibility of improper classification due to lack of approval of invoices by department heads.

Recommendation: Procedures should be implemented to ensure that the invoices are approved by department heads and/or other management personnel.

Views of Responsible Officials and Planned Corrective Action: Management agrees with the recommendation and procedures are being addressed to ensure proper approval.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2021

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

CITY OF LIBERAL, KANSAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended December 31, 2021

Finding 2020-001. Inventory

Condition: This finding was a significant deficiency stating that there was a lack of adequate internal control over valuation of the water department's inventory.

Recommendation: The auditor recommended that procedures should be implemented that result in better recordkeeping of inventory valuation.

Current Status: The City is working on procedures to address this recommendation.

Finding 2020-002. Financial Statement Preparation

Condition: This finding was a significant deficiency stating that there was a lack of adequate internal control to prepare financial statements in a timely manner.

Recommendation: The auditor recommended that procedures should be implemented to ensure that financial statements could be prepared in a timely manner.

Current Status: The City is working on rectifying its staffing shortage.