

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Leavenworth, Kansas
For the Year Ended December 31, 2019

City of Leavenworth, Kansas

Comprehensive Annual Financial Report

Fiscal Year Ended
December 31, 2019

Prepared by:

Ruby Maline
Director of Finance

City of Leavenworth, Kansas

Comprehensive Annual Financial Report

Year Ended December 31, 2019

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Introductory Section

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June 30, 2020

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Leavenworth, Kansas (the City) for the year ended December 31, 2019. Kansas statutes require the City to issue an annual report on its financial position and activity, and that this report be audited by an independent firm of certified public accountants. The CAFR is prepared in accordance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB), accounting principles generally accepted (GAAP) in the United States of America, and audited in accordance with auditing standards generally accepted (GAAS) in the United States of America.

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

The City's financial statements have been audited by Cochran Head Vick, & Co. P.A. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City's financial statements for the fiscal year ended December 31, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The City of Leavenworth, Kansas was established in 1854 and incorporated by the first Kansas territorial legislature in 1855. The City is a legally constituted city of the First Class and the county seat of Leavenworth County. It sits on the west bank of the Missouri River approximately 28 miles northwest of Kansas City, Missouri and 45 miles northeast of Topeka, Kansas. The City has a population of 36,154 and covers an area of approximately 23.5 square miles.

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

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

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

The City provides a full range of services, including:

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

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

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

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

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

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

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

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

Factors Affecting Financial Condition

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

Local economy

The City of Leavenworth is known nationally as the home of the Leavenworth Federal Penitentiary. Several other federal institutions, including Fort Leavenworth, the Command and General Staff College of the U.S. Army, and the U.S. Disciplinary Barracks make the City an important site for governmental and military purposes. These federal institutions provide employment for nearly 1,720 civilians. The Veterans Administration—which operates a full service medical center and employs approximately 700 civilians—is another federal agency that has a significant presence in the City. Also, a privately–owned corrections facility serving the federal Marshall's Service employs approximately 230 people.

The City enjoys a strong, almost recession–proof economy, and local indicators suggest continued stability. Over recent years, population and tax base trends indicate moderate but steady growth and the City's median family income and housing values remain above those of the state as a whole. This economic stability is primarily due to the presence of the federal institutions and several large private sector firms including Hallmark Cards (employing 260 people),

Northrop Grumman, Cubic Defense Applications Group, and Armed Forces Insurance Corporation.

Long-term financial planning

The City Commission recently approved a five-year capital improvements program (2020–2024) that contains in excess of $42.5 million in identified projects. The following table identifies the spending requirements by category:

Infrastructure	
Streets	$12,790,000
Bridges	120,000
Other Infrastructure	251,146
Sidewalks, curbs, gutters	2,467,005
Sewer and stormwater	13,788,399
Equipment	4,620,965
Economic development	1,970,474
Buildings	6,244,417
Parks	284,370

To the extent possible, these projects are funded on a pay-as-you-go basis with City and Countywide sales tax proceeds or other operating sources. In fact, $17,314,369 of identified projects are funded in this manner. An additional $1,580,599 of identified projects are funded by federal and state grants for street and bridge construction.

Finally, approximately $17,490,000 of identified projects are or will be funded with long-term capital financing or short-term capital leases. It is expected that the debt service associated with bonds issued to finance these projects will have a minimal impact on the City's mill levy rates for the next five years because they are funded by revenues other than property taxes.

Financial Policies and Budgetary Initiatives

Financial policies

During 2019 minor changes were made to the purchasing policy to encourage more bidders to respond to project bids, while still maintaining compliance with purchasing laws. This was moderately successful and so other factors are under review.

During 2019 a review of the City's investment policy began. The policy will be updated and presented to the Commission during 2020 for approval.

In 2019, increased economic development activities increased significantly. These activities were facilitated by the economic development policies the Commission approved in 2017.

Budgetary Initiatives

During the 2020 budget process, the City maintained a stable mill levy which was facilitated by increases in assessed valuations and increased sales tax revenues. Additionally, the Commission approved storm water impact fee continues to have major impact on addressing issues in residential areas as well as addressing infrastructure replacement. Another initiative included in the 2020 budget was the implementation of a rental coordinator program to help address housing issues that aren't addressed by other programs.

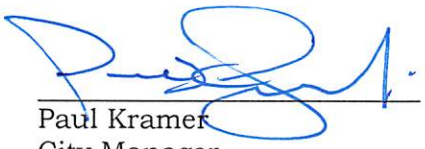
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation award for its 2020 budget. This is the second year the City has received this prestigious award. In order to be awarded this certificate, a budget must satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as a policy document, financial plan, operations guide, and communications device.

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Leavenworth for its comprehensive annual financial report in the fiscal year ended December 31, 2018. This was the 25th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

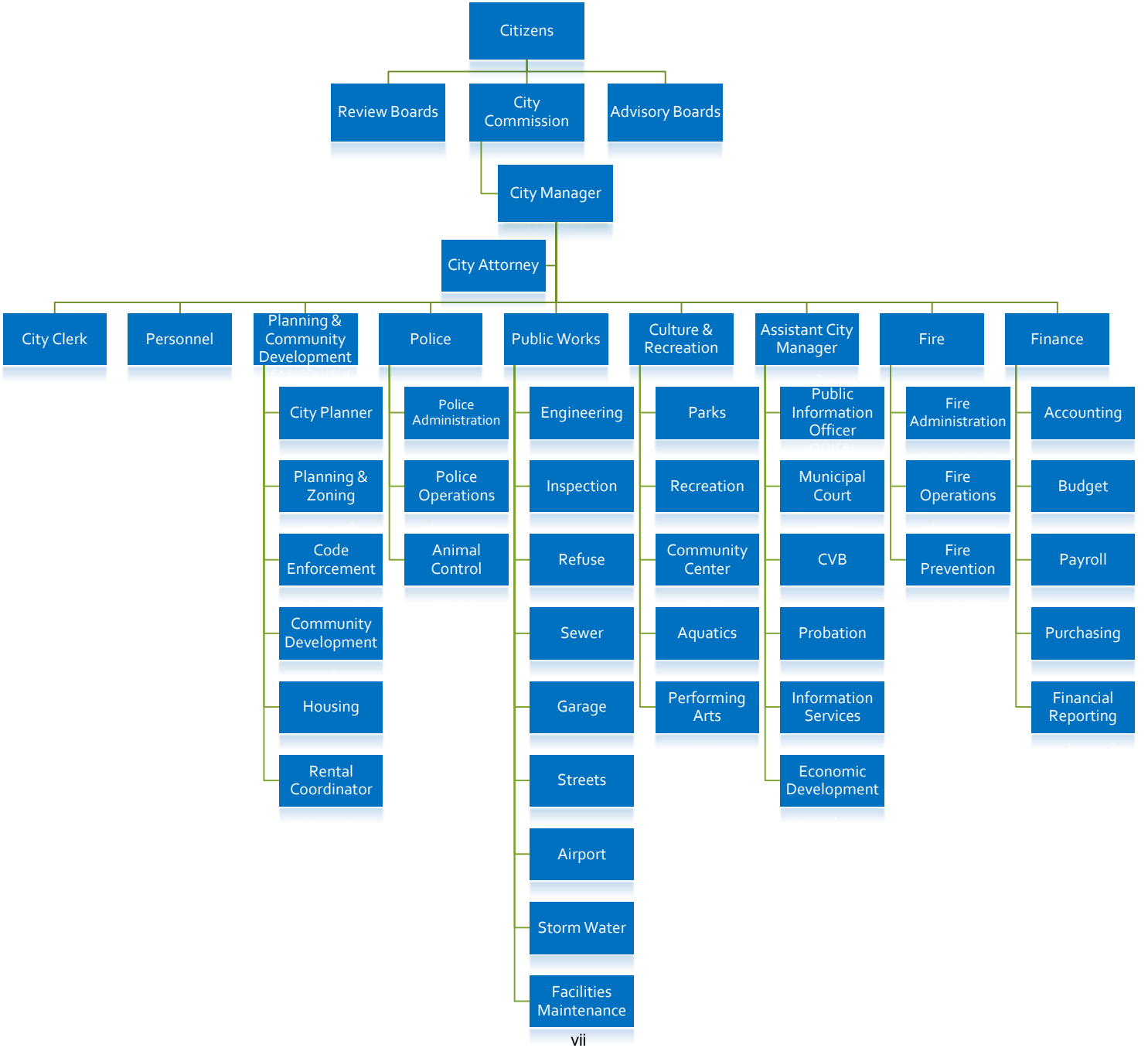


Paul Kramer
City Manager

City of Leavenworth, Kansas
List of Elected and Appointed Officials
December 31, 2019

Elected Officials	Position	Term Expires
Jermaine Wilson	Mayor	2021
Myron (Mike) Griswold	Mayor Pro Tem	2021
Camalla Leonhard	Commissioner	2023
Nancy Bauder	Commissioner	2023
Mark Preisinger	Commissioner	2021

Appointed Officials	Position	Length of Service
Paul Kramer	City Manager	4 years
David Waters	City Attorney	2 years
Taylour Tedder	Assistant City Manager	4 years
Melissa Bower	Public Information Officer	8 years
Lona Lanter	Human Resources Director	16 years
Carla Williamson	City Clerk	4 years
Ruby Maline	Finance Director	4 years
Steve Grant	Parks & Recreation Director	4 years
Michael McDonald	Public Works Director	31 years
Pat Kitchens	Police Chief	12 years
Gary Birch	Fire Chief	6 years
Julie Hurley	City Planner	5 years


Citizens
Review Boards
City Commission
Advisory Boards
City Manager
City Attorney
City Clerk
Personnel
Planning & Community Development
Police
Public Works
Culture & Recreation
Assistant City Manager
Fire
Finance
City Planner
Planning & Zoning
Code Enforcement
Community Development
Housing
Rental Coordinator
Police Administration
Police Operations
Animal Control
Engineering
Inspection
Refuse
Sewer
Garage
Streets
Airport
Storm Water
Facilities Maintenance
Parks
Recreation
Community Center
Aquatics
Performing Arts
Public Information Officer
Municipal Court
CVB
Probation
Information Services
Economic Development
Fire Administration
Fire Operations
Fire Prevention
Accounting
Budget
Payroll
Purchasing
Financial Reporting

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Leavenworth

Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morrill

Executive Director/CEO

Financial Section

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CHV & Co

COCHRAN HEAD VICK & CO., P.A.

Certified Public Accountants

7255 West 98th Terrace
Suite 100
Overland Park, KS 66212
(913) 378-1100
(913) 378-1177 FAX

Other offices in Kansas and Missouri

Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 did not audit the financial statements of the Leavenworth Public Library, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Leavenworth Public Library is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Kansas *Municipal Audit and Accounting Guide,* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the 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 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, 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 schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and related 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 schedules and 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 June 30, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cochran Head Vick & Co. P.A.

Overland Park, Kansas
June 30, 2020

Management's Discussion and Analysis

As management of the City of Leavenworth, Kansas, (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i – v of this report.

Financial Highlights

- The City's bond rating in 2019 was Aa2.

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $35,861,658 *(net position*). Implementation of the accounting changes required by GASB 75 in 2018 resulted in an increase of $1,373,451 of net pension and other post-employment liability for 2019. During 2019, the City recognized $9,185,000 of temporary notes payable for infrastructure projects. Additionally, the 2019 flood resulted in a net decrease of $89,463 in fund balance. As a result, the City has an unrestricted net position of ($23,454,522).

- The City's total net position decreased $1,718,683, or 4.6 percent, during the fiscal year.

- As of December 31, 2019, the City's governmental funds reported combined ending fund balances of $12,537,711, a decrease of $1,969,472 over the prior year.

- At the end of the current fiscal year, the fund balance of the General Fund was $5,179,512, or 27.1 percent of total General Fund expenditures. The City's Commission adopted Reserve Policy requires two months of expenditures (16.67%) as fund balance.

- The City's total bonded debt decreased $2,165,000 during the current fiscal year. General obligation bonds totaling $1,340,000 were issued for governmental activities to provide for general infrastructure improvements. However, $5,030,000 of previously existing debt for both governmental and business-type activities was retired during the year.

Overview of the Financial Statements

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

Government-wide financial statements

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

The *statement of net position* presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

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

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

The government-wide financial statements can be found on pages 17-18 of this report.

Fund financial statements

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 19-22 of this report.

The City maintains one type of ***proprietary fund***. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, storm water, and refuse operations.

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

The basic proprietary fund financial statements can be found on pages 23-25 of this report.

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

The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

The ***notes to the financial statements*** 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 28-80 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain ***required supplementary information*** concerning the City's progress in funding its obligations to provide pension and postemployment benefits to certain of its employees. Required supplementary information can be found on pages 81-89 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 90-104 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets plus deferred outflows of resources exceeded liabilities and deferred inflows of resources by $35,861,658 at the close of the current fiscal year.

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

City of Leavenworth's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	$ 29,674,008	$ 25,406,195	$ 4,875,043	$ 3.762,726	$34,549,051	$29,168,921
Capital assets	56,811,629	58,483,371	13,914,359	14,610,825	70,725,988	73,094,196
Total assets	86,485,637	83,889,556	18,789,402	18,373,551	105,275,041	102,263,117
Total deferred outflows of resources	3,529,023	3,345,872	202,190	171,782	3,731,213	3,517,654
Long-term liabilities outstanding	46,059,333	46,368,626	6,897,348	7,624,297	52,956,681	53,992,923
Other liabilities	11,528,779	5,517,039	356,672	293,700	11,885,451	5,810,739
Total liabilities	57,588,112	51,885,665	7,254,020	7,917,997	64,842,132	59,803,662
Total deferred inflows of resources	8,196,449	8,259,318	106,014	137,451	8,302,463	8,396,769
Net position:						
Net investment in capital assets	37,906,629	37,978,770	8,500,038	8,435,825	46,406,667	46,414,595
Restricted	9,777,992	8,271,727	0	0	9,777,992	8,271,727
Unrestricted	(23,454,522)	(19,160,042)	3,131,520	2,054,060	(20,323,003)	(17,105,982)
Total net position	$ 24,230,099	$ 27,090,455	$11,631,558	$10,489,885	$35,861,658	$37,580,340

An additional portion of the City's net position $9,777,992 represents resources that are subject to external restrictions on how they may be used. Further detail on these restrictions can be found on page 17.

The City's change in net position related to 2019 activities decreased $1,718,683 from the prior year. The reasons for this change are discussed in the following sections for governmental activities and business-type activities.

Governmental activities

The 2019 governmental activities decreased the City's net position $2,860,356. Key elements of the decline in the current year are as follows:

- Revenues in total were down $221,125. Of this amount, franchise fees were down by $85,925; inspections were down by $51,195; room rental and catering revenues were down by $45,721 (due to the Stone Replacement renovations taking place at the River Front Community Center during 2019;) and court fines and fees were down by $43,085. The difference is made up of an accumulation of smaller amounts of both increases and decreases.

- Revenue from all taxes, including property taxes and sales taxes, increased $1,132,452 during the year. $177,870 of increased property taxes resulted from an increase in assessed valuation and no increase in mills. Sales tax revenue increased $727,795 over 2018, with an increase of $616,750 in city sales tax; $111,045 in county wide sales tax. As mentioned above, franchise taxes decreased $85,925, due to climatic changes; motor vehicle taxes remained relatively consistent in 2019; and transient guest taxes increased $106,458. TIF taxes and special assessments remained relatively the same.

- The City implemented GASB 75 in 2018 which resulted in a reduction of governmental activities' net position of $605,473. GASB 75 is a complete change in the way governmental entities report post-employment benefits other than pensions (OPEB). The OPEB liability used to be calculated based on the shortfall of contribution to the actuarial determined amount required. The new approach recognizes the amount employees have earned and the contributions made are recognized as a funding mechanism. Implementation was required for fiscal years beginning after June 15, 2017.

- Overall, expenses increased $1,627,639 over the prior year, $165,615 is attributed to health insurance; $226,671 is related to several positions that were vacant for part of 2018 were filled for the full year in 2019; and the GIS technician, and rental coordinator positions were created and filled; benefits associated with the staffing changes also increased; $172,208 is due to the increased allocation of depreciation expense; the balance is related to capital outlay for streets, sidewalks, IT equipment, and the RFCC stone replacement project .

- General government expenses increased $1,174,792 during the year. Personnel increased by $168,634 due to the cost of living adjustments in salaries and related benefits, and insurance. Contractual services increased $420,992 related to building and grounds maintenance due to the 2019 flood, re-codification of the City's Ordinances, property and liability insurance, newly added telephone charges related to an upgrade in emergency communications technology, and the newly added City Festival; $118,882 was an increase in commodities related to IT upgrades, the balance is related to depreciation expense, IT equipment; and transfers of $146,036 and $147,392 to the Recreation and Streets Funds, respectively.

- Public safety expenses increased by $1,156,758. Of this amount, personnel costs increased by $368,029 due to increases in over time, KP&F, vacation, and sick leave payouts related to the retirement of long-time personnel, contractual services increased by $87,730 mostly due to upgrades in software maintenance upgrades; commodities are down by $160,378 due in part to reduced fuel expenses safety apparel; and the rest is related to depreciation expenses and capital outlay.

  Public works expenses remained relatively the same except for capital outlay.

  Culture and recreation expenses increased $1,501,652 over 2018. This is due to increases in vacation and sick leave payouts to retiring employees ($26,805); depreciation expense ($1,177,786); and $30,289 of capital outlay.

Community and economic development expenses decreased $1,691,109 due to the addition of the rental coordinator function, increased landscaping activities at the Business & Technology Park, and increased TIF activities.

Housing and urban redevelopment expenses decreased $275,304 over the prior year due to the reduction Section 8 expenditures ($89,675); a $19,481 reduction of Blight refunds; and various other items of smaller amounts.

City of Leavenworth's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue:						
Program revenue:						
Charges for services	$3,949,688	$4,932,697	$7,929,432	$7,935,155	$11,879,120	$12,867,852
Operating grants and Contributions	3,505,040	3,595,712	-	-	3,505,040	3,595,712
Capital grants and contributions	482,388	1,416,286	143,171	396,881	625,559	1,813,167
General revenue:						
Property taxes	5,616,906	5,439,036	-	-	5,616,906	5,439,036
Other taxes	19,203,677	18,249,095	-	-	19,203,677	18,249,095
Miscellaneous	1,061,489	565,149	99,285	15,147	1,160,774	580,296
Unrestricted investment earnings	370,343	212,681	-	-	370,343	212,681
Total revenue	34,189,531	34,410,656	8,171,888	8,347,183	42,361,419	42,757,839
Expenses:						
General government	4,595,355	3,420,563	-	-	4,595,355	3,420,563
Public safety	13,470,550	12,313,792	-	-	13,470,550	12,313,792
Public works	9,370,447	8,134,057	-	-	9,370,447	8,134,057
Culture and recreation	4,309,317	2,807,665	-	-	4,309,317	2,807,665
Housing and urban Redevelopment	2,753,076	2,477,772	-	-	2,753,076	2,477,772
Community and economic Development	1,759,370	3,450,479	-	-	1,759,370	3,450,479
Unallocated depreciation expense	98,042	2,014,075	-	-	98,042	2,014,075
Interest on long-term debt	693,730	582,720	-	-	693,730	582,720
Sewer	-	-	4,903,799	4,480,655	4,903,799	4,480,655
Stormwater	-	-	240,036	3,172	240,036	3,172
Refuse	-	-	1,886,380	1,934,057	1,886,380	1,897,474
Total expenses	37,049,887	35,201,123	7,030,215	6,417,884	44,080,102	39,459,095
Change in net position	(2,860,356)	(790,467)	1,141,673	1,929,300	(1,718,683)	1,138,833
Net position – beginning	27,090,455	37,469,164	10,489,885	8,659,301	37,580,340	46,128,465
Prior period adjustment	-	(9,588,242)	-	(98,716)	-	(9,686,958)
Net position – ending	$24,230,099	$27,090,455	$11,631,558	$10,489,885	$35,861,657	$37,580,340

Business-type activities

The 2019 Business-type activities increased the City's net position by $1,141,673. Key elements of this increase are as follows:

- Sewer Fund revenue increased $13,146, from the prior year due primarily to a 6% increase in the sewer utility rate initiated at the beginning of the year. This rate increase generated an additional $150,646 and was enacted to accommodate normal inflationary cost increases and capital outlay. The V.A. (Veteran's Hospital) implemented some conservation efficiencies which resulted in a decline in revenues of $32,412. The City also recognized a decline in revenues of $68,406 related to the USP (United States Penitentiary).

- The Sewer Fund ended the year with a decrease in net position of $298,032. This was due to an increase of $79,170 in personnel costs related to increased overtime due to the flood and an increase in health insurance. Contractual services expenses decreased $153,874. Of this amount $109,730 was due to a decrease in sewer repairs and maintenance; $16,538 was due a decrease in vehicle repairs and maintenance; $118,140 was due to a decrease in equipment repairs and maintenance. Electricity increased, property and liability insurance increased, and buildings and grounds maintenance increased. Commodities increased by $43,259 due to an investment in non-capital equipment. Non-capital equipment is defined as equipment that does not exceed a $5,000 threshold. In 2019, the City implemented some IT system upgrades including wireless connectivity in city facilities. Depreciation expense increased $552,225.

- The Refuse Fund increased the City's net position by $298,969. Refuse Fund revenue increased $150,594, due to an 8% increase in refuse rates. Rates were increased to compensate for increased costs of landfill expenses and to replace equipment that had been deferred during the Great Recession. Refuse Fund expenses decreased $43,310, due primarily to a $30,538 decrease in landfill fees. The City requested a bid for landfill services and was able to recognize a significant savings even though there was increased tonnage. Personnel costs increased related to overtime from the flood, health insurance rate increase, and benefits related to the implementation of the compensation plan. Contractual services decreased $79,866 due to a reduction in administration and supervision fees. Commodities increased by $15,377 due to increased fuel expenses related to the change in travel distance to the landfill. The City provides free trash bags to the residence twice a year. The cost of providing those trash bags decreased by $10,422. Depreciation expense was $46,193, a decrease of $17,810.

- In 2018, the Commission implemented a storm water impact fee that became effective for 2019. The fee is to provide a funding mechanism to pay for deferred maintenance on the City's storm drainage system. The first priority is to address issues that cause problems on residential properties. The City hired a GIS technician to assist in the implementation of this program. The fee generated $1,237,601 in revenues for 2019. Program expenses for 2019 were $240,036. The Storm Water fund increased the City's net position by $1,140,736.

Financial Analysis of the Government's Funds

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

Governmental funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $12,537,711, a decrease of $1,969,472 over the prior year. Of this amount (-$2,376,868) constitutes *unassigned fund balance,* which, if positive, would be available for spending at the City's discretion. The remainder of the fund balance is either *restricted*, *committed*, or *assigned* to indicate that it is 1) restricted for particular purposes ($9,777,992), 2) committed for particular purposes ($5,109,580), or 3) assigned for particular purposes ($27,007). The negative unassigned fund balance is related to capital outlay and the recognition of $9,185,000 in liability from the Bond Anticipation notes issued for infrastructure projects.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the General Fund was $5,179,512. All but $27,007 of this amount ($5,152,505) is designated as unassigned fund balance, which is available for spending at the City's discretion. The $27,007 of total fund balance is designated as assigned to reflect amounts intended to be used by the City for the liquidation of an encumbrance.

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26.9 percent of total General Fund expenditures, while total fund balance represents 27.1 percent of total General Fund expenditures.

The fund balance of the City's General Fund decreased $724,208 to $5,179,512 during the current fiscal year. Revenue from property, sales, franchise, and special assessment taxes increased $1,132,452 from the prior year and total expenses increased $1,848,764 for reasons that are highlighted in the analysis of governmental activities. Transfers to other funds increased $139,297. This was attributed to transferring: $147,392 to subsidize the Streets fund; and $146,036 to subsidize the Recreation Fund.

The Debt Service Fund had a restricted fund balance of $361,513 at the end of the current year, staying the same as the prior year. Revenue increased $24,626 and debt service expenditures increased $12,945 from the prior year. Finally, transfers from other funds decreased $57,554 due to the reduction of liabilities funded by the project funds.

At the end of the year, the fund balance of the Capital Projects Fund was ($2,419,793), a decrease of $2,216,007 from the prior year. Several factors contributed to this decrease:

- Total revenue decreased $367,217 during the year. Revenues from temporary notes issued increased $6,040,000 for the reconstruction of Thornton Street and the rehabilitation of 10th Avenue.
- Total capital outlay expenditures decreased $204,940 due to the completion of the Riverfront Community Center Stone Replacement project.

Proprietary funds

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

The unrestricted net position of the Sewer Fund at the end of the year was $1,053,520, the Storm Water Fund unrestricted net position was $2,133,127 and the Refuse Fund was ($55,127). In comparison with the prior year, unrestricted net position for the Sewer Fund increased $124,101 while unrestricted net position for the Refuse Fund increased $200,419. The Storm Water Fund unrestricted net position increased by $752,940. Factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's final General Fund budget did not differ from the original budget since the budget was not amended during fiscal year 2019. During the year, revenues were $102,015 more than budgetary estimates due to:

- Revenue from tax sources were $134,931, less than budgetary expectations. Ad valorem taxes were lower by $102,538. For transparency purposes, total ad valorem taxes were budgeted, including refunds to NRA districts and TIF districts. A corresponding expense related to these revenues was also budgeted. Delinquent tax collections were lower by $24,085. Motor Vehicle taxes exceeded expectations by $36,069.

- Sales tax revenue budgeted in the General Fund were higher by $25,392. This is related to increased sales. Franchise tax revenues were lower than expectations by $77,210.

- Intergovernmental revenues were higher than expectations by $23,700.

- Revenue from licenses and permits were $94,379 greater than budgetary expectations as inspections and remodeling permits exceeded expectations.

- Revenue from charges for services were $75,305 lower than budgetary expectations due to lower administrative fees from TIF activities and reduce administration and supervision fees from Refuse Fund.

- Revenue from fines and forfeitures were $101,458 below budgetary expectations due to decreased revenue from Municipal Court fines, however this would have been lower except that two traffic officers were placed in service in the last quarter of the year and traffic citations processed by the Police Department increased.

- Miscellaneous revenue were $26,899 over budgetary expectations, however investment income exceeded expectations by $268,731. Other budgeted items came in lower than budgetary expectations.

During the year, expenditures were $3,217,323 less than budgetary estimates due to:

- General Government expenditures were $2,983,099 below budgetary expectations due to personnel decreases of $32,055 due to turnover; IT expenses related to the upgrades to several programs and software maintenance were higher (56,225), Liability insurance was higher by $16,146; other contractual services were lower by $110,023; commodities were $16,891 more, related to the IT upgrades; IT equipment was higher by $126,367. Transfers to the TIF funds were lower $279,746, but transfers to the Recreation Fund and Street Fund were higher by $113,428.

- Public Safety expenditures were $244,537 less than anticipated due to personnel costs being below budget by $209,178 and fuel expenses were lower by $49,478. Other expenses were below budget as well.

- Culture and recreation expenditures were $47,197 under budgetary expectations in part because the camp ground was closed all year due to the flood. Personnel costs were also down in spite of increased over time related to the flood.

- Public works expenditures were $7,539 below budgetary expectations. Personnel expenditures were $125,065 lower than anticipated due to employee turnover and the additional engineer position wasn't filled; vehicle repairs and maintenance were over budget by $20,224; equipment maintenance and repair was over by $16,784; commodities were over budget by $9,862.

- During 2019, community and economic development activities were separated from general government activities in order to provide better transparency. The activities included in this function include planning, economic development, TIF related activities. The community and economic development activities for the General Fund are related to Planning. The Community and Economic Development function was $24,554 lower than budgeted.

As mentioned earlier, transfers to other funds were $111,093 under budgetary expectations during the year due subsidies to the Recreation Fund and the Street Fund. While their expenditures did not exceed their budgetary authority, they did exceed revenues.

During the year, revenue was less than budgetary estimates and expenditures were less than budgetary estimates, and fund balance was decreased by $751,215 on a budgetary basis.

Capital Asset and Debt Administration

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2019, amounts to $70,725,988 (net of accumulated depreciation). The Commission approved revisions to the City's capital asset policy which redefined the thresh-hold for capitalizing asset purchases. The new policy establishes the GFOA recommended $5,000 minimum for capitalizing assets.

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

- Numerous street and bridge reconstruction projects were completed at a cost of $3,398,044, including the completion of 10th Ave, while several projects continued. Construction in progress for such projects as of the close of the fiscal year had reached $4,917,397 for streets including the beginning of construction on Thornton Street.

- The River Front Community center stone replacement –phase IV, which began in 2018 was completed in 2019 for a total of $769,544.

- Renovations to Stubby Park began in 2019. The project is comprehensive and will be completed in phases. It includes major storm water construction as well as updated and additional playground equipment. The current phase of the project is expected to be completed in 2020.

Additional information on the City of Leavenworth's capital assets can be found in note 4.B on pages 43-45 of this report.

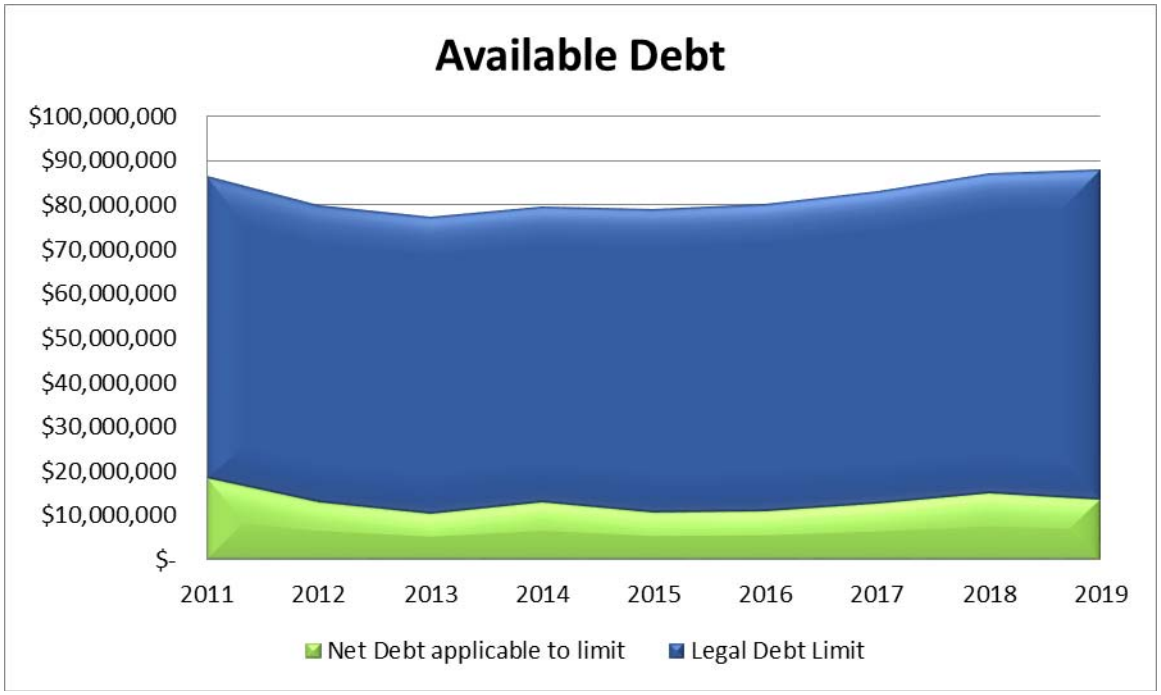
Long-term debt

At the end of the year, the City had total bonded debt outstanding of $24,705,000, all of which is debt backed by the full faith and credit of the City. Of this amount, $19,545,000 relates to governmental activities while $5,160,000 relates to business-type activities.

The City's total bonded debt decreased $2,165,000 during the current fiscal year. General obligation bonds totaling $1,340,000 were issued for governmental activities to provide permanent financing for general infrastructure. However, $3,505,000 of previously existing debt for governmental and business-type activities was retired during the year.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 30 percent of its total equalized assessed valuation. The current debt limit for the City is $74,499,282, which is significantly in excess of the City's outstanding general obligation debt.



Additional information on the City's long-term debt can be found in Note 4.D on pages 47-50 of this report.

Economic Factors and Next Year's Budgets and Rates

The change with the most impact for 2019 was anticipated to be from the tax lid law. However, the Commission decided to keep the mill levy flat and with the 2.5% net increase in assessed valuations, exclusions allowed by the law, and the consumer price index (CPI) adjustment of 1.4% allowed by the State, the City was able to maintain the current level of services and stay within the limitations of the law.

The NRA tax refunds were approximately $87,364. TIF related property tax refunds are anticipated to be $149,764.

It was anticipated that the City's portion of County Wide sales and use tax would increase in 2019 by 3.5%; however, the end result was a 3.6% increase for sales tax and 9.4% for County Wide sales tax. The City's portion of County Wide sales tax was budgeted to increase by 3.6% for 2020.

Franchise revenues were budgeted to increase by 5.0% in 2020, however 2019 actuals came in lower than 2018 actuals.

During 2019, current economic development activities and new housing addition currently under construction will have a direct impact on the 2020 budget. The full economic impact cannot be quantified at present.

In 2019, the Commission approved a Storm Water impact fee for the City to address deferred maintenance of the storm water system. It generated $1.2m with which to address the identified projects. Additionally, the Refuse rates were increased 6.0% to accommodate equipment replacement and Sewer rates were increased 8.0% to keep pace with increased repair and maintenance of the sewer infrastructure.

The 2020 budget was created based on Commission established goals and priorities, with increased spending in Public Safety personnel, blight removal, creating a rental coordinator, increased funding for pavement management, phased implementation of the results of the 2018 compensation study.

The 2020 compensation plan for employees will include a 2.25% COLA allocated at mid-year. Health insurance benefits rates increased by 7.77% for 2020.

In summary, the approved 2020 budget levies a slightly lower mill levy than was established in the 2019 budget for City operations. The 2020 budgeted mill is at 31.728 mills.

Subsequent to the adoption of the 2020 budget, we, as every other city in the United States, are faced with the economic uncertainty related to the COVID-19 pandemic. As a result the budgetary estimates used to develop the 2020 budget may no longer be relevant. The City has yet to quantify the full impact on the current year or the upcoming fiscal year.

Additionally, the Bureau of Prisons has announced its intent to construct a new medium-security prison on federally owned property beginning in 2021. While the project is estimated to be approximately $360,000,000, the long-term financial impact on the City has yet to be determined.

Requests for Information

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

Basic Financial Statements

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City of Leavenworth, Kansas
Statement of Net Position
December 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Library
ASSETS				
Cash and cash equivalents	$ 18,299,821	$ 2,766,175	$ 21,065,996	$ 1,232,566
Cash in escrow	804,895	-	804,895	-
Deposits restricted for tenant deposit refunds	32,138	-	32,138	-
Receivables (net of uncollectibles)				
Property tax	5,687,103	-	5,687,103	1,039,520
Special assessment tax	173,779	-	173,779	-
Sales tax	2,715,560	-	2,715,560	-
Interest receivable	77,646	-	77,646	-
Due from other governments	156,313	-	156,313	-
Due from other funds	-	-	-	-
Accounts receivable	466,353	2,108,868	2,575,221	-
Assets held for resale	1,260,400	-	1,260,400	-
Capital assets (net of accumulated depreciation)				
Land	2,865,144	58,634	2,923,778	-
Buildings	7,273,022	2,958,565	10,231,587	-
Improvements other than buildings	7,505,022	5,533,147	13,038,169	-
Machinery and equipment	4,351,607	1,175,091	5,526,698	730,978
Infrastructure	30,337,161	2,499,945	32,837,106	-
Construction in progress	4,479,673	1,688,977	6,168,650	-
Total assets	86,485,637	18,789,402	105,275,039	3,003,064
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related	724,851	66,689	791,540	-
Pension related	2,804,172	135,501	2,939,673	56,056
Total deferred outflows of resources	3,529,023	202,190	3,731,213	56,056
LIABILITIES				
Accounts payable	989,547	204,417	1,193,964	10,107
Retainage payable	-	25,627	25,627	-
Unearned revenues	84,142	-	84,142	-
Other liabilities	217,809	-	217,809	-
Accrued compensation	766,779	75,273	842,052	-
Accrued interest payable	253,364	51,355	304,719	-
Tenant deposits	32,138	-	32,138	-
Bond anticipation notes payable	9,185,000	-	9,185,000	-
Long-term liabilities:				
Due within one year	3,143,454	809,360	3,952,814	-
Due in more than one year	42,915,879	6,087,988	49,003,867	478,279
Total liabilities	57,588,112	7,254,020	64,842,132	488,386
DEFERRED INFLOWS OF RESOURCES				
OPEB related	1,565,162	52,403	1,617,565	-
Pension related	944,184	53,611	997,795	17,663
Property taxies levied for a subsequent period	5,687,103	-	5,687,103	1,039,520
Total deferred inflows of resources	8,196,449	106,014	8,302,463	1,057,183
NET POSITION				
Net investment in capital assets	37,906,629	8,500,038	46,406,667	730,978
Restricted for:				
Capital improvements	3,413,731	-	3,413,731	-
Tax increment financing	730,860	-	730,860	-
Street maintenance	646,343	-	646,343	-
Law enforcement	145,174	-	145,174	-
Recreation programs	34,392	-	34,392	-
Housing services	1,399,478	-	1,399,478	-
General obligation debt	361,513	-	361,513	-
Probation	100,067	-	100,067	-
Economic Development	2,544,195	-	2,544,195	-
Tourism and convention activities	402,239	-	402,239	-
Unrestricted	(23,454,522)	3,131,520	(20,323,002)	782,573
Total net position	$ 24,230,099	$ 11,631,558	$ 35,861,657	$ 1,513,551

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

City of Leavenworth, Kansas
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit: Library
Primary government:								
Governmental activities								
General government	$ 4,595,355	$ 1,406,942	$ 222,200	$ -	$ (2,966,213)	$ -	$ (2,966,213)	$ -
Public safety	13,470,550	199,487	16,621	-	(13,254,442)	-	(13,254,442)	-
Public works	9,370,447	1,139,509	1,091,428	-	(7,139,510)	-	(7,139,510)	-
Culture and recreation	4,309,317	629,319	82,809	450,000	(3,147,189)	-	(3,147,189)	-
Housing and urban redevelopment	2,753,076	557,736	2,091,982	32,388	(70,970)	-	(70,970)	-
Community and economic development	1,759,370	16,695	-	-	(1,742,675)	-	(1,742,675)	
Unallocated depreciation expense	98,042	-	-	-	(98,042)	-	(98,042)	-
Interest on long term debt	693,730	-	-	-	(693,730)	-	(693,730)	-
Total governmental activities	37,049,887	3,949,688	3,505,040	482,388	(29,112,771)	-	(29,112,771)	-
Business-type activities:								
Sewer	4,903,799	4,527,020	-	-	-	(376,779)	(376,779)	-
Stormwater	240,036	1,237,601	-	143,171	-	1,140,736	1,140,736	-
Refuse	1,886,380	2,164,811	-	-	-	278,431	278,431	-
Total business-type activities	7,030,215	7,929,432	-	143,171	-	1,042,388	1,042,388	-
Total primary government	$ 44,080,102	$ 11,879,120	$ 3,505,040	$ 625,559	(29,112,771)	1,042,388	(28,070,383)	-
Component unit:								
Library	$ 1,331,766	$ 19,374	$ 27,031	$ -	-	-	-	(1,285,361)
Total component unit	$ 1,331,766	$ 19,374	$ 27,031	$ -	-	-	-	(1,285,361)
General revenues:								
Taxes:								
Property taxes					5,616,906	-	5,616,906	-
Tax increment property taxes					307,085	-	307,085	-
Sales taxes					13,785,645	-	13,785,645	-
Tax increment sales taxes					1,028,373	-	1,028,373	-
Franchise taxes					2,794,211	-	2,794,211	-
Motor vehicle taxes					767,641	-	767,641	-
Transient guest tax					520,722	-	520,722	-
Intergovernmental revenue not restricted to specific programs					-	-	-	1,254,274
Miscellaneous					1,061,489	99,285	1,160,774	40,093
Unrestricted investment earnings					370,343	-	370,343	59,374
Total general revenues					26,252,415	99,285	26,351,700	1,353,741
Change in net position					(2,860,356)	1,141,673	(1,718,683)	68,380
Total net position - beginning					27,090,455	10,489,885	37,580,340	1,445,171
Total net position - ending					$ 24,230,099	$ 11,631,558	$ 35,861,657	$ 1,513,551

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

City of Leavenworth, Kansas
Balance Sheet
Governmental Funds
For the Year Ended December 31, 2019

	General	Debt Service	Capital Projects	NonMajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 3,986,362	$ 361,513	$ 7,403,558	$ 6,548,388	$ 18,299,821
Cash in escrow	-	-	-	804,895	804,895
Tenant deposits	-	-	-	32,138	32,138
Receivables (net of uncollectibles)					
Property tax	3,603,162	1,643,460	-	440,481	5,687,103
Special assessments	161,628	12,151	-	-	173,779
Sales tax	1,598,352	-	-	1,117,208	2,715,560
Interest receivable	76,991	-	36	619	77,646
Due from other governments	-	-	105,887	50,426	156,313
Due from other funds	33,406	-	-	-	33,406
Accounts receivable	422,796	-	14,201	29,356	466,353
Assets held for resale	-	-	-	1,260,400	1,260,400
Total assets	9,882,697	2,017,124	7,523,682	10,283,911	29,707,414
LIABILITIES					
Liabilities:					
Accounts payable	265,707	-	554,975	168,865	989,547
Accrued compensation	658,379	-	-	108,400	766,779
Due to other funds	-	-	-	33,406	33,406
Bond anticipation notes payable	-	-	9,185,000	-	9,185,000
Other liabilities	14,309	-	203,500	-	217,809
Tenant deposits	-	-	-	32,138	32,138
Unearned revenues	-	-	-	84,142	84,142
Total liabilities	938,395	-	9,943,475	426,951	11,308,821
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	3,603,162	1,643,460	-	440,481	5,687,103
Unavailable revenues - special assessments	161,628	12,151	-	-	173,779
Total deferred inflows of resources	3,764,790	1,655,611	-	440,481	5,860,882
FUND BALANCES					
Restricted	-	361,513	-	9,416,479	9,777,992
Committed	-	-	5,109,580	-	5,109,580
Assigned	27,007	-	-	-	27,007
Unassigned	5,152,505	-	(7,529,373)	-	(2,376,868)
Total fund balances	5,179,512	361,513	(2,419,793)	9,416,479	12,537,711
Total liabilities, deferred inflows of resources, and fund balances	$ 9,882,697	$ 2,017,124	$ 7,523,682	$ 10,283,911	$ 29,707,414

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	56,811,629
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds	173,779
Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore are not reported in the funds.	3,529,023
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(46,312,697)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore are not reported in the funds.	(2,509,346)
Net position of governmental activities	$ 24,230,099

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

City of Leavenworth, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General	Debt Service	Capital Projects	NonMajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 15,299,536	$ 1,896,131	$ -	$ 7,624,916	$ 24,820,583
Intergovernmental	140,850	-	482,730	3,364,190	3,987,770
Licenses and permits	494,874	-	-	-	494,874
Charges for services	1,530,414	-	18,627	1,332,231	2,881,272
Fines and forfeitures	573,542	-	-	-	573,542
Investment earnings	361,731	-	152	8,460	370,343
Miscellaneous	264,931	-	49,309	538,724	852,964
Total revenues	18,665,878	1,896,131	550,818	12,868,521	33,981,348
EXPENDITURES					
Current:					
General government	3,304,944	-	72,751	778,128	4,155,823
Public safety	12,109,190	-	-	30,820	12,140,010
Public works	2,502,680	-	4,752,960	1,274,824	8,530,464
Culture and recreation	860,894	-	784,222	1,656,693	3,301,809
Housing and urban redevelopment	-	-	58,676	2,613,710	2,672,386
Community and economic development	199,803	-	-	1,556,128	1,755,931
Debt service:					
Principal retirement	-	2,780,000	159,601	85,000	3,024,601
Interest and fiscal charges	-	519,713	191,066	12,590	723,369
Capital outlay	126,908	-	-	1,137,615	1,264,523
Total expenditures	19,104,419	3,299,713	6,019,276	9,145,508	37,568,916
Excess (deficiency) of revenues over (under) expenditures	(438,541)	(1,403,582)	(5,468,458)	3,723,013	(3,587,568)
OTHER FINANCING SOURCES (USES)					
Insurance Proceeds	4,555	-	150,992	14,983	170,530
Sale of capital assets	10	-	-	37,985	37,995
General obligation bonds issued	-	-	1,340,000	-	1,340,000
Bond premium	-	-	69,571	-	69,571
Transfers in	3,196	1,403,582	2,123,079	682,552	4,212,409
Transfers out	(293,428)	-	(431,191)	(3,487,790)	(4,212,409)
Total - other financing sources (uses)	(285,667)	1,403,582	3,252,451	(2,752,270)	1,618,096
Net change in fund balances	(724,208)	-	(2,216,007)	970,743	(1,969,472)
Fund balances - beginning	5,903,720	361,513	(203,786)	8,445,736	14,507,183
Fund balances - ending	$ 5,179,512	$ 361,513	$ (2,419,793)	$ 9,416,479	$ 12,537,711

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

City of Leavenworth, Kansas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Funds Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2019

Amounts reported for governmental activities are different because:

Net change in fund balances - total governmental funds	$	(1,969,472)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		(1,671,742)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(342)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,644,669
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		(863,469)
Change in net position of governmental activities	$	(2,860,356)

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

City of Leavenworth, Kansas
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 15,434,467	$ 15,434,467	$ 15,299,536	$ (134,931)
Intergovernmental	117,150	117,150	140,850	23,700
Licenses and permits	400,495	400,495	494,874	94,379
Charges for services	1,605,719	1,605,719	1,530,414	(75,305)
Fines and forfeitures	675,000	675,000	573,542	(101,458)
Investment earnings	93,000	93,000	361,731	268,731
Miscellaneous	238,042	238,042	264,931	26,889
Total revenues	18,563,873	18,563,873	18,665,878	102,005
EXPENDITURES				
Current:				
General government	6,315,050	6,315,050	3,331,951	2,983,099
Public safety	12,351,921	12,353,727	12,109,190	244,537
Public works	2,510,219	2,510,219	2,502,680	7,539
Culture and recreation	908,091	908,091	860,894	47,197
Community and economic development	224,357	224,357	199,803	24,554
Capital outlay	37,305	37,305	126,908	(89,603)
Total expenditures	22,346,943	22,348,749	19,131,426	3,217,323
Excess of revenues over expenditures	(3,783,070)	(3,784,876)	(465,548)	3,319,328
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	4,555	4,555
Sale of capital assets	-	-	10	10
Transfers in	94,690	94,690	3,196	(91,494)
Transfers out	(404,521)	(404,521)	(293,428)	111,093
Total - other financing sources (uses)	(309,831)	(309,831)	(285,667)	24,164
Net change in fund balances	(4,092,901)	(4,094,707)	(751,215)	3,343,492
Fund balances - beginning	4,092,901	4,092,901	5,901,914	1,809,013
Current year encumbrances	-	-	27,007	27,007
Prior year encumbrances relieved	-	-	1,806	1,806
Fund balances - ending	$ -	$ (1,806)	$ 5,179,512	$ 5,181,318

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

City of Leavenworth, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-type Activities - Enterprise Funds			
ASSETS	**Sewer**	**Storm Water**	**Refuse**	**Total**
Current assets:				
Cash and cash equivalents	$ 1,465,870	$ 849,460	$ 450,845	$ 2,766,175
Accounts receivable	565,196	1,294,563	249,109	2,108,868
Total current assets	2,031,066	2,144,023	699,954	4,875,043
Noncurrent assets:				
Capital assets:				
Land	14,000	-	44,634	58,634
Buildings	17,054,789	-	6,575	17,061,364
Improvements other than buildings	12,512,479	-	37,440	12,549,919
Machinery and equipment	2,601,649	-	1,225,790	3,827,439
Infrastructure	2,536,840	389,591	-	2,926,431
Construction in progress	1,659,068	29,909	-	1,688,977
Less accumulated depreciation	(23,345,080)	(7,998)	(845,327)	(24,198,405)
Total capital assets (net of accumulated depreciation)	13,033,745	411,502	469,112	13,914,359
Total noncurrent assets	13,033,745	411,502	469,112	13,914,359
Total assets	15,064,811	2,555,525	1,169,066	18,789,402
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related	39,978	-	26,711	66,689
Pension related	78,952	-	56,549	135,501
Total deferred outflows of resources	118,930	-	83,260	202,190
LIABILITIES				
Current liabilities:				
Accounts payable	166,400	8,701	29,316	204,417
Retainage payable	25,627	-	-	25,627
Accrued compensation	39,105	1,914	34,254	75,273
Accrued compensated absences	5,827	119	5,946	19,410
Accrued interest payable	37,777	-	-	37,777
Capital lease payable	124,950	-	-	124,950
Capital lease interest payable	13,578	-	-	13,578
Bonds payable	650,000	-	-	650,000
Accrued landfill closure/postclosure care costs	-	-	15,000	15,000
Total current liabilities	1,063,264	10,734	84,516	1,166,032
Noncurrent liabilities:				
Accrued compensated absences	72,298	162	41,892	106,834
Other post-employment benefits	209,077	-	100,311	309,388
Net pension liability	459,565	-	394,656	854,221
Capital lease payable	129,371	-	-	129,371
Bonds payable	4,510,000	-	-	4,510,000
Accrued landfill closure/postclosure care costs	-	-	178,174	178,174
Total noncurrent liabilities	5,380,311	162	715,033	6,087,988
Total liabilities	6,443,575	10,896	799,549	7,254,020
DEFERRED INFLOWS OF RESOURCES				
OPEB related	37,187	-	15,216	52,403
Pensions related	30,035	-	23,576	53,611
Total deferred inflows of resources	67,222	-	38,792	106,014
NET POSITION				
Net investment in capital assets	7,619,424	411,502	469,112	8,500,038
Unrestricted	1,053,520	2,133,127	(55,127)	3,131,520
Total net position	$ 8,672,944	$ 2,544,629	$ 413,985	$ 11,631,558

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

City of Leavenworth, Kansas

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds			
	Sewer	**Storm Water**	**Refuse**	**Total**
Operating revenues:				
Charges for services	$ 4,527,020	$ 1,237,601	$ 2,164,811	$ 7,929,432
Miscellaneous	78,747	-	20,538	99,285
Total operating revenues	4,605,767	1,237,601	2,185,349	8,028,717
Operating expenses:				
Personal services	1,059,881	44,088	791,683	1,895,652
Contractual services	1,454,139	188,049	819,516	2,461,704
Commodities	237,160	-	228,988	466,148
Depreciation	2,031,427	7,899	46,193	2,085,519
Total operating expenses	4,782,607	240,036	1,886,380	6,909,023
Operating income (loss)	(176,840)	997,565	298,969	1,119,694
Nonoperating revenues (expenses):				
Interest expense	(121,192)	-	-	(121,192)
Interest and fiscal charges	(121,192)	-	-	(121,192)
Income (loss) before contributions and transfers	(298,032)	997,565	298,969	998,502
Capital contributions and transfers:				
Contributed capital	-	143,171	-	143,171
Changes in net position	(298,032)	1,140,736	298,969	1,141,673
Total net position-beginning	8,970,976	1,403,893	115,016	10,489,885
Total net position - ending	$ 8,672,944	$ 2,544,629	$ 413,985	$ 11,631,558

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

City of Leavenworth, Kansas
Statement of Cash Flows
Proprietary Funds
December 31, 2019

	Business-type Activities - Enterprise Funds			
	Sewer	**Storm Water Project**	**Refuse**	**Total**
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 4,469,198	$ 1,350,102	$ 2,094,327	$ 7,913,627
Payments to suppliers	(1,592,344)	(204,394)	(1,065,600)	-2,862,338
Payments to employees	(1,083,772)	(43,724)	(781,611)	-1,909,107
Net cash provided by operating activities	1,793,082	1,101,984	247,116	3,142,182
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(848,615)	(252,524)	(144,743)	(1,245,882)
Principal paid on capital lease	(120,679)	-	-	(120,679)
Interest paid on capital lease	(13,271)	-	-	(13,271)
Principal paid on capital debt	(640,000)	-	-	(640,000)
Interest paid on capital debt	(125,123)	-	-	(125,123)
Net cash used by capital and related financing activities	(1,747,688)	(252,524)	(144,743)	(2,144,955)
Net increase in cash and cash equivalents	45,394	849,460	102,373	997,227
Cash and cash equivalents, January 1	1,420,476	-	348,472	1,768,948
Cash and cash equivalents, December 31	$ 1,465,870	$ 849,460	$ 450,845	$ 2,766,175
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income	$ (176,840)	$ 997,565	$ 298,969	$ 1,119,694
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	2,031,427	7,899	46,193	2,085,519
(Increase) decrease in receivables	(136,569)	112,501	(91,022)	(115,090)
(Increase) decrease in deferred outflows	(19,117)	-	(11,291)	(30,408)
Increase (decrease) in deferred inflows	(18,143)	-	(13,294)	(31,437)
Increase (decrease) in accounts payable	112,874	(16,345)	(5,096)	91,433
Increase (decrease) in retainage payable	(13,919)	-	-	(13,919)
Increase (decrease) in accrued compensation	(3,909)	164	6,533	2,788
Increase (decrease) in compensated absences	(21,684)	200	3,387	(18,097)
Increase (decrease) in postemployment benefits	29,489	-	17,468	46,957
Increase (decrease) in net pension liability	9,473	-	7,397	16,870
Increase (decrease) in accrued landfill closure/postclosure care costs	-	-	(12,000)	(12,000)
Increase (decrease) in other deductions	-	-	(128)	(128)
Net cash provided by operating activities	$ 1,793,082	$ 1,101,984	$ 247,116	$ 3,142,182
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions of capital assets	$ -	$ 143,171	$ -	$ 143,171

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

City of Leavenworth, Kansas
Statement of Net Position
Fiduciary Funds
December 31, 2019

	Pension Trust	Parks Foundation Trust	Agency Funds
ASSETS			
Cash and cash equivalents	$ 668,139	$ 19,032	$ -
Interest receivable	2,676	-	-
Property tax receivable	101,319	-	1,039,520
Total assets	772,134	19,032	1,039,520
LIABILITIES			
Accounts payable	52	-	-
Deferred revenue	101,319	-	-
Amounts due other parties	1,910	-	1,039,520
Total liabilities	103,281	-	1,039,520
NET POSITION			
Held in trust for pension benefits and other purposes	$ 668,853	$ 19,032	$ -

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

City of Leavenworth, Kansas
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2019

	Pension Trust	Parks Foundation Trust
ADDITIONS		
Employer contributions	$ 121,449	$ -
Interest	11,803	76
Total additions	133,252	76
DEDUCTIONS		
Benefits	(140,777)	37
Total deductions	(140,777)	37
Changes in net position	(7,525)	39
Net position - beginning	676,378	18,993
Net position - ending	$ 668,853	$ 19,032

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

Notes to Basic Financial Statements

1. Summary of significant accounting policies

A. Reporting entity

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

Discretely presented component unit

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

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

B. Government-wide and fund financial statements

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

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

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

1. Summary of significant accounting policies (continued)

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

1. Summary of significant accounting policies (continued)

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

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

Additionally, the City reports the following fund types:

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

The *Parks Foundation Fund* accounts for the activities of the Parks Foundation. The Parks Foundation is a group of volunteers who raise money specifically for Parks projects. The funds are not available for City operations or for use at the City's discretion.

The *Agency Fund* is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. It is used to account for assets held by the City as an agent for the Leavenworth Public Library system.

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

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

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

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

D. Deposits and investments

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

1. Summary of significant accounting policies (continued)

D. Deposits and investments (continued)

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

Investment earnings are allocated to the funds required to accumulate interest. Other investment earnings are allocated based on management discretion based on the average daily equity balances. If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund. For the fiscal year ended December 31, 2019, investment earnings allocated to the various funds were approximately $382,220. Of this amount, $11,879 is allocated to the Fiduciary Funds (Police and Fire Pension Funds), and $370,343 is allocated to the City's Governmental Activities.

E. Property taxes and other receivables

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one half or the full balance of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due until the ensuing year. At December 31, 2019 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies of $136,558, with a corresponding amount recorded as unavailable revenue on the balance sheets of the appropriate funds. Of this amount $20,790 is for the Fiduciary Funds (Police and Fire Pension Funds) and $115,768 is for the City funds. Delinquent taxes held by the County Treasurer at December 31, 2019 are not significant.

F. Special assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City. Special assessments received prior to the issuance of general obligation bonds are recorded as revenue in the appropriate project fund. Special assessments and related interest received after the issuance of the general obligation bonds are recorded as revenue in the Debt Service Fund. Further, state statutes require levying additional general ad valorem taxes in the City's Debt Service Fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the City's Debt Service Fund. Special assessments are levied over a 10- or 20-year period, and annual installments are due and payable with annual ad valorem taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, 2019, the special assessment taxes levied are a

1. Summary of significant accounting policies (continued)

F. Special assessments (continued)

lien on the property and the amount due in 2019 is recorded in the fund financial statements as special assessments receivable, net of anticipated delinquencies of $1,823, in the Debt Service Fund with a corresponding amount recorded as unavailable revenue.

State statutes and City ordinances allow special assessments to be levied against a property to reimburse the City for costs incurred for involuntary blight removal and lot clean-up. Such special assessments are levied over a one year period and are due and payable with annual ad valorem property taxes. At December 31, 2019, the amount due for such assessments is recorded in the fund financial statements as special assessments receivable, net of anticipated delinquencies of $24,244 in the General Fund with a corresponding amount recorded as unavailable revenue.

G. Capital assets

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

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

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

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

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

1. Summary of significant accounting policies (continued)

H. Deferred outflows/inflows of resources

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

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

I. Compensated absences and other termination payments

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

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

For eligible employees, the remaining 60% of unused sick leave is converted to a cash value which establishes the amount of the retiree's Health Benefit Account (a memorandum account). The City shall pay 50% of the retiree's actual monthly health and dental premiums on a pay-as-you-go basis from this memorandum account as long as a balance remains in the retiree's Health Benefit Account. The remaining 50% of the monthly premiums must be paid by the retiree. When the retiree's Health

1. Summary of significant accounting policies (continued)

I. Compensated absences and other termination payments

Benefit Account is exhausted, all City premium payments cease. Retirees may not convert the benefit into an in-lieu payment.

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

J. Long-term obligations

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

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

K. Pensions

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

L. Use of estimates

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

1. Summary of significant accounting policies (continued)

M. Pending Governmental Accounting Standards Board statements

At December 31, 2019, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. Due to the COVID-19 pandemic, the effective dates of certain provisions have been extended for one year and others were extended 18 months. The statements that might impact the City are as follows:

GASB Statement No. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities, with the focus of the criteria on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund. The requirements of this statement are effective for periods beginning after December 15, 2019.

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

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this statement are effective for periods beginning after June 15, 2019. (An extension of one year)

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement are effective for periods beginning after December 15, 2020. (An extension of one year)

GASB Statement No. 90, *Majority Equity Interests*, improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the

1. **Summary of significant accounting policies (continued)**

M. Pending Governmental Accounting Standards Board statements (continued)

relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The requirements of this statement are effective for periods beginning after December 15, 2019. (An extension of one year)

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

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

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

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

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

1. **Summary of significant accounting policies (continued)**

N. Adoption of New Accounting Standards

The City adopted GASB Statement No. 82, *Pension Issues-an Amendment of GASB Statements No.67, No.68, and No.73*. The objective of the Statement is to address certain issues that have been raised with respect to Statement No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB 67 and 68. Specifically, this Statement addresses issues regarding (1)the presentation of payroll related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

2. Reconciliation of government-wide and fund financial statements

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $46,312,697 difference are as follows:

Bonds payable	$ (19,545,000)
Interest payable	(253,364)
Compensated absences	(2,519,410)
Other post-employment benefits	(7,433,922)
Net pension liability	(16,561,001)
Net adjustment to decrease *fund balance-total governmental funds* to arrive at *net-position-governmental activities*	$ (46,312,697)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of the reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this $ (1,671,742) difference are as follows:

2. Reconciliation of government-wide and fund financial statements (continued)

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

Capital outlay	$ 5,097,270
Loss on disposal of asset	(3,137)
Depreciation expense	(6,765,875)
Net adjustment to decrease *net change in fund balances – total governmental funds* to arrive at *change in net position of governmental activities*	($1,671,742)

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $1,644,669 difference are as follows:

Debt issued or incurred:	
Issuance of general obligations bonds	$ (1,340,000)
Principal repayments:	
General obligation debt	2,865,000
Capital leases	159,601
Change in accrued interest	(39,932)
Net adjustment to increase *net change in fund balances – total governmental funds* to arrive at *change in net position of governmental activities*	$1,644,669

2. Reconciliation of government-wide and fund financial statements (continued)

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

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this ($863,469) difference are as follows:

Compensated absences	$ (143,869)
Other postemployment benefits	(211,315)
Pension contributions	(508,285)
Net adjustment to decrease *net change in fund balances-total governmental funds* to arrive at *change in net position of governmental activities*	$ (863,469)

3. Stewardship, compliance, and accountability

A. Budgetary information

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

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

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

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

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

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

Budgets are prepared by fund, department, and activity. City management may make transfers of appropriations at the department and activity level of a fund without seeking the approval of the governing body; however, management cannot amend the total budget of a fund without approval of the governing body. The legal level of budgetary control is the fund level and is the level at which the governing body must approve any over-expenditures of appropriations or transfers of appropriated amounts. Kansas statutes prohibit creating expenditures in

3. Stewardship, compliance, and accountability (continued)

A. Budgetary information

excess of the total amount of the adopted budget of expenditures of individual funds. Such statutes permit original fund expenditure budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of public hearing to amend the expenditure budget of a fund. Ten days after publication, a public hearing is held and the City Commission may amend the expenditure budget of the fund at that time. During the year, several budgets were amended in accordance with Kansas statutes.

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

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

A reconciliation of the General Fund budgetary basis statement to the governmental fund statement as of December 31, 2019 is as follows:

	General Fund
Expenditures and other financing sources and uses and encumbrances (Basis of budgeting)	$ 19,417,093
Add 2018 encumbrances	1,806
Less 2019 encumbrances	(27,007)
Less 2018 encumbrances relieved	(1,806)
Expenditures and other financing sources and uses (GAAP Basis)	$ 19,390,086

B. Deficit fund equity

The Capital Projects Fund has a negative fund balance of $2,419,793 due to the recognition of $9,185,000 of bond anticipation notes payable since the notes issued for governmental activities for which all legal steps and the ability to consummate refinancing have not been met must be reported as a fund liability in the fund receiving the proceeds.

C. Compliance with Kansas Statutes-Component Unit

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

4. Detailed notes on all funds

A. Deposits and investments

Deposits

Custodial credit risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal depository policy, but Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair value equal to 100% of the deposits and investments, less insured amounts. At December 31, 2019, the City's carrying amount of deposits was $20,162,613 and the bank balance was $20,340,731. Of the bank balance, $1,019,032 was covered by Federal depository insurance and $19,321,699 was covered by collateral held by the City or its agent in the City's name.

Investments

K.S.A. 9-1401 establishes the depositories which may be used by the Library. The statute requires banks eligible to hold the Library's deposits have a main or branch bank in the county in which the Library is located and the banks provide an acceptable rate of return on deposits. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC coverage. The Library has no other policies that would further limit custodial credit risk. At December 31, 2019, the Library's deposits were not exposed to custodial credit risk.

At December 31, 2019, the City had the following investments:

	Maturities	Fair Value
Repurchase agreements	1 – 89 days	$2,300,000
Money market mutual funds	< 1 year	138,296
Total investments		$2,438,296

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

Credit risk

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

4. Detailed notes on all funds (continued)

A. Detailed notes on all funds (continued) Deposits and investments (continued)

Custodial credit risk

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

Interest rate risk

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

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs such as quoted prices for similar assets from external sources; Level 3 inputs are significant unobservable inputs. For the year ended December 31, 2019, money market mutual funds held by the City were valued using quoted prices in active markets (Level 1 inputs).

Discretely presented component unit

As of December 31, 2019, the Library cash and investments consisted of the following:

Cash	$ 277,267
Investments	955,299
Total	$1,232,566

	Fair Value
Certificates of deposit	$600,066
Money market	43,090
Stocks	63,913
Bonds	86,796
Mutual funds	161,434
Total Investments	$955,299

4. Detailed notes on all funds (continued)

B. Capital assets

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

Primary government

CITY OF LEAVENWORTH, KANSAS
CAPITAL ASSET NOTES DISCLOSURE
FOR FISCAL YEAR 2019

		Beginning Balance	Additions	Retirements	Ending Balance
GOVERNMENTAL ACTIVITIES:					
Capital assets, not being depreciated					
	Land	$ 2,695,654	$ 169,490	$ -	$ 2,865,144
	Construction in Progress	2,813,716	3,736,554	(2,070,597)	4,479,673
Total capital assets, not being depreciated		5,509,370	3,906,044	(2,070,597)	7,344,817
Capital assets, being depreciated					
	Buildings	33,414,696	98,753	-	33,513,449
	Improvements	18,112,542	689,455	-	18,801,997
	Machinery and Equipment	12,737,144	246,658	(76,784)	12,907,018
	Infrastructure	99,530,773	2,083,659	-	101,614,432
	IT Equipment	1,148,698	143,298	-	1,291,996
Total capital assets being depreciated		164,943,853	3,261,823	(76,784)	168,128,892
Less Accumulated Depreciation for:					
	Buildings	25,182,991	1,057,436	-	26,240,427
	Improvements	10,422,772	874,203	-	11,296,975
	Machinery and Equipment	8,597,086	784,972	(73,647)	9,308,411
	Infrastructure	67,593,448	3,683,823	-	71,277,271
	IT Equipment	173,555	365,441	-	538,996
Total accumulated depreciation		111,969,852	6,765,875	(73,647)	118,662,080
Total capital assets being depreciated		52,974,001	(3,504,052)	(3,137)	49,466,812
Governmental activities capital assets, net		$ 58,483,371	$ 401,992	$ (2,073,734)	$ 56,811,629

4. Detailed notes on all funds (continued)

B. Capital assets (continued)

		Beginning Balance	Additions	Retirements	Ending Balance
PROPRIETARY ACTIVITIES:					
Capital assets, not being depreciated					
	Land	$ 58,634	$ -	$ -	$ 58,634
	Construction in Progress	1,255,298	928,856	(495,177)	1,688,977
Total capital assets, not being depreciated		1,313,932	928,856	(495,177)	1,747,611
Capital assets, being depreciated					
	Buildings	17,061,364	-	-	17,061,364
	Improvements	12,525,379	24,540	-	12,549,919
	Machinery and Equipment	3,613,913	435,657	(222,131)	3,827,439
	Infrastructure	2,431,254	495,177	-	2,926,431
Total capital assets, being depreciated		35,631,910	955,374	(222,131)	36,365,153
Less Accumulated Depreciation for:					
	Buildings	12,896,252	1,206,547	-	14,102,799
	Improvements	6,497,975	518,797	-	7,016,772
	Machinery and Equipment	2,672,354	202,125	(222,131)	2,652,348
	Infrastructure	268,436	158,050	-	426,486
Total accumulated depreciation		22,335,017	2,085,519	(222,131)	24,198,405
Total capital assets, being depreciated, net		13,296,893	(1,130,145)	-	12,166,748
Business-type activities capital assets, net		$ 14,610,825	$ (201,291)	$ (495,176)	$ 13,914,359

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

Governmental activities:	
General government	$ 434,919
Public safety	748,470
Public works	4,235,149
Housing and urban redevelopment	71,509
Culture and recreation	1,177,786
Unallocated depreciation expense	98,042
Total depreciation expense – governmental activities	$ 6,765,875
Business-type activities:	
Sewer	$ 2,031,427
Storm Water	7,899
Refuse	46,193
Total depreciation expense – business-type activities	$ 2,085,519

4. Detailed notes on all funds (continued)

B. Capital assets (continued)

Construction commitments

The City has active construction projects as of December 31, 2019. The projects include widening and improvements of streets and bridges, improvements of buildings, improvements of parks, reconstruction of Thornton Street, River Front Community Center Stone Replacement, and improvements of sewer system facilities. At year end, the City's commitments with contractors are as follows:

Project	Spent to date	Remaining Commitments
Streets	$ 3,398,044	$ 4,917,397
Storm Water Improvements	1,260,808	1,049,493
Buildings	111,629	98,194
RFCC Stone Replacement	769,544	-
Sidewalks	675,073	98,023
Sewers	826,142	1,659,068
Signage	75,838	-
Stubby Park Playground	23,026	291,207
	$ 7,094,459	$ 8,113,382

Discretely presented component unit

	Beginning Balance	Increases	Decreases	Ending Balances
Capital Assets, being depreciated				
Machinery and equipment	$ 2,199,438	$ 213,636	$ (46,580)	$ 2,366,494
Total capital assets, being depreciated	2,199,438	213,636	(46,580)	2,366,494
Less accumulated depreciation for:				
Machinery and equipment	1,547,103	134,993	(46,580)	1,635,516
Library capital assets, net	$ 652,335	$ 78,643	$ -	$ 730,978

4. Detailed notes on all funds (continued)

C. Interfund receivables, payables, and transfers

The composition of inter-fund balances as of December 31, 2019, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund		Amount
General	Non-major governmental	$	33,406

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

Interfund transfers for the year ended December 31, 2019, are as follows:

Interfund transfers:

Fund	Transfers In	Transfers Out
Major funds		
General Fund	$ 3,196	$ 293,428
Debt Service Fund	1,403,582	-
Capital Projects Fund	2,123,079	431,191
Non-major governmental funds	682,552	3,487,790
Total transfers	$ 4,212,409	$ 4,212,409

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

4. Detailed notes on all funds (continued)

D. Long-term debt

General obligation bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. During the year, general obligation bonds totaling $1,340,000 were issued for governmental activities to provide permanent financing for general infrastructure improvements.

General obligation bonds currently outstanding are as follows:

	Series	Interest Rates	Final Maturity Date	Balance 12/31/19
Governmental activities				
Traffic & Internal Improvements	2010A	1.00% - 3.00%	09/01/20	$ 280,000
GO Refunding	2011B	1.00% - 2.60%	09/01/22	890,000
GO Refunding & Internal Improvements	2012B	1.10% - 2.30%	09/01/22	550,000
GO Refunding & Internal Improvements	2013A	0.65% - 2.40%	09/01/25	2,075,000
GO Refunding & Internal Improvements	2014A	2.00% - 2.50%	09/01/24	730,000
Computer Hardware/Software	2014B	2.25% - 3.00%	09/01/24	260,000
Internal Improvements	2015A	1.50% - 2.75%	09/01/25	1,065,000
Internal Improvements - Taxable	2015B	1.85% - 3.15%	09/01/25	380,000
Fire Trucks & Refunding	2016A	1.50% - 2.30%	09/01/31	3,995,000
TIF Hotel-Taxable	2016A	1.30% - 2.25%	09/01/26	640,000
Business & Technology Park	2017A	3.55%-4.00%	09/01/35	4,695,000
Internal Improvements	2017B	2.00%-2.75%	09/01/27	1,350,000
Traffic	2018A	3.00%-3.125%	09/01/28	1,295,000
Traffic	2019A	3.00%	09/01/29	1,340,000
				19,545,000
Business-type activities				
Sewer System Improvements	2012A	2.00% - 2.75%	09/01/32	2,935,000
GO Refunding & Sewer	2012B	1.10% - 2.30%	09/01/25	970,000
GO Refunding & Sewer	2014A	2.00% - 2.50%	09/01/23	1,255,000
				5,160,000
				$ 24,705,000

4. Detailed notes on all funds (continued)

D. Long-term debt (continued)

General obligation bonds (continued)

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

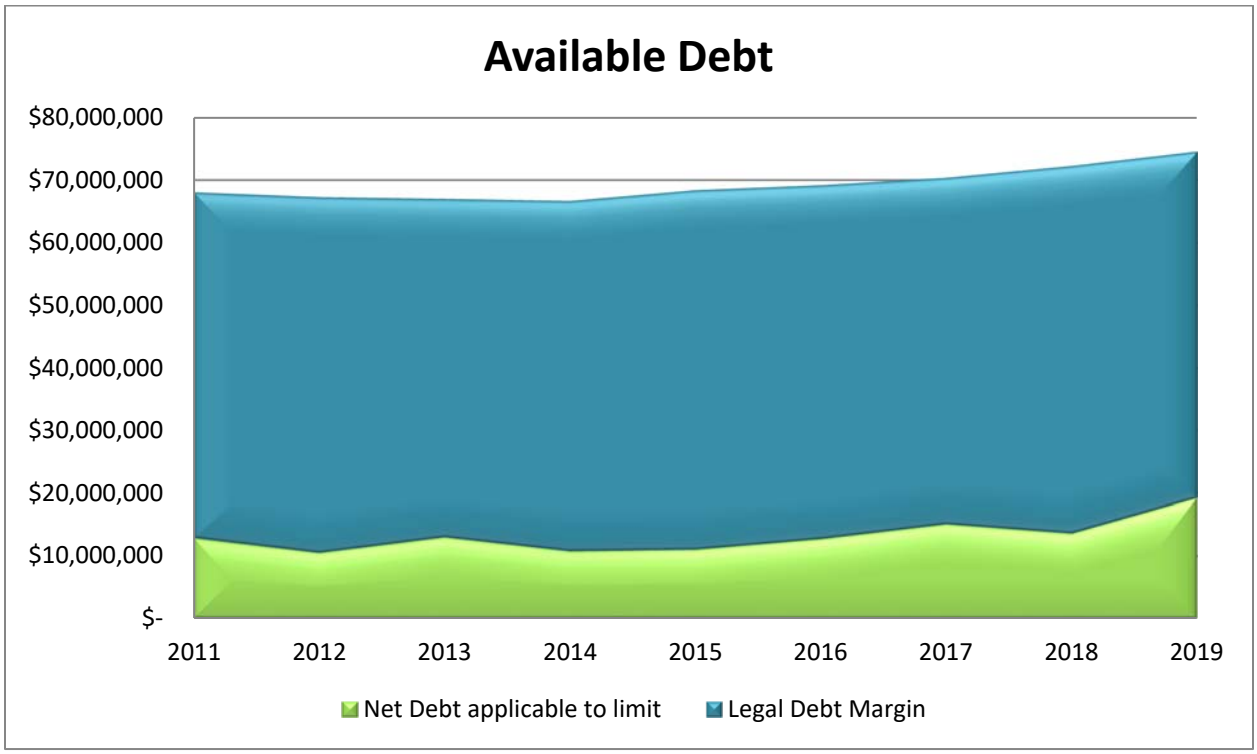
Governmental activities	Principal	Interest	Total
2020	$ 2,825,000	$ 509,934	$ 3,334,934
2021	2,610,000	443,593	3,053,593
2022	2,460,000	383,840	2,843,840
2023	2,035,000	324,747	2,359,747
2024	1,925,000	272,422	2,197,422
2025-2029	5,100,000	781,523	5,881,523
3030-3034	1,815,000	318,675	2,133,675
3035-3039	775,000	41,713	816,713
Total	$ 19,545,000	$ 3,076,447	$ 22,621,447

Business-type activities			
2020	$ 650,000	$ 113,330	$ 763,330
2021	665,000	101,028	766,028
2022	685,000	88,115	773,115
2023	695,000	73,775	768,775
2024	380,000	58,170	438,170
2025-2029	1,315,000	186,175	1,501,175
3030-3034	770,000	41,500	811,500
	5,160,000	662,093	5,822,093
Total	$ 24,705,000	$ 3,738,540	$ 28,443,540

4. Detailed notes on all funds (continued)

D. Long-term debt (continued)

At December 31, 2019, the statutory limit on indebtedness for general obligation bonds and bond anticipation notes is $74,499,282 which, after reduction of applicable outstanding debt of $19,243,082 ($19,604,595 minus debt service fund balance of $361,513) provides a debt margin of $55,256,200. General obligation bonds of $14,285,405 for traffic way, sewer and refuse improvements and refundings issued under K.S.A. 10-427 are exempt from this calculation.



Conduit Debt Obligations

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

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

4. Detailed notes on all funds (continued)

D. Long-term debt (continued)

Conduit Debt Obligations

Through December 31, 2019, there is one series of Industrial Revenue Bonds (IRB) outstanding, with an aggregate principal amount payable of approximately $1,180,737.

E. Capital Leases

The City entered into a lease agreement for the financing of computer network equipment in 2017. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum payments as of December 31, 2019. The final payment of the three year lease was made during 2019.

Assets acquired as capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and Equipment	$535,688
Less: accumulated depreciation	(233,107)
Total	$302,581

In 2018, the City entered into a lease agreement for the financing of a sewer vacuum truck. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum payments as of the inception date.

Assets acquired as capital leases are as follows:

	Business-type activities
Asset:	
Machinery and Equipment	$401,849
Less: accumulated depreciation	(68,401)
Total	$333,448

4. Detailed notes on all funds (continued)

E. Capital Leases (continued)

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2019, were as follows:

	Business-type activities
Year ending December 31:	
2020	$ 133,950
2021	133,950
Total minimum lease payments	267,900
Less: amount representing interest	13,579
Present value of minimum lease payments	$ 254,321

F. Operating leases

Discretely presented component unit

The Library, as lessee, has various non-cancelable leases for office equipment which are classified as operating leases. Rent expense under these leases was $1,680 for the year ended, December 31, 2019.

Future minimum lease payments under the operating lease are:

2020	$ 1,260
Total minimum lease payments	$ 1,260

4. Detailed notes on all funds (continued)

G. Bond anticipation notes

Kansas statutes permit the issuance of bond anticipation notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. During the year, bond anticipation notes totaling $7,430 were issued for governmental activities to provide temporary financing for general capital improvements.

Bond anticipation notes issued for governmental activities for which all legal steps and the ability to consummate refinancing have not been met are reported as a fund liability in the fund receiving proceeds. The following bond anticipation notes are reported as fund liabilities at December 31, 2019:

	Series	Interest Rates	Final Maturity Date	Outstanding December 31, 2019
Governmental activities				
Internal Improvements	2017B	1.50%	09/01/20	$240,000
Pavement Management	2018A	2.50%	12/01/2019	1,390,000
New Lawrence Rd	2018A	2.50%	12/01/2022	420,000
RFCC Stone Replacement	2018A	2.50%	12/01/2022	1,100,000
Thornton Street/10th Ave	2019A	2.85%	12/02/2022	6,040,000
Total				$9,185,000

4. Detailed notes on all funds (continued)

G. Bond anticipation notes (continued)

Short-term liability activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Bond anticipation notes	$3,935,000	$7,430,000	$2,180,000	$9,185,000

H. Changes in long-term liabilities

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

Governmental activities	Beginning Balance 1/1/2019	Additions	Retired	Ending Balance 12/31/2019	Due Within One Year
General obligation bonds	$ 21,070,000	$ 1,340,000	$ 2,865,000	$ 19,545,000	$ 2,825,000
Capital leases	159,601	-	159,601	-	-
Employee compensated absences	2,375,541	1,713,701	1,569,832	2,519,410	318,454
Net pension liability	16,241,190	387,748	67,937	16,561,001	-
Other post-employment benefits	6,522,295	911,627	-	7,433,922	-
	$ 46,368,627	$ 4,353,076	$ 4,662,370	$ 46,059,333	$ 3,143,454

4. Detailed notes on all funds (continued)

H. Changes in long-term liabilities (continued)

Business-type activities	Beginning Balance 01/01/19	Additions	Retired	Ending Balance 12/31/19	Due Within One Year
General obligation bonds	$ 5,800,000	$ -	$ 640,000	$ 5,160,000	$ 650,000
Capital leases	375,000	-	120,679	254,321	124,950
Accrued compensated absences	144,341	14,180	32,277	126,244	19,410
Net pension liability	827,101	27,120	-	854,221	-
Accrued landfill closure/post-closure	205,174	-	12,000	193,174	15,000
Other post-employment benefits	262,432	46,956	-	309,388	-
	$ 7,614,048	$ 88,256	$ 804,956	$ 6,897,348	$ 809,360

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

Discretely presented component unit

At December 31, 2019, the Library reported a liability of $478,279 for its proportionate share of the net pension liability.

4. Detailed notes on all funds (continued)

I. Fund balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2019, fund balances for governmental funds are made up of the following:

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

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

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

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

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

4. Detailed notes on all funds (continued)

I. Fund balances (continued)

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

Fund balances for all the major and non-major governmental funds as of December 31, 2019 were distributed as follows:

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Restricted for:					
Capital improvements	$ -	$ -	$ -	$ 3,413,731	$ 3,413,731
Tax increment financing	-	-	-	730,860	730,860
Street maintenance	-	-	-	646,343	646,343
Law enforcement	-	-	-	145,174	145,174
Tourism and conventions	-	-	-	402,239	402,239
Recreation programs	-	-		34,392	34,392
Housing services	-	-	-	1,399,478	1,399,478
Probation services	-	-	-	100,067	100,067
Economic development	-	-	-	2,544,195	2,544,195
General obligation debt	-	361,513	-	-	361,513
Subtotal	-	361,513	-	9,416,479	9,777,992
Committed to:					
Capital improvements	-	-	5,109,580	-	5,109,580
Subtotal	-	-	5,109,580	-	5,109,580
Assigned to:					
Administrative purposes	27,007	-	-	-	27,007
Subtotal	27,007	-	-	-	27,007
Unassigned	5,152,505	-	(7,529,373)	-	(2,376,868)
Total fund balance	$ 5,179,512	$ 361,513	$ (2,419,793)	$ 9,416,479	$ 12,537,711

4. Detailed notes on all funds (continued)

I. Fund balances (continued)

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

It is the policy of the City to maintain a General Fund budgetary basis fund balance equal to 16.67% of annual expenditures. Consistent with K.S.A. 10-1101 et al (the Kansas "cash basis law"), the budgetary basis fund balance is defined as cash less payables and encumbrances.

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

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

5. Other information

A. Risk management

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

For its workers compensation insurance, the City is a participant in the Kansas Eastern Regional Insurance Trust (KERIT), a not-for-profit public entity risk pool established by a group of city and county governmental entities in the eastern region of Kansas. As of December 31, 2019, the membership of KERIT included fourteen cities and two counties.

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

5. Other information

A. Risk management (continued)

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

B. Pension plans-Kansas Public Employees Retirement System

General Information About the Pension Plan

Description of Pension Plan: The City and the Library participate in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan) as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides 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 and the Library are included in both the Local 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. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (except police and firemen) with ten or more years of credited service may retire as early as age 55 (police and firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points (police and firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

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

5. Other information (continued)

B. Pension plans-Kansas Public Employees Retirement System (continued)

General Information About the Pension Plan (continued)

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

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS tier 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 then years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether an employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

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

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the KPERS fiscal year ended June 30, 2018.

The actuarially determined employer contribution rate (not including the 1.0% contribution rate for the Death and Disability Program) and the statutory contribution rate were 8.89% for KPERS and 22.13% for KP&F for the year ended December 31, 2019. Contributions to the Pension Plan from the City were $548,440 for KPERS and $1,280,732 for KP&F for the year ended December 31, 2019. Contributions from the Library for KPERS were $ 54,673 for the year ended December 31, 2019.

5. Other information (continued)

B. Pension plans-Kansas Public Employees Retirement System (continued)

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

At December 31, 2019, the City reported a liability of $ 4,797,682 for KPERS and $ 11,468,288 for KP&F and the Library reported a liability of $478,279 for KPERS for their proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2019, and the total pension liability to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. Although KPERS administers one cost-sharing multiple-employer defined benefit plan, separate (sub) actuarial valuations are prepared to determine the actuarial contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

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

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and non-employer allocations are applied to amounts presented in the schedules of pension amounts by employer and non-employer. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and non-employer contributions of the Local group and Police and Firemen group within KPERS for the KPERS fiscal year ended June 30, 2019. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019, the City's proportion for KPERS was .343336%, which was an increase of .005565% from its proportion measured as of June 30, 2018. At June 30, 2019, the City's proportion for KP&F was 1.133095%, which was a decrease of .026073% from its proportion measured as of June 30, 2018. At June 30, 2019, the Library's proportion for KPERS was .034227%, which was an increase of .001719% from its proportion measured as of June 30, 2018.

5. Other information (continued)

B. Pension plans-Kansas Public Employees Retirement System (continued)

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

For the year ended December 31, 2019, The City recognized pension expense of $558,323 for KPERS and $2,038,872 for KP&F, and the Library recognized pension expense of $ 75,757 for KPERS. At December 31, 2019, the City and the Library reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 658,388	$ 142,081
Net difference between projected and actual earnings on pension plan investments	343,703	-
Changes in assumptions	552,888	22,422
Changes in proportionate share	445,050	833,292
City contributions subsequent to measurement date	910,192	-
Total	$2,910,221	$ 997,795

	Library	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,047	$ 12,045
Net difference between projected and actual earnings on pension plan investments	11,252	-
Changes in assumptions	14,618	969
Changes in proportionate share	29,139	4,649
Total	$ 56,056	$ 17,663

5. Other information (continued)

B. Pension plans-Kansas Public Employees Retirement System (continued)

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

The $910,192 for the City reported as deferred outflows of resources and the $-0- the Library reported as deferred outflows of resources related to pensions resulting from the City's and the Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	City	Library
2020	$ 501,132	$ 20,862
2021	19,506	2,748
2022	307,320	6,856
2023	173,242	7,577
2024	1,034	350
	$ 1,002,234	$ 38,393

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Inflation	2.75%
Salary Increase	3.5 to 12.00 percent, including price inflation
Investment rate of return	7.75 percent compounded annually, net of investment expense, including price inflation

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

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

5. Other information (continued)

B. Pension plans-Kansas Public Employees Retirement System (continued)

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

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the experience study:

- Price inflation assumption lowered from 3.00 percent to 2.75 percent
- General wage growth assumption was lowered from 4.00 percent to 3.5 percent
- Payroll growth assumption was lowered from 4.00 percent to 3.00 percent
- Investment return assumption was lowered from 8.00 percent to 7.75 percent

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 class as of the most recent experience study, November 18, 2016 as provided by KPERS' investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.85%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real Return	11%	1.71%
Real estate	11%	5.05%
Alternatives	8%	9.85%
Short-term investments	2%	(0.25%)
Total	100%	

Discount Rate. The discount rate used by KPERS to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, and subsequent legislation, the employer contribution rates certified by the KPERS Board of Trustees may not increase by more than the statutory cap. The statutory cap for fiscal year 2019 was 1.2%.

5. Other information (continued)

B. Pension plans-Kansas Public Employees Retirement System (continued)

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

The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KP&F. Future employer contribution rates were also modeled for KP&F, assuming all actuarial assumptions are met in future years. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's and the Library's proportionate share of the collective net pension liability to changes in the discount rate. The following table presents the City's and the Library's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the Pension Plan's net pension liability would be if it were calculated at 1 percentage point lower (6.75 percent) or 1 percentage point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's KPERS proportionate share of the collective net pension liability	$ 7,165,439	$ 4,797,682	$ 2,817,097
City's KP&F proportionate share of the collective net pension liability	16,274,332	11,468,288	7,444,707
Library's proportionate share of the collective net pension liability	714,319	478,279	280,835

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

5. Other information (continued)

C. Pension Plans-Police and Fire Pension Plan

Plan description

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

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

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

Plan membership. The plan is closed to new entrants. At December 31, 2019, pension plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	-
	4

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

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

Contributions. The contribution requirements of plan members and the reporting entity are established by City ordinance and may be amended by the City Commission. The City is required to contribute at an actuarially determined amount based on the latest actuarial report. As this is a closed plan and all members are retirees or beneficiaries, the members are no longer making any contribution to the Plan. The City provides for pension expenses by levying ad valorem property taxes each year. The actual employer contribution to the Plan during the year ended December 31, 2019 was $121,449.

Investments

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

5. Other information (continued)

C. Pension Plans-Police and Fire Pension Plan (continued)

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

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

Rate of return. For year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 0.00%. The money weighted rate of return expresses investment performance net of investment expense, adjusted for the changing amounts actually invested.

Net pension liability
The City's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019.

Investments (continued)

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2019 using the following actuarial assumptions:

Inflation	3%
Ad-hoc Cost of living increases	3%
Expected long term rate of return	3%
Cost method	Entry Age

Mortality rates were based on the RP-2014 Mortality Table with Blue Collar adjustment projected from 2006 with Social Security Generational Improvement Scale based on the 2018 Trustees Report.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of December 31, 2019 are summarized in the following table:

5. Other information (continued)

C. Pension Plans-Police and Fire Pension Plan (continued)

Changes in the net pension liability

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

Long-term expected rate of return is 3%.
Money-weighted rate of return is 0.00%

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at December 31, 2018	$1,992,090	$ 774,899	$ 1,217,191
Changes for the year:			
Service cost	-	-	-
Interest	57,651	-	57,651
Differences between expected and actual experience	27,461	-	27,461
Changes of assumptions	(16,999)	-	(16,999)
Employer contributions	-	124,249	(124,249)
Net investment income	-	11,803	(11,803)
Benefit Payments, including refunds of member contributions	(140,777)	(140,777)	-
Net changes	(72,664)	(4,725)	(67,939)
Balance at December 31, 2019	$ 1,919,426	$ 770,174	$ 1,149,252

Plan fiduciary net position as a percentage of the total pension liability is 40.13%.

5. Other information (continued)

C. Pension Plans-Police and Fire Pension Plan (continued)

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

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
Net pension liability	$1,323,753	$1,149,252	$997,842

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

For the year ended December 31, 2019, the City recognized pension expense of $ 62,426. At December 31, 2019, the City reported deferred outflows of resources from the following sources:

	Deferred Outflows of Resources
Differences between projected and actual earnings on pension plan investments	$ 29,452

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

Year Ended December 31,	
2020	$ 13,164
2021	8,982
2022	5,066
2023	2,240

5. Other information (continued)

D. Other postemployment healthcare benefits

Description

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

Funding policy

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

The City provides funding for the expenditures on a pay-as-you-go basis through the General Fund. In 2019, the City made contributions of $173,928 to the plan. At December 31, 2019, the following employees were covered by the benefit terms:

Active employees	218
Retirees and their covered spouses	14
Total	232

5. Other information (continued)

D. Other postemployment healthcare benefits (continued)

Total OPEB Liability

The City's total OPEB liability of $7,341,882 was measured as of January 1, 2018 and was determined by actuarial valuation as of that date.

The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Valuation date	December 31, 2018 projected to January 1, 2019
Actuarial method	Entry age normal as a level percentage of payroll
Inflation	2.75% per year
Payroll Growth	3.50%
Discount rate	4.11% at January 2019; 3.26% as of December 31, 2019
Health Care Coverage Election Rate	Active employees with current coverage: 75% for Public Safety 30% for all other groups; 0% for Active employees with no coverage Inactive employees with current coverage: 100%; Inactive employees with no coverage: 0%
Spousal Coverage	50% of employees are assumed to be married at retirement. Husbands are assumed to be three years older than wives.
Mortality	RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018 (RHP-2018 table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2018 using MP-2018 improvement.)
Disability	None

The discount rate used in valuing OPEB liabilities for unfunded plans as of the Measurement Date must be based on a yield for 20-year-tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent on another rating scale).

5. Other information (continued)

D. Other postemployment healthcare benefits (continued)

The City implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions for the year ended December 31, 2018.

Changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balance 1/1/2019	$ 6,492,772
Service Cost	305,409
Interest	275,867
Change in assumptions	613,123
Difference between expected and actual experience	(171,361)
Benefit payments	(173,928)
Net change in total OPEB liability	$ 849,110
Total OPEB liability 12/31/2019	$ 7,341,882
Total OPEB liability as a percentage of covered payroll	60.9%
Actuarially determined contribution	$173,928
Actual contribution	$173,928
Covered payroll	$ 12,046,939
Contributions as a percentage of covered payroll	1.44%

The following presents the total OPEB liability of the City as of December 31, 2019, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.11%) or one percentage point higher (5.11%) than the current discount rate:

	1% Decrease (2.26%)	Current Discount (3.26%)	1% Increase (4.26%)
Total OPEB liability	$ 8,144,416	$ 7,341,882	$ 6,626,772

5. Other information (continued)

D. Other postemployment healthcare benefits (continued)

The following presents the City's net OPEB liability as of December 31, 2019, using the health care trend rates assumed and what it would be using one percentage point higher and one percentage point lower health care trend rates.

1% Decrease (7.5% decreasing to 3.5%)	Current Trend Rates (8.50% decreasing to 4.5%)	1% Increase (9.5% decreasing to 5.50%)
$ 6,392,419	$ 7,341,882	$8,481,365

OPEB Expense

For the year ended December 31, 2019, the City recognized OPEB expense of $400,172.

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the City reported deferred inflows of resources related to other postemployment benefits from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ -	$ (1,481,000)
Changes in assumptions	525,536	(131,154)
Total deferred inflows	$ 525,536	$ (1,612,154)

Amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended December 31,	
2020	$ (181,104)
2021	(181,104)
2022	(181,104)
2023	(181,102)
2024	(181,102)
Thereafter	(181,102)

5. Other information (continued)

D. Other postemployment healthcare benefits (continued)

Results by Group

Below is the summary of the OPEB liability by function:

Function	OPEB Liability as of December 31, 2019
Culture and Recreation	$ 84,608
General Government	82,726
Housing and Community development	48,673
Public Safety	6,548,369
Public Works	362,925
Refuse	71,222
Wastewater	143,359
Total	$ 7,341,882

E. Other Postemployment Benefits - KPERS

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

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

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability

5. Other information (continued)

E. Other Postemployment Benefits – KPERS (continued)

benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

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

Employees covered by benefit terms. At June 30, 2019, the valuation date, the following employees were covered by the benefit terms:

Active Members	131
Disabled Members	4

Total OPEB Liability. The total KPERS OPEB liability of $401,428 was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019, using the following actuarial assumptions:

Valuation date	December 31, 2018 projected to January 1, 2019
Actuarial method	Entry age normal as a level percentage of payroll
Inflation	2.75% per year
Payroll Growth	3.00%
Discount rate	3.5% at January 2019

5. Other information (continued)

E. Other Postemployment Benefits – KPERS (continued)

The discount rate was based on the bond buyer general obligation 20-bond municipal index.

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2016. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2018 KPERS pension valuation.

The changes in the total OPEB liability are as follows:

Balance as of June 30, 2018	$ 291,954
Changes for the year:	
Service cost	20,579
Interest on total OPEB liability	10,795
Effect of plan changes	-
Effect of economic/demographic changes	139,941
Effect of change of assumptions*	5,973
Benefit payments	(67,814)
Balance as of June 30, 2019	$ 401,428

**Discount rate change from 3.87% to 3.50%*

Sensitivity of the total KPERS OPEB liability to changes in the discount rate. The following presented the total KPERS OPEB liability of the City, as well as what the City's total KPERS OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Current Discount (3.50%)	1% Increase (4.50%)
Total OPEB liability	$ 418,053	$ 401,428	$ 385,488

5. Other information (continued)

E. Other Postemployment Benefits – KPERS (continued)

Sensitivity of the total KPERS OPEB liability to changes in the healthcare cost trend rates. The following presented the total KPERS OPEB liability of the City calculated using the current healthcare cost trend rates as well as what the City's total KPERS OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. The reader should note that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS, but this exhibit is provided as it is a required disclosure under GASB 75.

	1% Decrease	Trend Rates	1% Increase
Total OPEB liability	$ 401,429	$ 401,429	$401,429

For the year ended June 30, 2019, the City recognized OPEB expense of $59,101, as follows:

OPEB Expense

Service cost	$ 20,578
Interest on total opeb liability	10,795
Effect of plan changes	-
Deferred Inflows/Outflows of Resources:	
Economic/Demographic gains or losses	27,882
Change of assumptions	(154)
OPEB expense	$ 59,101

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2019, the City reported deferred outflows related to other postemployment benefits from the following sources:

	Deferred Inflows Of Resources	Deferred Outflows of Resources
Differences between expected and actual Experience	$ -	$ 229,373
Changes of assumptions	(5,411)	5,359
Contributions subsequent to measurement date	-	31,272
Total	$ (5,411)	$ 266,004

5. Other information (continued)

E. Other Postemployment Benefits – KPERS (continued)

Subsequent payments of $31,272 will be reported in OPEB expense in 2020. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2020	$ 27,728
2021	27,728
2022	27,728
2023	27,728
2024	27,728
Thereafter	90,681
Total	$ 229,321

F. Closure and postclosure care costs

State and federal laws and regulations require the City's sanitary landfill to place a final cover on the landfill site and to perform certain maintenance and monitoring functions for thirty years after closure. Although closure and postclosure care costs will be paid in future periods, the City reports these closure and post-closure care costs as an operating expense in each period based upon landfill capacity used as of the balance sheet date. The $193,174 reported as landfill closure and postclosure care liability in the Refuse Fund at December 31, 2019 represents 100% of the estimated liability as the landfill is no longer accepting waste. The estimated liability is based upon what it would cost to perform all closure and postclosure care costs in 2019. Actual costs may be different than those estimated due to inflation, changes in technology or changes in regulations.

G. Commitments and contingencies

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

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

The City receives significant financial assistance from numerous Federal, state and local governmental agencies in the form of grants. Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy, efficiency and program results which may result in disallowed costs to the City. However, City management does not believe such audits would result in any disallowed costs that would be material to the City's financial position as of December 31, 2019.

5. Other information (continued)

G. Commitments and contingencies

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executor contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at yearend are not accounted for as expenditures and liabilities, but as restricted, committed, or assigned fund balance. At December 31, 2019, the City's recorded encumbrances in governmental funds were as follows:

General Fund	$ 27,007
Capital Projects Fund	5,109,580
Other non-major governmental funds	
Recreation Fund	4,713
Streets Fund	4,495
CIP Sales Tax Fund	37,774
Planters II Fund	34,668
Convention & Visitors Bureau Fund	18,214
Total	$ 5,236,451

H. Tax Abatements

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

For the fiscal year ended December 31, 2019, the City abated taxes totaling $752,007, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

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

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

  The plan provides for an ad valorem rebate of 100% of the increased taxes paid on eligible improvements for a period of 5-10 years. Interlocal agreements were entered into with the USD #453 school district and Leavenworth County. The NRA district includes properties from Metropolitan

5. Other information (continued)

H. Tax Abatements (continued)

The Neighborhood Revitalization Plan (NRA) (continued)

Avenue as the northern boundary to Spruce Street as the southern boundary and from N Esplanade Street as the eastern boundary to N 10th Street as the western boundary, with a portion of area between 10th and 11th street included. Within that area, two sections are considered Tax Increment Financing (TIF) areas instead of NRA.

As of December 31, 2019, the Commission approved extending the NRA for another 10 years. There are approximately 60 properties participating in the tax abatements, which totaled $87,364.

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

  As of December 31, 2019, the City has the following **Sales Tax TIF** agreements:
  - Home Depot (2001-2021) refund of 100% of the original 1% City sales tax. The amount repaid to Home Depot in 2019 was $294,042.
  - Zeck Ford (2015- 2035) refund of 80% of the original 1% City sales tax that is generated on sales exceeding $53,992,480 annually. The amount of sales tax repaid to Zeck for 2019 was $63,517.

  As of December 31, 2019, the City has the following **Property Tax TIF** agreements:
  - Zeck Ford (2015-2035): 100% refund of the property tax generated in excess of the assessed value excluding the allocation to the state and the school district general fund that is exempted by statute. $1,102,513 is considered the base value, and 2015 is considered the base year. At December 31, 2019, the district generated $52,580.
  - North Gateway Hotels (2014-2034): 100% of the property tax generated on the increased value of the properties in the North Gateway Hotel TIF is placed into a TIF fund, excluding the allocation to the state and the school district general fund that is exempted by statute. The monies paid into the TIF fund will be used to repay the $875,000 of GO bonds issued on behalf of the developer towards the construction of an extended stay hotel at that same location. As of December 31, 2019, the district generated $97,184.

5. Other information (continued)

H. Tax Abatements (continued)

- Downtown Hotel (2014-2034): 100% of the property tax generated on the increased value of the properties in the Downtown Hotel TIF is placed into a TIF fund, excluding the allocation to the state and the school district general fund that is exempted by statute. The base year for assessed valuation is 2011 and the base value is $2,352,884. As of December 31, 2019 , the district generated $157,320. The City has Interlocal agreements with USD #453 and Leavenworth County for the property tax TIFs.

I. Subsequent Events

The City evaluated subsequent events through June 30, 2020, the date the financial statements were available to be issued.

On March 11, 2020, the World Health Organization declared the COVID-19 virous outbreak a pandemic. The ultimate effect on the City's financial statements cannot be determined at this time.

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Required Supplementary Information

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City of Leavenworth, Kansas

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

	2019	2018	2017	2016	2015	2014
City's proportion of the collective net pension liability:						
KPERS	0.343336%	0.337771%	0.328793%	0.323681%	0.368228%	0.355866%
KP&F	1.133095%	1.159168%	1.109955%	1.200103%	1.280163%	1.271155%
City's proportionate share of the collective net pension liability	$ 16,265,970	$ 15,861,352	$ 15,171,471	$ 16,153,560	$ 14,130,484	$ 12,716,814
City's covered payroll	12,194,589	11,964,248	$ 11,552,857	$ 11,250,704	$ 11,932,917	$ 11,476,070
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	133.39%	132.57%	131.32%	143.58%	118.42%	110.81%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.87%	67.12%	65.10%	64.95%	66.60%

* GASB 67 requires presentation of 10 years. As of December 31,2019, only six years of information is available.

City of Leavenworth, Kansas

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 1,829,172	$ 1,724,395	$ 1,608,389	$ 1,709,712	$ 1,785,936	$ 1,741,195	$ 1,491,559	$ 1,424,239	$ 1,358,240	$ 1,220,228
Contributions in relation to the contractually required contribution	(1,829,172)	(1,724,395)	(1,608,389)	(1,709,712)	(1,785,936)	(1,741,195)	(1,491,559)	(1,424,239)	(1,358,240)	(1,220,228)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
City's covered payroll	12,046,939	12,066,257	11,672,733	11,235,594	11,590,840	11,710,799	11,436,682	11,429,992	11,958,524	11,990,714
Contributions as a percentage of covered payroll	15.18%	14.29%	13.78%	15.22%	15.41%	14.87%	13.04%	12.46%	11.36%	10.18%

City of Leavenworth, Kansas

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

	2019	2018	2017	2016	2015
Library's proportion of the collective net pension liability	0.034000	0.033000	0.033000	0.033000	0.030335
Library's proportionate share of the collective net pension liability	$ 478,279	$ 453,093	$ 470,907	$ 510,628	$ 398,312
Library's covered payroll	$ 658,550	$ 619,185	$ 584,240	$ 567,668	$ 522,469
Library's proportionate share of the collective net pension liability as a percentage of its covered payroll	72.85%	73.18%	80.60%	89.95%	76.24%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.87%	67.12%	65.10%	64.95%

* GASB 67 requires presentation of 10 years. As of December 31, 2019, only five years of information is available.

City of Leavenworth, Kansas

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

	2019	2018	2017	2016	2015
Contractually required contribution	$ 54,673	$ 49,020	$ 50,853	$ 51,618	$ 52,587
Contributions in relation to the contractually required contribution	54,673	49,020	50,853	51,618	52,587
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Library's covered payroll	$ 656,550	$ 619,185	$ 584,240	$ 679,554	$ 554,714
Contributions as a percentage of covered-employee payroll	8.3270%	7.9170%	8.7041%	7.5959%	9.4800%

* GASB 67 requires presentation of 10 years. As of December 31, 2019, only five years of information is available.

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

Total Pension Liability	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Service Cost	$ -	$ -	$ -	$ -	$ -	$ -
Interest	57,651	60,014	60,322	61,831	73,102	74,801
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	27,461	(17,934)	(29,788)	23,728	(305,853)	21,327
Changes of assumptions	(16,999)	18,979	97,084	-	-	-
Benefit payments, including refunds of member contributions	(140,777)	(138,868)	(136,916)	(134,794)	(151,091)	(154,434)
Net change in total pension liability	(72,664)	(77,809)	(9,298)	(49,235)	(383,842)	(58,306)
Total pension liability-beginning	1,992,090	2,069,899	2,079,197	2,128,432	2,512,274	2,570,580
Total pension-liability-ending (a)	$ 1,919,426	$ 1,992,090	$ 2,069,899	$ 2,079,197	$ 2,128,432	$ 2,512,274
Plan fiduciary net position						
Contributions-employer	$ 124,249	$ 121,272	$ 162,622	$ 163,144	$ 160,245	$ 159,716
Contributions-employee	-	-	-	-	-	-
Net investment income	11,803	9,106	3,417	1,266	846	846
Benefit payments, including refunds of member contributions	(140,777)	(138,868)	(136,916)	(134,794)	(151,091)	(154,434)
Administrative expenses	-	-	-	-	-	-
Other	-	-	-	-	-	(48)
Net change in plan fiduciary net position	(4,725)	(8,490)	29,123	29,616	10,000	6,080
Plan fiduciary net position-beginning	774,899	783,389	754,266	724,650	714,650	708,570
Plan fiduciary net position-ending (b)	$ 770,174	$ 774,899	$ 783,389	$ 754,266	$ 724,650	$ 714,650
Net pension liability-ending (a)-(b)	$ 1,149,252	$ 1,217,191	$ 1,286,510	$ 1,324,931	$ 1,403,782	$ 1,797,624
Plan fiduciary net position as a percentage of the total pension liability	40.13%	38.90%	37.85%	36.28%	34.05%	28.45%
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

* GASB 67 requires presentation of 10 years. As of December 31, 2019, only six years of information is available.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 138,536	$ 104,627	$ 86,462	$ 91,608	$ 117,310	$ 153,655	$ 153,655	$ 153,655	$ 153,655	$ 153,655
Actual contributions	124,249	121,272	162,622	163,144	160,245	159,716	188,189	180,610	155,067	179,560
Contribution deficiency (excess)	$ 14,287	$ (16,645)	$ (76,160)	$ (71,536)	$ (42,935)	$ (6,061)	$ (34,534)	$ (26,955)	$ (1,412)	$ (25,905)
Covered payroll	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date:
Actuarially determined contribution rates are calculated as of December 31, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Open level dollar 10 year basis
Asset valuation method	Market Value of Assets
Inflation	3%
Salary increases	N/A-closed plan
Investment rate of return	3.0% net of investment expenses
Cost of Living Increases	3%
Interest rates:	
Discount Rate	3%
Expected Long Term Rate of Return	3%
Municipal Bond rate	N/A
Retirement age	N/A-closed plan
Mortality	RP-2014 Mortality Table with Blue Collar adjustment projected from 2006 with Social Security Generational Improvement Scale based on the 2019 Trustees Report
Changes since prior report	Amortization of unfunded actuarial libilities changed from open level dollar15 year basis to open level dollar 10 year basis. Mortality improvement scale used was updated from the Social Security 2018 Scale to the Social Security 2019 Scale.

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

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

* GASB 67 requires presentation of 10 years. As of December 31, 2019, only six years of information is available.

City of Leavenworth, Kansas
Required Supplementary Information
Other Postemployment Benefits

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

Total OPEB Liability	2019	2018
Service Cost	$ 305,409	$ 389,159
Interest	275,867	284,813
Benefits paid	(173,928)	(233,622)
Differences between expected and actual experience	(171,361)	(1,778,825)
Changes of assumptions	613,123	(174,876)
Net change in total OPEB liability	849,110	(1,513,351)
Total OPEB liability-beginning	6,492,772	8,006,123
Total OPEB-liability-ending	$ 7,341,882	$ 6,492,772
Covered payroll	$ 12,046,939	$ 11,238,903
Total OPEB liability as a percentage of covered payroll	60.94%	57.77%
Actuarially determined contribution	$ 173,928	$ 233,622
Actual contribution	$ 173,928	$ 233,622
Contributions as a percentage of covered payroll	1.44%	2.08%

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

City of Leavenworth, Kansas
Required Supplementary Information
Other Postemployment Benefits

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

Total OPEB Liability	2019	2018
Service Cost	$ 20,579	$ 20,355
Interest	10,795	6,567
Benefits paid	(67,814)	(51,867)
Effect on economic/demographic gains or losses	139,941	130,814
Changes of assumptions	5,973	(2,686)
Net change in total OPEB liability	109,474	103,183
Total OPEB liability-beginning	291,954	188,771
Total OPEB-liability-ending	$ 401,428	$ 291,954
Covered payroll	$ 5,736,648	$ 5,606,308
Total OPEB liability as a percentage of covered payroll	7.00%	5.21%
Actuarially determined contribution	$ 67,814	$ 51,867
Actual contribution	$ 67,814	$ 51,867
Contributions as a percentage of covered payroll	1.18%	0.93%

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

Combining and Individual Fund Statements and Schedules

City of Leavenworth, Kansas

Nonmajor Governmental Funds

December 31, 2019

Special Revenue Funds

Fund Descriptions

Convention & Visitors Bureau Fund

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

Probation Fund

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

Police Seizure Fund

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

Police Grants Fund

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

Streets Fund

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

Recreation Fund

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

Special Park Gift Fund

To account for public contributions for improvements to city parks.

Economic Development Fund

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

Fund Descriptions (continued)

Bus & Tech Park Fund

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

Housing Fund

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

Community Development Fund

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

CIP Sales Tax Fund

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

Countywide Sales Tax Fund

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

Tax Increment Fund - Zeck

To account for the transactions related to the Zeck Ford properties Economic Development Incentives.

Tax Increment Fund - Hotels

To account for the transactions related to Hotel Economic Development Incentives.

Tax Increment Fund - Home Depot

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

City of Leavenworth, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue																
	Convention & Visitors Bureau	Probation	Police Seizure	Police Grants	Streets	Recreation	Special Park Gift	Economic Development	Bus& Tech Park	Housing	Community Development	CIP Sales Tax	Countywide Sales Tax	Tax Increment Zeck	Tax Increment Hotels	Tax Increment Home Depot	Total Nonmajor Governmental Funds
ASSETS																	
Cash and cash equivalents	$ 411,993	$ 89,480	$ 140,875	$ -	$ 51,164	$ 84,284	$ 34,742	$ 747,772	$ 449,535	$ 1,519,128	$ -	$ 1,516,307	$ 1,069,578	$ 39,778	$ 291,839	$ 101,913	$ 6,548,388
Cash in Escrow	-	-	-	-	666,599	-	-	-	-	-	-	-	-	-	138,296	-	804,895
Deposits restricted for tenant deposit refunds	-	-	-	-	-	-	-	-	-	32,138	-	-	-	-	-	-	32,138
Accounts receivable		18,596	-	-	10,760	-	-	-	-	-	-	-	-	-	-	-	29,356
Property tax receivable	-	-	-	-	-	440,481	-	-	-	-	-	-	-	-	-	-	440,481
Sales tax receivable	-	-	-	-	-	-	-	81,006	-	-	-	410,573	459,037	100,798	24,090	41,704	1,117,208
Interest receivable	-	-	319	-	-	-	-	-	-	-	-	-	-	-	-	300	619
Due from other governments	-	-	-	15,163	-	-	-	-	-	-	35,263	-	-	-	-	-	50,426
Assets held for resale	-	-	-	-	-	-	-	1,260,400	-	-	-	-	-	-	-	-	1,260,400
Total assets	$ 411,993	$ 108,076	$ 141,194	$ 15,163	$ 728,523	$ 524,765	$ 34,742	$ 2,089,178	$ 449,535	$ 1,551,266	$ 35,263	$ 1,926,880	$ 1,528,615	$ 140,576	$ 454,225	$ 143,917	$ 10,283,911
LIABILITIES																	
Accounts payable	$ 1,546	$ 864	$ -	$ -	$ 51,190	$ 42,838	$ 350	$ 197	$ 52	$ 20,874	$ 9,190	$ 41,764		$ -	$ -	$ -	168,865
Accrued compensation	8,208	7,145	-	-	30,990	41,446	-	2,127	-	14,634	3,850	-	-	-	-	-	108,400
Due to other funds	-	-	-	11,183	-	-	-	-	-	-	22,223	-	-	-	-	-	33,406
Tenant deposits	-	-	-	-	-	-	-	-	-	32,138	-	-	-	-	-	-	32,138
Unearned revenues	-	-	-	-	-	-	-	-	-	84,142	-	-	-	-	-	-	84,142
Total liabilities	9,754	8,009	-	11,183	82,180	84,284	350	2,324	52	151,788	35,263	41,764	-	-	-	-	426,951
DEFERRED INFLOWS OF RESOURCES																	
Unavailable revenues - property taxes	-	-	-	-	-	440,481	-	-	-	-	-	-	-	-	-	-	440,481
Unavailable revenues - grants	-	-	-	-	-	-		-	-	-		-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	440,481	-	-	-	-	-	-	-	-	-	-	440,481
FUND BALANCES																	
Restricted	402,239	100,067	141,194	3,980	646,343	-	34,392	2,086,854	449,483	1,399,478	-	1,885,116	1,528,615	140,576	454,225	143,917	9,416,479
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	402,239	100,067	141,194	3,980	646,343	-	34,392	2,086,854	449,483	1,399,478	-	1,885,116	1,528,615	140,576	454,225	143,917	9,416,479
Total liabilities, deferred inflows of resources, and fund balances	$ 411,993	$ 108,076	$ 141,194	$ 15,163	$ 728,523	$ 524,765	$ 34,742	$ 2,089,178	$ 449,535	$ 1,551,266	$ 35,263	$ 1,926,880	$ 1,528,615	$ 140,576	$ 454,225	$ 143,917	$ 10,283,911

See Independent auditor's report on the financial statements.

City of Leavenworth, Kansas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Special Revenue																
	Convention & Visitors Bureau	Probation	Police Seizure	Police Grants	Streets	Recreation	Special Park Gift	Economic Development	Bus& Tech Park	Housing	Community Development	CIP Sales Tax	Countywide Sales Tax	Tax Increment Zeck	Tax Increment Hotels	Tax Increment Home Depot	Total Nonmajor Governmental Funds
REVENUES																	
Taxes	$ 520,722	$ -	$ -	$ -	$ -	$ 531,049	$ -	$ 448,091	$ -	$ -	$ -	$ 2,250,419	$ 2,539,177	$ 655,342	$ 386,341	$ 293,775	$ 7,624,916
Intergovernmental	-	82,808	-	15,163	1,091,428	82,809	-	-	-	$ 1,751,356	340,626	-	-	-	-	-	3,364,190
Charges for services	3,025	138,298	34,486	-	-	604,184	6,664	-	-	540,574	-	-	-	-	5,000	-	1,332,231
Investment earnings	-	-	1,958	-	-	-	-	-	-	173	-	-	-	-	4,109	2,220	8,460
Miscellaneous	29,762	-	-	-	382,931	7,509	2,221	-	-	19,118	-	-	-		97,183	-	538,724
Total revenues	553,509	221,106	36,444	15,163	1,474,359	1,225,551	8,885	448,091	-	2,311,221	340,626	2,250,419	2,539,177	655,342	492,633	295,995	12,868,521
EXPENDITURES																	
Current:																	
General government	597,091	181,037	-	-	-	-	-	-	-	-	-	-	-	-	-	-	778,128
Public safety	-	-	15,656	15,164	-	-	-	-	-	-	-	-	-	-	-	-	30,820
Public works	-	-	-	-	1,274,824	-	-	-	-	-	-	-	-	-	-	-	1,274,824
Culture and recreation	-	-	-	-	-	1,649,457	7,236	-	-	-	-	-	-	-	-	-	1,656,693
Housing and urban redevelopment	-	-	-	-	-	-	-	-	-	2,273,084	340,626	-	-	-	-	-	2,613,710
Community & economic development	-	-	-	-	-	-	-	307,941	26,044	-	-	-	-	624,715	303,386	294,042	1,556,128
Debt service								-									
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	85,000	-	85,000
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	12,590	-	12,590
Capital outlay	18,214	-	-	-	10,054	-	10,000	-	-	-	-	1,043,150	56,197	-	-	-	1,137,615
Total expenditures	615,305	181,037	15,656	15,164	1,284,878	1,649,457	17,236	307,941	26,044	2,273,084	340,626	1,043,150	56,197	624,715	400,976	294,042	9,145,508
Excess (deficiency) of revenues over (under) expenditures	(61,796)	40,069	20,788	(1)	189,481	(423,906)	(8,351)	140,150	(26,044)	38,137	-	1,207,269	2,482,980	30,627	91,657	1,953	3,723,013
OTHER FINANCING SOURCES (USES)																	
Sale of assets	-	-	-	-	-	-	-	-	-	-	-	37,985	-	-	-	-	37,985
Insurance proceeds	-	-	-	-	2,250	-	-	-	-	-	-	12,733	-	-	-	-	14,983
Transfers in	-	-	-	-	147,392	446,036	-	-	-	-	-	33,000	56,124	-	-	-	682,552
Transfers out	-	-	(3,196)	-	(371,142)	-	-	-	-	-	-	(1,010,457)	(2,102,995)	-	-	-	(3,487,790)
Total - other financing sources (uses)	-	-	(3,196)	-	(221,500)	446,036	-	-	-	-	-	(926,739)	(2,046,871)	-	-	-	(2,752,270)
Net change in fund balances	(61,796)	40,069	17,592	(1)	(32,019)	22,130	(8,351)	140,150	(26,044)	38,137	-	280,530	436,109	30,627	91,657	1,953	970,743
Fund balances - beginning	464,035	59,998	123,602	3,981	678,362	(22,130)	42,743	1,946,704	475,527	1,361,341	-	1,604,586	1,092,506	109,949	362,568	141,964	8,445,736
Fund balances - ending	$ 402,239	$ 100,067	$ 141,194	$ 3,980	$ 646,343	$ -	$ 34,392	$ 2,086,854	$ 449,483	$ 1,399,478	$ -	$ 1,885,116	$ 1,528,615	$ 140,576	$ 454,225	$ 143,917	$ 9,416,479

See Independent auditor's report on the financial statements.

City of Leavenworth, Kansas
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 1,911,628	$ 1,911,628	$ 1,896,131	$ (15,497)
Total revenues	1,911,628	1,911,628	1,896,131	(15,497)
EXPENDITURES				
Debt service:				
Principal retirement	3,015,000	3,015,000	2,780,000	235,000
Interest and fiscal charges	530,387	530,387	519,713	10,674
Other Costs	164,840	164,840	-	164,840
Operating reserves	110,800	110,800	-	110,800
Total expenditures	3,821,027	3,821,027	3,299,713	521,314
Excess (deficiency) of revenues over (under) expenditures	(1,909,399)	(1,909,399)	(1,403,582)	505,817
OTHER FINANCING SOURCES (USES)				
Transfers in	1,654,805	1,654,805	1,403,582	(251,223)
Total - other financing sources (uses)	1,654,805	1,654,805	1,403,582	(251,223)
Net change in fund balances	(254,594)	(254,594)	-	254,594
Fund balances - beginning	254,594	254,594	361,513	106,919
Fund balances - ending	$ -	$ -	$ 361,513	$ 361,513

See Independent auditor's report on the financial statements.

City of Leavenworth, Kansas
Convention & Visitors Bureau Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Transient guest tax	$ 440,000	$ 440,000	$ 520,722	$ 80,722
Charges for services	-	-	3,025	3,025
Miscellaneous	-	-	29,762	29,762
Total revenues	440,000	440,000	553,509	113,509
EXPENDITURES				
Current:				
General government	297,824	305,324	615,305	(309,981)
Capital outlay	5,000	13,897	18,214	(4,317)
Operating Reserves	569,487	569,487	-	569,487
Total expenditures	872,311	888,708	633,519	255,189
Excess (deficiency) of revenues over (under) expenditures	(432,311)	(448,708)	(80,010)	368,698
Fund balances - beginning	432,311	432,311	447,638	15,327
Prior year encumbrances relieved	-	-	16,397	16,397
Current year encumbrances	-	-	18,214	18,214
Fund balances - ending	$ -	$ (16,397)	$ 402,239	$ 418,636

See Independent auditor's report on the financial statements.

City of Leavenworth, Kansas
Probation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	$ 72,250	$ 72,250	$ 82,808	$ 10,558
Charges for Services	107,768	107,768	138,298	30,530
Total revenues	180,018	180,018	221,106	41,088
EXPENDITURES				
Current:				
General government	211,710	211,710	181,037	30,673
Operating Reserves	43,812	43,812	-	43,812
Total expenditures	255,522	255,522	181,037	74,485
Excess (deficiency) of revenues over (under) expenditures	(75,504)	(75,504)	40,069	115,573
Fund balances - beginning	75,504	75,504	59,998	(15,506)
Fund balances - ending	$ -	$ -	$ 100,067	$ 100,067

See Independent auditor's report on the financial statements.

City of Leavenworth, Kansas
Streets
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	$ 1,076,800	$ 1,076,800	$ 1,091,428	$ 14,628
Miscellaneous	24,126	24,126	382,931	358,805
Total revenues	1,100,926	1,100,926	1,474,359	373,433
EXPENDITURES				
Current:				
Public works	2,152,244	2,178,970	1,279,319	899,651
Capital Outlay	-	-	10,054	(10,054)
Total expenditures	2,152,244	2,178,970	1,289,373	889,597
Excess (deficiency) of revenues over (under) expenditures	(1,051,318)	(1,078,044)	184,986	1,263,030
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	2,250	2,250
Transfers in	80,000	80,000	147,392	67,392
Transfers Out	-	-	(371,142)	(371,142)
Total other financing sources (uses)	80,000	80,000	(221,500)	(301,500)
Net change in fund balances	(971,318)	(998,044)	(36,514)	961,530
Fund balances - beginning	973,609	973,609	651,636	(321,973)
Current year encumbrances	-	-	4,495	4,495
Prior year encumbrances relieved	-	-	26,726	26,726
Fund balances - ending	$ 2,291	$ (24,435)	$ 646,343	$ 670,778

See Independent auditor's report on the financial statements.

City of Leavenworth, Kansas
Recreation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 534,436	$ 534,436	$ 531,049	$ (3,387)
Intergovernmental	72,250	72,250	82,809	10,559
Charges for services	665,175	665,175	604,184	(60,991)
Miscellaneous	6,000	6,000	7,509	1,509
Total revenues	1,277,861	1,277,861	1,225,551	(52,310)
EXPENDITURES				
Current:				
Culture and recreation	1,677,861	1,678,987	1,654,170	24,817
Total expenditures	1,677,861	1,678,987	1,654,170	24,817
Excess (deficiency) of revenues over (under) expenditures	(400,000)	(401,126)	(428,619)	(27,493)
OTHER FINANCING SOURCES (USES)				
Transfers In	400,000	400,000	446,036	46,036
Total other financing sources(uses)	400,000	400,000	446,036	46,036
Net change in fund balances	-	(1,126)	17,417	18,543
Fund balances - beginning	-	-	(23,256)	(23,256)
Current year encumbrances	-	-	4,713	4,713
Prior year encumbrances relieved	-	-	1,126	1,126
Fund balances - ending	$ -	$ (1,126)	$ -	$ 1,126

See Independent auditor's report on the financial statements.

City of Leavenworth, Kansas
Economic Development Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 424,752	$ 424,752	$ 448,091	$ 23,339
	424,752	424,752	448,091	23,339
EXPENDITURES				
Current:				
Community and Economic Development	928,336	935,836	307,941	627,895
Capital Outlay	40,000	40,000	-	40,000
Total expenditures	968,336	975,836	307,941	667,895
Excess (deficiency) of revenues over (under) expenditures	(543,584)	(551,084)	140,150	691,234
Fund balances - beginning	543,584	543,584	1,939,204	1,395,620
Prior year encumbrances relieved	-	-	7,500	7,500
Fund balances - ending	$ -	$ (7,500)	$ 2,086,854	$ 2,094,354

See Independent auditor's report on the financial statements.

City of Leavenworth, Kansas
Business & Technology Park
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Community & Economic Development	-	50,000	26,044	23,956
Total expenditures	-	50,000	26,044	23,956
Excess (deficiency) of revenues over (under) expenditures	-	(50,000)	(26,044)	23,956
Fund balances - beginning	475,527	475,527	475,527	-
Fund balances - ending	$ 475,527	$ 425,527	$ 449,483	$ 23,956

See Independent auditor's report on the financial statements.

City of Leavenworth, Kansas
CIP Sales Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Sales tax	$ 2,397,180	$ 2,397,180	$ 2,250,419	$ (146,761)
Total revenues	2,397,180	2,397,180	2,250,419	(146,761)
EXPENDITURES				
Current:				
Contractual Services	223,521	229,416	160,484	68,932
Commodities	-	-	135,500	(135,500)
Capital outlay	-	90,077	784,941	(694,864)
Reserves	594,557	594,557	-	594,557
Total expenditures	818,078	914,050	1,080,925	(166,875)
Excess of revenues over expenditures	1,579,102	1,483,130	1,169,494	(313,636)
OTHER FINANCING SOURCES (USES)				
Sales of assets	-	-	37,985	37,985
Insurance proceeds	-	-	12,733	12,733
Transfers in	-	-	33,000	33,000
Transfers out	(1,831,984)	(1,831,984)	(1,010,457)	821,527
Total other financing sources (uses)	(1,831,984)	(1,831,984)	(926,739)	905,245
Net change in fund balances	(252,882)	(348,854)	242,755	591,609
Fund balances - beginning	252,882	252,882	1,514,509	1,261,627
Current Year encumbrances	-	-	37,774	37,774
Prior year encumbrances relieved	-	-	90,077	90,077
Fund balances - ending	$ -	$ (95,972)	$ 1,885,115	$ 1,981,087

See Independent auditor's report on the financial statements.

City of Leavenworth, Kansas
Countywide Sales Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 2,406,925	$ 2,406,925	$ 2,539,177	$ 132,252
Total revenues	2,406,925	2,406,925	2,539,177	132,252
EXPENDITURES				
Current:				
Capital outlay	1,534,468	1,534,468	56,197	$ 1,478,271
Total expenditures	1,534,468	1,534,468	56,197	1,478,271
Excess of revenues over expenditures	872,457	872,457	2,482,980	1,610,523
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	56,124	56,124
Transfers out	(2,295,991)	(2,295,991)	(2,102,995)	192,996
	(2,295,991)	(2,295,991)	(2,046,871)	249,120
Net change in fund balances	(1,423,534)	(1,423,534)	436,109	1,859,643
Fund balances - beginning	1,423,534	1,423,534	1,061,158	(362,376)
Prior year encumbrances relieved	-	-	31,348	31,348
Fund balances - ending	$ -	$ -	$ 1,528,615	$ 1,528,615

See Independent auditor's report on the financial statements.

City of Leavenworth, Kansas
Tax Increment - Zeck Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Tax increment taxes	$ 795,711	$ 795,711	$ 655,342	$ (140,369)
Interest income	2,000	2,000	-	(2,000)
Charges for Services	5,000	5,000	-	(5,000)
Total revenues	802,711	802,711	655,342	(147,369)
EXPENDITURES				
Current:				
Community and Economic Development	804,711	804,711	624,715	179,996
Total expenditures	804,711	804,711	624,715	179,996
Excess (deficiency) of revenues over (under) expenditures	(2,000)	(2,000)	30,627	32,627
Net change in fund balances	(2,000)	(2,000)	30,627	32,627
Fund balances - beginning	2,000	2,000	109,949	107,949
Prior year encumbrances relieved	-	-	-	-
Fund balances - ending	$ -	$ -	$ 140,576	$ 140,576

See Independent auditor's report on the financial statements.

City of Leavenworth, Kansas
Tax Increment - Hotels Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Tax increment taxes	$ 252,000	$ 252,000	$ 386,341	$ 134,341
Charges for Services	-	-	5,000	5,000
Interest	-	-	4,109	4,109
Miscellaneous	-	-	97,183	97,183
Total revenues	252,000	252,000	492,633	240,633
EXPENDITURES				
Current:				
Community and Economic Development	404,174	404,174	400,976	3,198
Total expenditures	404,174	404,174	400,976	3,198
Excess (deficiency) of revenues over (under) expenditures	(152,174)	(152,174)	91,657	243,831
Fund balances - beginning	170,801	170,801	362,568	191,767
Prior year encumbrances relieved	-	-	-	-
Fund balances - ending	$ 18,627	$ 18,627	$ 454,225	$ 435,598

See Independent auditor's report on the financial statements.

City of Leavenworth, Kansas
Tax Increment - Home Depot Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Tax increment taxes	$ 292,542	$ 292,542	$ 293,775	$ 1,233
Investment earnings	650	650	2,220	1,570
Total revenues	293,192	293,192	295,995	2,803
EXPENDITURES				
Current:				
Community and Economic Development	391,759	391,759	294,042	97,717
Total expenditures	391,759	391,759	294,042	97,717
Excess (deficiency) of revenues over (under) expenditures	(98,567)	(98,567)	1,953	100,520
Net change in fund balances	(98,567)	(98,567)	1,953	100,520
Fund balances - beginning	98,567	98,567	141,964	43,397
Prior year encumbrances relieved	-	-	-	-
Fund balances - ending	$ -	$ -	$ 143,917	$ 143,917

See Independent auditor's report on the financial statements.

City of Leavenworth, Kansas
Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended December 31, 2019

	Balance January 1, 2019	Additions	Deductions	Balance December 31, 2019
Library				
Assets:				
Property tax receivable	$ 1,026,727	$ 1,039,520	$ 1,026,727	$ 1,039,520
	$ 1,026,727	$ 1,039,520	$ 1,026,727	$ 1,039,520
Liabilities				
Due to other government	$ 1,023,727	$ 1,039,520	$ 1,023,727	$ 1,039,520
	$ 1,023,727	$ 1,039,520	$ 1,023,727	$ 1,039,520

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Statistical Section

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Statistical Section

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

Contents	**Page**
Financial Trends *These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*	105-109
Revenue Capacity *These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.*	110-114
Debt Capacity *These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*	115-118
Demographic and Economic Information *These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*	119-121
Operating Information *These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*	122-123

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	$ 42,320,043	$ 40,913,632	$ 40,411,904	$ 40,049,777	$ 39,488,841	$ 38,894,256	$ 36,850,763	$ 43,804,306	$ 37,978,770	$ 37,906,629
Restricted	-	3,527,423	3,078,003	2,318,950	2,911,654	4,318,029	5,596,282	6,505,234	8,271,724	9,777,992
Unrestricted	6,953,098	2,864,839	2,411,409	2,255,580	3,730,477	2,795,265	(11,091,415)	(12,840,376)	(19,160,039)	(23,454,522)
Total governmental activities net posiitior	$ 49,273,141	$ 47,305,894	$ 45,901,316	$ 44,624,307	$ 46,130,972	$ 46,007,550	$ 31,355,630	$ 37,469,164	$ 27,090,455	$ 24,230,099
Business-type activities										
Net investment in capital assets	$ 7,974,877	$ 8,272,844	$ 7,631,457	$ 7,478,339	$ 6,926,217	$ 6,502,358	$ 7,732,377	$ 8,154,554	$ 8,435,825	$ 8,500,038
Unrestricted	2,384,532	1,686,816	2,082,114	1,707,398	1,858,926	2,105,520	821,504	504,747	2,054,060	3,131,520
Total business-type activities net positior	$ 10,359,409	$ 9,959,660	$ 9,713,571	$ 9,185,737	$ 8,785,143	$ 8,607,878	$ 8,553,881	$ 8,659,301	$ 10,489,885	$ 11,631,558
Primary government										
Net investment in capital assets	$ 50,294,920	$ 49,186,476	$ 48,043,361	$ 47,528,116	$ 46,415,058	$ 45,396,614	$ 44,583,140	$ 51,958,860	$ 46,414,595	$ 46,406,667
Restricted	-	3,527,423	3,078,003	2,318,950	2,911,654	4,318,029	5,596,282	6,505,234	8,271,724	9,777,992
Unrestricted	9,337,630	4,551,655	4,493,523	3,962,978	5,589,403	4,900,785	(10,269,911)	(12,335,629)	(17,105,979)	(20,323,002)
Total primary government net position	$ 59,632,550	$ 57,265,554	$ 55,614,887	$ 53,810,044	$ 54,916,115	$ 54,615,428	$ 39,909,511	$ 46,128,465	$ 37,580,340	$ 35,861,657

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	$ 4,030,168	$ 4,352,118	$ 3,731,226	$ 4,890,345	$ 3,773,326	$ 4,535,237	$ 3,582,125	$ 4,725,105	$ 3,420,563	$ 4,595,355
Public safety	11,843,745	12,008,431	11,882,932	11,642,136	12,227,523	12,160,234	12,819,901	12,409,485	12,313,792	13,470,550
Public works	4,108,248	4,443,172	4,073,389	4,105,004	4,326,643	4,146,573	3,476,393	7,509,361	8,134,057	9,370,447
Culture and recreation	3,242,768	3,238,794	3,226,421	3,173,151	3,286,242	3,282,317	3,864,795	3,595,821	2,807,665	4,309,317
Housing and urban redevelopment	2,898,887	3,307,860	3,096,295	2,980,409	2,884,617	3,872,406	4,716,419	4,836,524	2,477,772	2,753,076
Community and economic development	-	-	-	-	-	-	-	-	3,450,479	1,759,370
Unallocated depreciation expense	3,383,422	3,593,817	3,506,457	3,613,024	3,652,203	3,635,561	3,790,328	-	2,014,075	98,042
Interest on long-term debt	936,659	1,077,433	800,498	590,364	651,141	620,490	628,329	538,079	582,720	693,730
Total governmental activities expenses	30,443,897	32,021,625	30,317,218	30,994,433	30,801,695	32,252,818	32,878,290	33,614,375	35,201,123	37,049,887
Business-type activities:										
Sewer	3,776,559	3,766,429	4,090,751	4,318,011	4,399,423	4,120,247	4,123,179	4,709,551	4,480,655	4,903,799
Storm water	-	-	-	-	-	-	-	-	3,172	240,036
Refuse	1,671,076	1,710,490	1,484,989	1,805,972	1,920,283	1,946,065	1,809,659	1,963,188	1,934,057	1,886,380
Total business-type activities expenses	5,447,635	5,476,919	5,575,740	6,123,983	6,319,706	6,066,312	5,932,838	6,672,739	6,417,884	7,030,215
Total primary government expenses	$ 35,891,532	$ 37,498,544	$ 35,892,958	$ 37,118,416	$ 37,121,401	$ 38,319,130	$ 38,811,128	$ 40,287,114	$ 41,619,007	$ 44,080,102
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 1,919,296	$ 1,889,468	$ 1,929,579	$ 2,113,229	$ 1,848,902	$ 1,948,419	$ 2,063,853	$ 1,894,875	$ 1,406,657	$ 1,406,942
Public safety	634,801	726,273	702,342	687,666	676,940	588,486	452,930	392,715	382,530	199,487
Public works	1,273,124	1,529,150	1,311,654	1,311,813	1,383,007	1,244,162	896,938	2,618,014	1,913,001	1,139,509
Culture and recreation	910,377	735,381	644,688	575,244	638,330	670,945	705,652	710,596	681,841	629,319
Housing and urban redevelopment	578,098	776,573	546,902	604,527	460,988	602,145	506,280	563,009	548,668	557,736
Community and economic development	-	-	-	-	-	-	-	-	-	16,695
Operating grants and contributions	3,301,500	3,621,432	3,116,968	3,517,217	3,293,583	3,462,212	4,186,301	3,686,980	3,595,712	3,505,040
Capital grants and contributions	1,677,095	1,100,609	448,448	440,024	860,690	1,534,648	970,391	4,885,013	1,416,286	482,388
Total governmental activities program revenues	10,294,291	10,378,886	8,700,581	9,249,720	9,162,440	10,051,017	9,782,345	14,751,202	9,944,695	7,937,116
Business-type activities:										
Charges for services:										
Sewer	3,271,676	3,211,525	3,507,038	4,027,182	4,093,310	4,076,766	4,176,334	4,323,162	4,513,874	4,527,020
Storm Water	-	-	-	-	-	-	-	-	1,407,065	1,237,601
Refuse	1,796,644	1,835,014	1,822,613	1,827,391	1,825,802	1,882,466	1,896,702	1,962,730	2,014,217	2,164,811
Operating grants and contributions	-	35,831	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	772,325	512,256	396,881	143,171
Total business-type activities program revenues	5,068,320	5,082,370	5,329,651	5,854,573	5,919,112	5,959,232	6,845,361	6,798,148	8,332,037	8,072,603
Total primary government program revenues	$ 15,362,611	$ 15,461,256	$ 14,030,232	$ 15,104,293	$ 15,081,552	$ 16,010,249	$ 16,627,706	$ 21,549,350	$ 18,276,732	$ 16,009,719
Net (Expense)/Revenue										
Governmental activities	$ (20,149,606)	$ (21,642,739)	$ (21,616,637)	$ (21,744,713)	$ (21,639,255)	$ (22,201,801)	$ (23,095,945)	$ (18,863,173)	$ (25,256,428)	$ (29,112,771)
Business-type activities	(379,315)	(394,549)	(246,089)	(269,410)	(400,594)	(107,080)	912,523	125,409	1,914,153	1,042,388
Total primary government net expense	$ (20,528,921)	$ (22,037,288)	$ (21,862,726)	$ (22,014,123)	$ (22,039,849)	$ (22,308,881)	$ (22,183,422)	$ (18,737,764)	$ (23,342,275)	$ (28,070,383)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 9,643,197	$ 9,337,269	$ 9,491,948	$ 9,487,704	$ 9,283,277	$ 5,149,544	$ 5,149,544	$ 5,359,986	$ 5,621,684	$ 5,923,991
Franchise taxes (4)	2,395,005	2,502,959	2,565,587	2,540,990	2,736,877	2,676,007	2,676,007	2,796,945	2,880,135	2,794,211
Sales taxes	5,334,666	5,519,376	5,712,203	5,721,451	5,950,513	10,654,420	2,802,922	12,557,687	14,007,389	14,814,018
Motor vehicle taxes	1,000,334	1,016,050	922,183	917,453	1,113,514	1,074,498	729,991	714,825	764,659	767,641
Other taxes	996,700	914,034	870,810	916,065	1,005,638	2,333,684	2,792,915	1,378,371	414,264	520,722
Intergovernmental revenue not restricted to specific programs	87,643	88,794	87,420	88,957	98,073	98,849	52,397	-	-	-
Gain on sale of assets	-	-	-	516,869	-	-	-	-	-	-
Payments in lieu of property taxes	-	-	-	-	-	-	-	36,438	-	-
Investment earnings	52,722	22,309	20,141	22,570	21,388	21,192	30,963	123,383	212,681	370,343
Miscellaneous	-	-	-	-	-	-	-	39,010	565,149	1,061,489
Transfers	-	-	5,200	-	258,424	70,185	47,345	47,345	-	-
Total governmental activities	19,510,267	19,400,791	19,675,492	20,212,059	20,467,704	22,078,379	14,282,084	23,053,990	24,465,961	26,252,415
Business-type activities:										
Gain on sale of assets	-	-	-	-	-	-	834	4,908	-	-
Miscellaneous	-	-	-	-	-	-	-	22,448	15,147	99,285
Transfers	-	-	(5,200)	-	(258,424)	(70,185)	(47,345)	(47,345)	-	-
Total business-type activities	-	-	(5,200)	-	(258,424)	(70,185)	(46,511)	(19,989)	15,147	99,285
Total primary government	$ 19,510,267	$ 19,400,791	$ 19,670,292	$ 20,212,059	$ 20,209,280	$ 22,008,194	$ 14,235,573	$ 23,034,001	$ 24,481,108	$ 26,351,700
Change in Net Position										
Governmental activities	$ (639,339)	$ (2,241,948)	$ (1,941,145)	$ (1,532,654)	$ (1,171,551)	$ (123,422)	$ (8,813,861)	$ 4,190,817	$ (790,467)	$ (2,860,356)
Business-type activities	(379,315)	(394,549)	(251,289)	(269,410)	(659,018)	(177,265)	866,012	105,420	1,929,300	1,141,673
Total primary government	$ (1,018,654)	$ (2,636,497)	$ (2,192,434)	$ (1,802,064)	$ (1,830,569)	$ (300,687)	$ (7,947,849)	$ 4,296,237	$ 1,138,833	$ (1,718,683)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	$ 35,387	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	3,695,914	-	-	-	-	-	-	-	-	-
Restricted	-	6,666	5,208	3,457	-	-	-	-	-	-
Committed	-	387,057	357,962	366,560	2,390,081	-	-	-	-	-
Assigned	-	2,816	9,049	12,156	-	54,523	47,985	25,749	1,806	27,007
Unassigned	-	2,632,344	2,640,634	2,970,612	2,946,257	5,566,724	5,974,476	6,451,103	5,901,914	5,152,505
Total general fund	$ 3,731,301	$ 3,028,883	$ 3,012,853	$ 3,352,785	$ 5,336,338	$ 5,621,247	$ 6,022,461	$ 6,476,852	$ 5,903,720	$ 5,179,512
All Other Governmental Funds										
Reserved	$ 2,006,141	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	3,412,515	-	-	-	-	-	-	-	-	-
Capital projects funds (1)	(3,117,025)	-	-	-	-	-	-	-	-	-
Debt service funds	446,225	-	-	-	-	-	-	-	-	-
Restricted for:										
Capital improvments	-	-	-	-	-	-	-	-	2,697,092	3,413,731
Tax increment financing					-	-	-	-	-	730,860
General government	-	1,427,175	1,604,878	863,676	1,197,539	2,925,495	2,418,165	2,846,524	-	-
Public safety	-	323,532	319,368	167,851	149,531	150,246	161,607	169,573	127,583	145,174
Public works	-	-	1,383	-	-	945	72,658	942,987	678,362	646,343
Tourism and convention activities	-	-	-	-	-	-	-	-	464,035	402,239
Culture and recreation	-	30,673	35,916	31,414	27,162	59,080	113,605	156,810	42,743	34,392
Housing and urban redevelopment	-	1,205,584	681,635	809,472	831,129	942,072	2,331,702	2,284,631	1,361,341	1,399,478
Community and economic development	-	-	-	-	-	-	-	-	3,036,712	2,544,195
Debt service	-	418,901	317,152	320,222	677,320	306,415	415,724	315,640	361,513	361,513
Probation services	-	-	-	-	-	-	-	-	59,998	100,067
Committed for:										
Capital Outlay	-	604,280	1,114,249	2,094,072	468,646	162,483	2,352,854	2,240,305	1,779,484	5,109,580
Public works	-	472,904	485,212	608,605	825,454	1,214,744	-	-	-	-
Culture and recreation	-	147,130	309,989	497,958	147,212	(28,259)	-	-	-	-
Housing and urban redevelopment	-	71,916	103,504	173,918	89,848	86,755	-	-	-	-
Tourism and convention activities	-	-	-	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-	-	-	-
Assigned to:										-
General government	-	19,469	19,262	20,262	20,107	20,507	-	-	-	27,007
Culture and recreation	-	84,652	78,992	-	1,438	-	-	-	-	-
Unassigned	-	-	-	(30,357)	-	-	-	-	(2,005,400)	(2,376,868)
Total all other governmental funds	$ 2,747,856	$ 4,806,216	$ 5,071,540	$ 5,557,093	$ 4,435,386	$ 5,840,483	$ 7,866,315	$ 8,956,470	$ 8,603,463	$ 12,537,711

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	$ 19,635,158	$ 19,868,108	$ 19,886,015	$ 20,267,917	$ 23,147,239	$ 22,079,326	$ 22,574,241	$ 22,807,814	$ 23,688,132	$ 24,820,583
Intergovernmental	4,781,818	4,383,780	3,420,383	4,124,981	4,150,332	4,932,462	4,637,883	8,564,188	3,822,365	3,987,770
Licenses and permits	398,837	409,844	420,084	351,826	378,728	401,505	402,462	392,950	441,537	494,874
Charges for services	2,984,685	2,996,210	3,064,573	3,108,222	3,158,767	2,996,356	2,658,253	3,101,482	3,215,038	2,881,272
Fines and forfeitures	1,139,945	1,115,114	1,101,533	910,243	820,719	862,554	824,540	639,850	616,627	573,542
Investment earnings	40,303	46,502	22,570	21,387	20,548	21,193	30,963	123,383	218,023	370,343
Other revenues	717,577	1,059,723	509,540	635,097	590,081	703,851	1,249,801	2,045,589	1,189,946	852,964
Total revenues	29,698,323	29,879,281	28,424,698	29,419,673	32,266,414	31,997,247	32,378,143	37,675,256	33,191,668	33,981,348
Expenditures										
General government	3,715,791	3,664,873	3,630,286	3,612,126	3,386,433	3,629,457	3,549,462	3,670,272	4,005,880	4,155,823
Public safety	10,900,873	11,022,513	10,799,019	10,522,795	11,045,497	11,054,380	11,367,068	11,160,771	11,783,843	12,140,010
Public works	3,647,884	3,972,206	3,659,854	3,663,486	3,730,738	3,643,703	3,343,760	3,917,574	5,473,003	8,530,464
Culture and recreation	2,294,126	2,192,258	2,303,854	2,252,866	2,353,510	2,357,827	2,883,746	2,514,505	2,735,930	3,301,809
Housing and urban redevelopment	2,608,889	3,007,367	2,644,508	2,472,611	2,597,516	3,038,327	4,464,750	4,550,691	2,661,033	2,672,386
Community and economic development	-	-	-	-	-	-	-	-	3,450,479	1,755,931
Capital outlay	7,225,679	5,124,530	3,727,392	6,714,098	6,581,595	5,698,832	4,755,873	14,073,071	3,129,648	1,264,523
Debt service										
Principal	1,998,982	3,066,945	2,870,705	2,880,249	4,010,529	2,926,748	5,484,348	2,843,553	2,899,531	3,024,601
Interest	1,055,106	1,149,587	846,655	594,381	657,144	620,978	621,932	401,116	646,467	723,369
Issuance costs	-	-	-	-	-	-	-	149,635	-	-
Total expenditures	33,447,330	33,200,279	30,482,273	32,712,612	34,362,962	32,970,252	36,470,939	43,281,188	36,785,814	37,568,916
Excess of revenues over (under) expenditures	(3,749,007)	(3,320,998)	(2,057,575)	(3,292,939)	(2,096,548)	(973,005)	(4,092,796)	(5,605,932)	(3,594,146)	(3,587,568)
Other Financing Sources (Uses)										
Bonds issued	3,250,000	3,465,000	1,740,000	3,860,000	2,900,000	2,300,000	6,575,000	6,550,000	1,410,000	1,340,000
Refunding bonds issued	-	6,250,000	1,825,000	-	-	-	-	-	-	-
Bond anticipation notes issued	4,905,000	-	-	-	-	-	-	-	-	-
Bond Premium	-	-	-	-	-	-	-	-	-	69,571
Insurance proceeds	-	-	-	-	-	-	-	-	24,117	170,530
Capital leases	614,784	196,740	-	-	-	-	-	477,685	-	-
Sale of capital assets	-	-	-	-	-	-	52,397	36,438	5,240	37,995
Sale of land	-	-	516,869	-	-	292,826	-	-	-	-
Contributed capital	-	-	-	-	-	-	-	-	1,228,650	-
Payments to escrow agent	-	(5,240,000)	(1,775,000)	-	-	-	-	39,010	-	-
Transfers in	3,600,395	6,138,173	4,983,085	6,610,615	5,719,587	6,112,012	5,717,005	4,194,786	5,123,232	4,212,409
Transfers out	(3,600,395)	(6,132,973)	(4,983,085)	(6,352,191)	(5,719,587)	(6,041,827)	(5,669,660)	(4,147,441)	(5,123,232)	(4,212,409)
Total other financing sources (uses)	8,769,784	4,676,940	2,306,869	4,118,424	2,900,000	2,663,011	6,674,742	7,150,478	2,668,007	1,618,096
Net change in fund balances	$ 5,020,777	$ 1,355,942	$ 249,294	$ 825,485	$ 803,452	$ 1,690,006	$ 2,581,946	$ 1,544,546	$ (926,139)	$ (1,969,472)
Debt service as a percentage of noncapital expenditures	11.6%	15.0%	13.9%	13.4%	16.8%	13.0%	19.3%	11.6%	11.0%	11.5%

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

Fiscal Year	Property Tax	Tax Increment Property Tax	Sales Tax	Compensating Use Tax	Tax Increment Sales Tax	Franchise Tax	Motor Vehicle Tax	Special Assessment Tax	Other Tax	Total
2010	$ 9,337,269	$ -	$ 5,519,376	$ 716,724	$ 197,310	$ 2,502,959	$ 1,016,050	$ 345,470	$ -	$ 19,635,158
2011	9,491,948	-	5,712,203	685,653	185,157	2,565,587	922,183	305,377	-	19,868,108
2012	9,487,704	-	5,721,451	708,861	207,204	2,540,990	917,453	302,352	-	19,886,015
2013	9,283,277	-	5,950,513	790,747	214,891	2,736,877	1,113,514	178,098	-	20,267,917
2014	9,259,644	-	8,464,314	1,134,088	233,895	2,861,614	1,014,989	178,695	-	23,147,239
2015	5,149,544	36,612	10,654,420	1,604,125	484,431	2,676,007	1,074,498	191,173	208,516	22,079,326
2016	5,221,569	126,217	10,896,917	1,508,063	808,166	2,802,922	729,991	129,925	350,470	22,574,240
2017	5,227,897	142,450	10,958,814	1,598,873	894,604	2,796,945	714,825	132,089	341,317	22,807,815
2018	5,329,170	182,648	11,318,049	1,739,801	949,539	2,880,135	764,659	109,867	414,264	23,688,132
2019	5,411,407	307,085	12,005,497	1,780,148	1,028,373	2,794,211	767,641	205,499	520,722	24,820,583
Change 2010 - 2019	-42.0%	100.0%	117.5%	148.4%	421.2%	11.6%	-24.4%	-40.5%	100.0%	26.4%

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

Fiscal Year Ended December 31	Real Property			Personal Property	State Assessed Utilities	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Total							
2010	$ 133,077,189	$ 53,122,616	$ 186,199,805	$ 8,200,207	$ 9,692,087	NA	$ 204,092,099	51.922	$1,437,966,087	14.2%
2011	133,998,063	53,490,216	187,488,279	7,347,200	9,853,412	NA	204,688,891	51.883	1,433,229,801	14.3%
2012	133,128,072	53,142,928	186,271,000	7,141,023	10,048,621	NA	203,460,644	51.865	1,393,132,353	14.6%
2013	131,388,896	52,448,672	183,837,568	6,663,472	10,869,314	NA	201,370,354	51.841	1,394,124,698	14.4%
2014	129,674,855	51,764,450	181,439,305	6,984,423	11,446,519	NA	199,870,247	52.029	1,430,085,770	14.0%
2015	130,269,055	52,001,647	182,270,702	5,412,888	11,084,363	NA	198,767,953	31.023	1,421,438,551	14.0%
2016	129,723,607	57,449,951	187,173,558	4,497,671	11,983,704	NA	203,654,933	31.027	1,433,255,606	14.2%
2017	131,946,283	59,280,214	191,226,497	4,114,339	11,838,522	NA	207,179,358	31.361	1,456,131,008	14.2%
2018	135,446,398	60,852,730	196,299,128	4,008,053	12,037,816	NA	212,344,997	31.348	1,492,536,552	14.2%
2019	139,736,940	62,780,365	202,517,305	3,897,067	12,778,097	NA	219,192,469	31.754	1,538,834,333	14.2%

Source: Leavenworth County Clerk

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

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

	City of Leavenworth			Overlapping Rates							
				Leavenworth County			School District				Total
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Special Districts	Direct and Overlapping Rates
2010	44.541	7.381	51.922	30.735	1.317	32.052	40.840	22.350	63.190	1.500	148.664
2011	43.993	7.890	51.883	31.809	1.276	33.085	39.880	23.296	63.176	1.500	149.644
2012	44.394	7.471	51.865	35.348	0.165	35.513	41.447	21.719	63.166	1.500	152.044
2013	44.465	7.376	51.841	36.065	0.449	36.514	45.480	20.668	66.148	1.500	156.003
2014	43.227	8.802	52.029	36.196	0.374	36.570	49.603	19.750	69.353	1.500	159.452
2015	22.854	8.169	31.023	36.544	0.000	36.544	43.569	19.778	63.347	1.500	132.414
2016	22.803	8.224	31.027	37.608	0.000	37.608	43.841	19.484	63.325	1.500	133.460
2017	23.713	7.635	31.361	23.228	8.133	31.361	43.836	19.489	63.335	1.500	127.557
2018	24.11	7.637	31.348	37.112	0.000	37.112	41.925	17.397	59.322	1.500	129.291
2019	24.12	7.648	31.754	37.184	0.000	37.184	40.848	17.397	58.245	1.500	128.692

Source: Leavenworth County Clerk

City of Leavenworth, Kansas
Principal Property Taxpayers
December 31, 2019

	2019			2010		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
EVERGY ENERGY (WESTAR)	$ 7,539,167	1	3.8%	$ 3,502,276	4	1.8%
CORRECTIONS CORP	6,721,648	2	3.4%	9,654,825	1	4.9%
WAL-MART REAL ESTATE	3,254,511	3	1.6%	4,346,176	2	2.2%
KANSAS GAS SERVICE	2,301,368	4	1.2%	1,964,162	6	1.0%
MDG-LEAVENWORTH	1,774,895	5	0.9%	-	-	0.0%
ZECK BROTHERS	1,725,797	6	0.9%	-	-	0.0%
DEVELOPMENT INC	1,674,654	7	0.8%	2,571,786	5	1.3%
HALLMARK MARKETING	1,639,861	8	0.8%	3,792,288	3	0.0%
CEREAL INGREDIENTS	1,555,873	9	0.8%	-	-	0.0%
PRIME HEALTHCARE	1,528,700	10	0.8%	-	-	0.0%
GREENAMYRE RENTALS	-	-	0.0%	1,398,641	8	0.7%
HD DEVELOPMENT	-	-	0.0%	1,305,275	9	0.6%
DILLON'S	-	-	0.0%	1,144,350	10	0.6%
TPS LEAVENWORTH	1,418,650	-	0.7%	-	-	0.0%
STOVE FACTORY LOFTS	1,234,504	-	0.6%	-	-	0.0%
SOUTHWESTERN BELL TELEPHONE	-	-	-	1,882,083	7	0.9%
	$ 32,369,628		16.3%	$ 31,561,862		14.1%

Source: Leavenworth County Clerk

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

Fiscal Year	Total Tax Levy For Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	$ 10,575,737	$ 10,216,927	96.6%	$ 327,134	$ 10,544,061	99.7%
2011	10,619,874	10,297,377	97.0%	247,715	10,545,092	99.3%
2012	10,552,486	10,265,866	97.3%	192,913	10,458,779	99.1%
2013	10,439,241	10,176,683	97.5%	129,665	10,306,348	98.7%
2014	10,399,049	10,133,604	97.4%	109,528	10,243,132	98.5%
2015	6,166,379	6,038,709	97.9%	9,418	6,048,127	98.1%
2016	6,282,188	6,128,032	97.5%	94,673	6,222,705	99.1%
2017	6,383,650	6,183,776	96.9%	112,717	6,278,449	98.4%
2018	6,495,016	6,300,960	97.0%	109,498	6,413,677	98.7%
2019	6,742,928	6,534,599	96.9%	-	6,644,097	98.5%

Source: Leavenworth County Treasurer

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

Fiscal Year	Governmental Activities: General Obligation Bonds	Governmental Activities: Capital Leases	Activities Business-Type Activities: General Obligation Bonds	Activities Business-Type Activities: Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2010	$ 22,825,000	$ 614,784	$ 6,820,000	$ -	$ 30,259,784	2.5%	$ 858
2011	21,485,000	664,579	6,390,000	-	28,539,579	2.2%	800
2012	19,960,000	473,874	10,115,000	-	30,548,874	2.3%	856
2013	21,270,000	278,625	9,460,000	-	31,008,625	2.3%	866
2014	17,990,000	78,696	8,780,000	-	26,848,696	1.9%	748
2015	17,405,000	39,348	8,050,000	-	25,494,348	1.8%	708
2016	18,535,000	-	7,305,000	-	25,840,000	1.8%	718
2017	22,405,000	314,132	6,555,000	-	29,274,132	2.8%	808
2018	21,070,000	159,601	5,800,000	375,000	27,404,601	1.9%	705
2019	19,545,000	-	5,160,000	254,321	24,959,321	1.7%	705

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

(1) See the schedule of Demographic and Economic Statistics on page 119 for personal income and population data.

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

Fiscal Year	General Obligation Bonds: Governmental Activities	General Obligation Bonds: Business-type Activities	Less: Amounts Available in Debt Service Fund	Total Primary Government	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2010	$ 22,825,000	$ 6,820,000	$ 446,225	$ 29,198,775	2.0%	828
2011	21,485,000	6,390,000	418,901	27,456,099	1.9%	770
2012	19,960,000	10,115,000	319,652	29,755,348	2.1%	834
2013	21,270,000	9,460,000	320,222	30,409,778	2.2%	849
2014	17,990,000	8,780,000	677,320	26,092,680	1.8%	727
2015	17,405,000	8,050,000	320,346	25,134,654	1.8%	698
2016	18,535,000	7,305,000	415,724	25,424,276	1.8%	706
2017	22,405,000	6,555,000	315,640	28,644,360	2.0%	790
2018	21,070,000	5,800,000	361,513	26,508,487	1.8%	732
2019	19,545,000	5,160,000	361,513	24,343,487	1.6%	677

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

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

(2) See the schedule of Demographic and Economic Statistics on page 119 for population data.

City of Leavenworth, Kansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2019

Governmental Unit	Total Debt Outstanding	Net Debt Outstanding (1)	Eestimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes				
School District #453	$ 80,870,000	$ 35,582,800	93.0%	$ 33,092,004
Leavenworth County	20,380,000	13,654,600	35.0%	4,779,110
Subtotal, overlapping debt				37,871,114
City direct debt				19,243,082
Total direct and overlapping debt				$ 57,114,196

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

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

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

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	$ 68,465,048	$ 67,999,247	$ 67,244,547	$ 66,950,665	$ 66,619,977	$ 68,350,691	$ 69,128,610	$ 70,316,891	$ 72,214,115	$ 74,499,282
Total net debt applicable to limit	18,551,322	12,849,782	10,475,866	12,973,064	10,741,429	11,004,905	10,659,848	15,034,277	13,552,110	19,243,082
Legal debt margin	$ 49,913,726	$ 55,149,465	$ 56,768,681	$ 53,977,601	$ 55,878,548	$ 57,345,786	$ 58,468,762	$ 55,282,614	$ 58,662,005	$ 55,256,200
Total net debt applicable to the limit as a percentage of debt limit	27.1%	18.9%	15.6%	19.4%	16.1%	16.1%	15.4%	21.4%	18.8%	25.8%

Legal Debt Margin Calculation for Fiscal Year 2019

Adjusted equalized assessed valuation	$ 248,330,940
Debt limit (30% of total equalized assessed value)	74,499,282
Debt applicable to limit	19,243,082
Legal debt margin	$ 55,256,200

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

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

Fiscal Year	Population (1)	Personal Income	Per Capita Income (2)	School Enrollment (3) Public	Private	Total	Unemployment Rate (4)
2010	35,251	$ 1,232,057,701	$ 34,951	3,707	484	4,191	7.9%
2011	35,675	1,284,870,800	36,016	3,755	476	4,231	7.4%
2012	35,675	1,317,228,025	36,923	3,866	429	4,295	6.7%
2013	35,816	1,342,526,944	37,484	3,886	375	4,261	5.8%
2014	35,891	1,394,078,222	38,842	3,919	338	4,257	4.6%
2015	36,000	1,405,692,000	39,047	3,843	327	4,170	4.8%
2016	36,154	1,427,251,458	39,477	3,894	323	4,217	5.7%
2017	36,240	1,041,646,320	28,743	3,873	217	4,090	4.9%
2018	36,210	1,455,424,740	40,194	3,878	212	4,090	5.5%
2019	36,062	1,482,184,262	41,101	3,793	222	4,015	3.1%

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

City of Leavenworth, Kansas
Principal Employers
December 31, 2019

	2019			2010		
Taxpayer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fort Leavenworth	8,821	1	55.7%	8,043	1	29.8%
Veterans Administration	685	2	4.3%	600	4	4.6%
Leavenworth USD #453	630	3	4.0%	996	2	3.3%
Leavenworth County	405	4	2.6%	370	8	2.1%
Veterans Administration- Consolidated Patient Account Center	400	5	2.5%	-	-	0.0%
Leavenworth Federal Penitentiary	355	6	2.2%	390	6	2.2%
Wallmart Supercenter	350	7	2.2%	-	-	0.0%
Northup-Grumman	345	8	2.2%	700	5	3.0%
Hallmark Cards, Inc.	300	9	1.9%	320	3	1.8%
City of Leavenworth	267	10	1.7%	-	-	0.0%
St. John's Hospital	120	-	0.0%	280	10	3.6%
Capital Electric	-	-	0.0%	326	9	1.8%
Cushing Memorial Hospital	235	-	0.0%	350	7	1.9%
	12,913		79.3%	12,375		54.1%

Source: Kansas Statistical Abstract
Leavenworth County Development Corporation

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

Function	Full-Time Equivalent Employees as of December 31									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government	30	28	26	29	29	27	33	34	32	33
Public safety										
Police	93	93	89	86	84	85	72	77	73	75
Fire	57	57	57	57	55	54	54	54	52	50
Public works	31	30	29	30	30	27	25	30	29	29
Culture and recreation	35	34	34	35	37	31	32	30	35	40
Housing and urban redevelopment	7	7	7	7	7	7	7	8	8	10
Sewer	19	19	19	18	14	19	17	16	16	13
Refuse	14	14	14	13	13	14	12	13	13	14
Total	286	282	275	275	269	264	252	262	258	264

Source: City of Leavenworth Human Resources Department

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

Function/Program	Fiscal Year 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police										
Physical arrests	2,374	2,475	2,544	2,608	2,029	1,918	1,762	2,126	2,175	1,893
Traffic violations	8,698	10,403	9,148	3,974	5,230	4,927	4,576	4,459	2,296	2,307
Fire										
Calls answered	1,914	2,378	2,353	2,303	2,199	2,508	2,543	2,606	2,645	2,747
Inspections conducted	814	795	854	1,004	796	951	830	854	873	848
Housing and urban redevelopment										
Certificates/vouchers for low-income rental assistance	444	444	444	444	444	444	469	469	469	469
Sewer										
Daily average treatment (thousands of gallons)	5,156	6,423	3,325	3,609	3,983	4,753	4,778	4,240	4,530	5,598
Refuse										
Refuse disposed (tons)	11,508	11,026	10,967	11,325	11,259	11,696	11,710	11,928	11,291	11,597

Sources: Various City departments

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

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

Function/Program	Fiscal Year 2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
*Public works										
Miles of street:										
Improved	156.6	156.6	156.6	156.6	156.6	156.6	156.6	124.4	125.8	156.6
Unimproved	0.4	0.4	0.4	0.4	0.4	0.4	0.4	58.5	58.5	58.5
Controlled intersections	43	43	43	43	42	42	41	1324	1331	1331
Culture and recreation										
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	21	21	22	22	22	22	22	22	22	22
Park acreage	424	424	441	441	442	442	442	442	442	442
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	8	8	8	8	8	8	8	8	8	8
Ball fields	9	9	10	12	12	12	12	12	12	12
Housing and urban redevelopment										
Elderly high-rise occupancy (units)	105	105	105	105	105	105	105	105	105	105
Sewer										
Sanitary sewer (miles)	130	130	130	130	130	130	130	130	158	158
Treatment plants	1	1	1	1	1	1	1	1	1	1
Treatment capacity (thousands of gallons)	6,880	6,880	6,880	6,880	6,880	6,880	6,880	6,880	6,880	6,880

* We have started the implamentation of our GIS methods for determining the miles of improved, unimpoved, and controlled intersections so the classification have changed.

Sources: Various City departments

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

Single Audit of
Federal Financial Assistance

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Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019
(With Unaudited Cumulative Totals from Inception of the Project)

Federal Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Pass-Through Grantor's Number	Cumulative Awards Through December 31, 2019 (Unaudited)	Reported Expenditures: Cumulative Through December 31, 2018 (Unaudited)	Reported Expenditures: Total for the Year ended December 31, 2019	Reported Expenditures: Cumulative Through December 31, 2019	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development							
CDBG - Entitlement Grants Cluster:							
2018 Community Development Block Grant-Entitlement	14.218		$ 310,589	$ 133,026	$ 177,563	$ 310,589	$ 29,128
2019 Community Development Block Grant-Entitlement	14.218		492,667	-	163,062	163,062	29,349
Total CDBG - Entitlement Grants Cluster			803,256	133,026	340,625	473,651	58,477
Passed through the Kansas Housing Resources Corporation:							
2018 Emergency Solutions Grant	14.231	ESG-FFY2018	43,751	30,160	13,591	43,751	12,439
2019 Emergency Solutions Grant	14.231	ESG-FFY2019	51,564	-	19,139	19,139	19,139
Public Housing	14.850		223,492	-	223,492	223,492	-
Capital Fund Program	14.872	KS01P06850117	91,154	7,012	-	7,012	-
Capital Fund Program	14.872	KS01P06850118	141,398	-	-	-	-
Capital Fund Program	14.872	KS01P06850119	146,897	-	-	-	-
Housing Voucher Cluster:							
Section 8 - Housing Choice Vouchers	14.871		1,527,864	-	1,627,504	1,627,504	-
Total U.S. Department of Housing and Urban Development			3,029,376	170,198	2,224,351	2,394,549	90,055
U.S. Department of Justice							
Bulletproof Vest Partnership Program - 2017	16.607		1,446	-	1,445	1,445	-
Bulletproof Vest Partnership Program - 2018	16.607		1,808	-	13	13	-
Bulletproof Vest Partnership Program - 2019	16.607		2,166	-	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017DJBX0907	25,535	23,665	-	23,665	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018DJBX0206	25,170	-	15,163	15,163	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019DJBX0434	23,873	-	-	-	-
Total U.S. Department of Justice			79,998	23,665	16,621	40,286	-
U.S. Department of Transportation							
Passed through the Kansas Department of Transportation:							
Highway Safety Cluster:							
Highway Planning and Construction (A,B)	20.205	TA52N0676-01	500,000		450,000	450,000	-
State and Community Highway Safety (A) (STEP)	20.600	PT-1008-20	3,500	-	-	-	-
Total U.S. Department of Transportation			503,500	-	450,000	450,000	-
Department of Homeland Security							
Sub-recipient of the Mid-America Regional Council:							
Homeland Security Grant Program	97.067	(HSGP)FY2016	3,499	-	3,499	3,499	-
Total expenditures of federal awards			$ 3,616,373	$ 193,863	$ 2,694,471	$ 2,888,334	$ 90,055

The accompanying notes are an integral part of this schedule.

City of Leavenworth, Kansas
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Note 1. Organization

The City of Leavenworth, Kansas is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Leavenworth, Kansas, and is presented on the modified accrual basis of accounting. The information presented in this schedule is in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3. Local Government Contributions

Local cost sharing, as defined by Title 2 CFR Part 200, Subpart D, Section 200.306 is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

Note 4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City of Leavenworth, Kansas. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position at December 31, 2019.

Note 5. Indirect Cost Rate

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

City of Leavenworth, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Section 1 - Summary of Auditor's Results

Financial Statements:

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

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

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

Federal Awards:

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

Type Audit Report Issued on Compliance for Major Programs
Unmodified

Audit Findings
None

Major Programs

CFDA Number	Name of Federal Program
14.871	Section 8 – Housing Choice Vouchers

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

Auditee Qualified as a Low-risk Auditee
Yes

City of Leavenworth, Kansas
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2019

Section 2 – Financial Statement Findings

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

None

Summary Schedule of Prior Audit Findings

None

Section 3 – Federal Award Findings and Questioned Costs

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

None

Summary Schedule of Prior Audit Findings

None

COMPLIANCE REPORTS

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CHV & Co

COCHRAN HEAD VICK & CO., P.A.

Certified Public Accountants

7255 West 98th Terrace
Suite 100
Overland Park, KS 66212
(913) 378-1100
(913) 378-1177 FAX

Other offices in Missouri

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Leavenworth, Kansas (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2020. Our report includes a reference to other auditors who audited the financial statements of the Leavenworth Public Library, a discretely presented component unit, as described in our report on the City's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Leavenworth Public Library were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Cochran Head Vick & Co. P.A.

Overland Park, Kansas
June 30, 2020

CHV & Co

COCHRAN HEAD VICK & CO., P.A.

Certified Public Accountants

7255 West 98th Terrace
Suite 100
Overland Park, KS 66212
(913) 378-1100
(913) 378-1177 FAX

Other offices in Missouri

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

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

Report on Compliance for the Major Federal Program

We have audited the City of Leavenworth, Kansas' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2019. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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's 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 the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the City 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's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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's internal control over compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Cochran Head Vick & Co. P.A.

Overland Park, Kansas
June 30, 2020