



COMPREHENSIVE ANNUAL FINANCIAL REPORT

*City of Leavenworth, Kansas
For the Year Ended December 31, 2020*

City of Leavenworth, Kansas

Comprehensive Annual Financial Report

**Year Ended
December 31, 2020**

Prepared by:

**Ruby Maline
Director of Finance**

City of Leavenworth, Kansas
Comprehensive Annual Financial Report
Year Ended December 31, 2020

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Introductory Section

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July 30, 2021

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

We are pleased to present the Annual Financial Report (AFR) of the City of Leavenworth, Kansas (the City) for the year ended December 31, 2020. 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 AFR 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, 2020 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 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement 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.

2020 is defined by the COVID-19 pandemic and the City shifted its focus to mitigating the pandemic while continuing to provide the same level of critical services. The City closed its facilities to the public in March 2020 but continued to provide services remotely, via telephone calls, virtually, and in some cases by appointment. Public safety employees still provided in-

person emergency services but took measures to reduce the risk of exposure to themselves and the public. Through the pandemic, the City maintained a strong economy and with the assistance of Coronavirus Aid, Relief, and Economic Security Act (CARES Act) funding to offset the cost of the pandemic, the City was able to offer assistance to the general public by providing funding to local nonprofit community organizations and small businesses.

The City still maintains an almost recession-proof economy, and local indicators suggest continued stability. Over recent years, population and tax base trends indicate moderate but steady growth and the City’s median family income and housing values remain above those of the state as a whole. This economic stability is primarily due to the presence of the federal institutions and several large private sector firms including Hallmark Cards (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 (2021–2025) that contains in excess of \$29.8 million in identified projects. The following table identifies the spending requirements by category:

Infrastructure	
Streets	\$9,100,000
Bridges	120,000
Other infrastructure	251,146
Sidewalks, curbs, gutters	936,874
Sewer and stormwater	8,220,398
Equipment	3,892,860
Economic development	2,241,875
Buildings	4,670,000
Parks	420,616

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 revenue sources. In fact, \$15,343,769 of identified projects are funded in this manner.

Finally, approximately \$14,510,000 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 2020 minor changes were made to the investment policy to allow the City more flexibility with its investments while still maintaining compliance with State statutes and the City’s primary objectives of safety, liquidity, yield, and investing locally.

Budgetary Initiatives

With the unknown impact of COVID-19 on the future economy, the City evaluated the prior recession and the effects of 9/11 to identify the possible outcome of this event. It was determined that these events were too different and unrelated to form a basis for the coming budget.

Prior to the 2021 budget process, assessed valuations increased from \$219,502,504 to \$228,946,404 which enabled the City to maintain a stable mill levy. Sales tax revenues were estimated to be approximately the same as 2020. The City implemented a tiered approach to capital outlay in order to meet the most pressing needs and implementing additional projects as the economic outlook became more clear.

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.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation award for the City's 2020 budget. The City presented its 2021 budget to the Government Finance Officers Association for review to this award for the third straight year. 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, 2019. This was the 26th consecutive year that the City 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, & Co P.A. for their assistance in the preparation of this report.



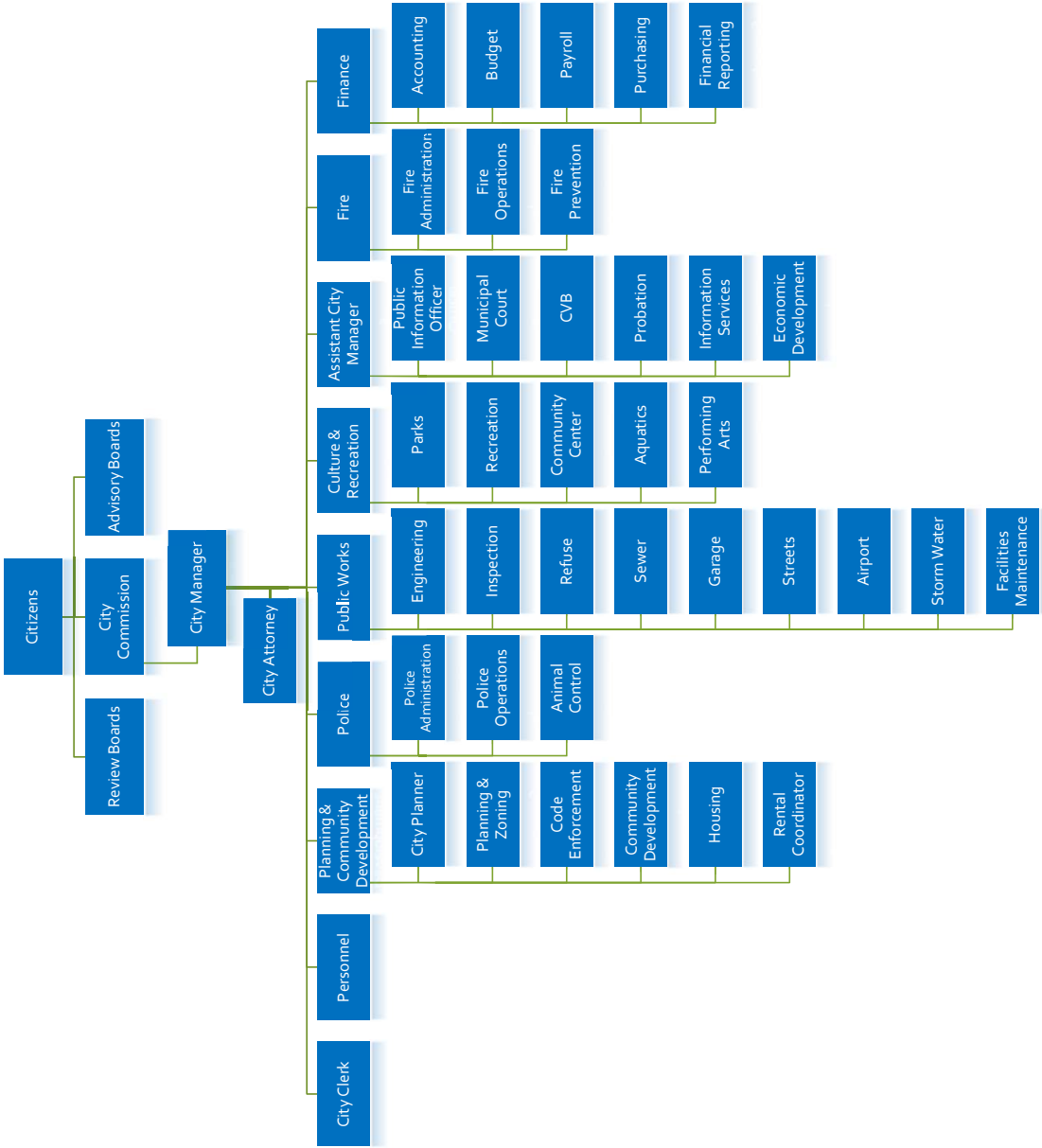
Paul Kramer
City Manager

City of Leavenworth, Kansas
List of Elected and Appointed Officials
December 31, 2020

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

Appointed Officials	Position	Time in Position
Paul Kramer	City Manager	5 years
David Waters	City Attorney	3 year
Taylor Tedder	Assistant City Manager	5 years
Melissa Bower	Public Information Officer	10 years
Lona Lanter	Human Resources Director	17 years
Carla Williamson	City Clerk	5 years
Ruby Maline	Finance Director	5 years
Steve Grant	Parks & Recreation Director	3 years
Michael McDonald	Public Works Director	32 years
Pat Kitchens	Police Chief	13 years
Gary Birch	Fire Chief	7 years
Julie Hurley	City Planner	6 years

City of Leavenworth, Kansas
 Organizational Chart
 December 31, 2020





Government Finance Officers Association

Certificate of
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Presented to

**City of Leavenworth
Kansas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morrill

Executive Director/CEO

Financial Section

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COCHRAN HEAD VICK & CO., P.A.

& Co

Certified Public Accountants

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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, 2020, 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, 2020, 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.

Change in Accounting Principle

As described in Note 1 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standard Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and 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 July 30, 2021 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 View & Co., P.A.

Overland Park, Kansas
July 30, 2021

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, 2020. 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 2020 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 \$42,533,966 (*net position*). Implementation of the accounting changes required by GASB resulted in a net increase of \$3,209,009 of net pension and other post-employment liability for 2020. During 2020, the City recognized \$7,835,000 of temporary notes payable for infrastructure projects. Additionally, the City received \$6,757,039 in CARES Act funding. As a result, the City has an unrestricted net position deficit of (\$14,487,554).
- The City's total net position increased \$6,672,309, or 18.6 percent, during the fiscal year.
- As of December 31, 2020, the City's governmental funds reported combined ending fund balances of \$15,263,292, an increase of \$2,725,581 over the prior year.
- At the end of the current fiscal year, the fund balance of the General Fund was \$8,495,888, or 44.4 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 increased \$235,000 during the current fiscal year. General obligation bonds totaling \$7,900,000 were issued to provide for general infrastructure improvements and to refund other bonds in order to take advantage of lower interest rates. However, \$7,665,000 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, housing and urban redevelopment, and community and economic development. 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 Leavenworth 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 twenty 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 Funds, all of which are considered to be major funds. Data from the other seventeen 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 19-21 of this report.

The only type of **proprietary fund** the City maintains is the enterprise fund type. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sewer, Storm Water, and Refuse operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Storm Water, and Refuse Funds. The Sewer 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 basic financial statements can be found on pages 28-79 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 80-88 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 89-103 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 \$42,533,966 at the close of the current fiscal year.

By far, the largest portion of the City's net position reflects its net 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		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and other assets	\$31,087,538	\$29,674,008	\$7,632,563	\$ 4,875,043	\$38,720,101	\$24,549,051
Capital assets	58,965,377	56,811,629	13,934,960	13,914,359	72,900,337	70,725,988
Total assets	90,052,915	86,485,637	21,567,523	18,789,402	111,620,438	105,275,039
Total deferred outflows of resources	5,686,531	3,529,023	384,532	202,190	6,071,063	3,731,213
Long-term liabilities						
outstanding	47,703,962	46,059,333	8,656,634	6,897,348	56,360,596	52,956,681
Other liabilities	9,909,294	11,528,779	207,426	356,672	10,116,720	11,885,451
Total liabilities	57,613,256	57,588,112	8,864,060	7,254,020	66,477,316	64,842,132
Total deferred inflows of resources	8,587,720	8,196,449	92,499	106,014	8,680,219	8,302,463
Net position:						
Net investment in capital assets	41,755,377	37,906,629	9,006,370	8,500,038	50,761,747	46,406,667
Restricted	6,259,773	9,777,992	-	-	6,259,773	9,777,992
Unrestricted	(18,476,680)	(23,454,522)	3,989,126	3,131,520	(14,487,554)	(20,323,002)
Total net position	\$ 29,538,470	\$ 24,230,099	\$12,995,496	\$11,631,558	\$42,533,966	\$35,861,657

An additional portion of the City's net position, \$6,259,773, represents resources that are subject to external restrictions on how they may be used.

The City's change in net position related to 2020 activities increased \$6,672,309 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 2020 governmental activities increased the City's net position \$5,308,371. Key elements of the increase in the current year are as follows:

- The City received \$6,757,039 of CARES Act money, without this funding, revenues in general were down. Franchise fees were down by \$194,420; inspections were down by \$60,775; recreation fees were down \$522,204 due to the shut-down efforts to mitigate the COVID-19 pandemic.
- Revenue from all taxes, including property taxes and sales taxes, increased \$666,801 during the year. \$146,019 of increased property taxes resulted from an increase in assessed valuation and no increase in mills. Compensating use tax increased \$595,430, this is mostly because of the increased use of online shopping related to the shut-down. As mentioned above, franchise taxes decreased \$194,420 because businesses were closed; liquor taxes are based on liquor by the drink sales. These were down by \$89,295 in 2020 again related to restricted capacity and closures due to the pandemic. Motor fuel taxes were down \$55,830 again due to the shut-down when people were housebound. As with most places, the hardest hit industry was travel and tourism and automotive sales. Transient guest taxes were down \$145,702.
- In spite of the lost revenue, the City of Leavenworth did not suffer as much as other cities in the region. While some industries suffered, some flourished such as the home improvement industry and other essential businesses. The City received \$6,757,039 of CARES Act money which offset most of the City's pandemic mitigation expenses. With the shift of focus to mitigating the pandemic, some of the City's non-essential services were temporarily suspended. This resulted in a reduction of some expenditures as well as reduced revenues. In addition to the CARES Act money mentioned above, the City's Housing Authority received CARES Act funding to assist with rent and utilities.
- Even though governmental expenses show a net decrease of \$1,079,211 over the prior year, \$447,750 was distributed to community nonprofits and small businesses for the pandemic mitigation and to aid with rent, utility, food, and medical assistance; \$334,551 is related to preparing City facilities to be able to provide essential services; \$212,108 was an increase in public safety expenses to cover overtime expenses; \$139,500 was for public safety hazardous duty pay. Increased expenditures that were not covered by the CARES funding were offset by reduced expenses (\$1,531,352) related to the closing of the Riverfront Community Center, Performing Arts Center, temporarily suspending municipal court, and other areas.

City of Leavenworth's Changes in Net Position

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenue:						
Program revenue:						
Charges for services	\$3,176,474	\$3,949,688	\$8,354,974	\$7,929,432	\$11,531,448	\$11,879,120
Operating grants and contributions	10,919,423	3,505,040	-	-	10,919,423	3,505,040
Capital grants and contributions	723,868	482,388	194,459	143,171	255,352	625,559
General revenue:						
Property taxes	5,762,925	5,616,906	-	-	5,762,925	5,616,906
Other taxes	19,724,459	19,203,677	-	-	19,724,459	19,203,677
Gain on sale of capital assets	39,555	-	-	-	39,555	-
Miscellaneous	800,713	1,061,489	223,428	99,285	1,687,116	1,160,774
Unrestricted investment earnings	139,513	370,343	-	-	139,513	370,343
Total revenue	41,286,930	34,189,531	8,772,861	8,171,888	50,059,791	42,361,419
Expenses:						
General government	5,287,720	4,595,355	-	-	5,287,720	4,595,355
Public safety	14,002,745	13,470,550	-	-	14,002,745	13,470,550
Public works	7,418,335	9,370,447	-	-	7,418,335	9,370,447
Culture and recreation	2,739,289	4,309,317	-	-	2,739,289	4,309,317
Housing and urban redevelopment	2,922,574	2,753,076	-	-	2,922,574	2,753,076
Community and economic development	2,618,787	1,759,370	-	-	2,618,787	1,759,370
Unallocated depreciation expense	185,277	98,042	-	-	185,277	98,042
Interest on long-term debt	795,949	693,730	-	-	795,949	693,730
Sewer	-	-	4,715,060	4,903,799	4,715,060	4,903,799
Stormwater	-	-	780,261	240,036	780,261	240,036
Refuse	-	-	1,921,485	1,886,380	1,921,485	1,886,380
Total expenses	35,970,676	37,049,887	7,416,806	7,030,215	43,387,482	44,080,102
Change in net position before transfers	5,316,254	(2,860,356)	1,356,055	1,141,673	6,672,309	(1,718,683)
Transfers	(7,883)	-	7,883	-	-	-
Change in net position	5,308,371	(2,860,356)	1,363,938	1,141,673	6,672,309	(1,718,683)
Net position – beginning	24,230,099	27,090,455	11,631,558	10,489,885	35,861,657	37,580,340
Net position – ending	\$29,538,470	\$24,230,099	\$12,995,496	\$11,631,558	\$42,533,966	\$35,861,657

Business-type activities

The 2020 Business-type activities increased the City's net position \$1,363,938. Key elements of this increase are as follows:

- Sewer Fund revenue increased \$296,772, from the prior year due primarily to a 3% increase in the sewer utility rate initiated at the beginning of the year. This rate increase was enacted to accommodate normal inflationary cost increases and capital outlay. The City also recognized a decline in revenues of \$86,119 related to Fort Leavenworth. The Fort reduced classes for the Training Center and the International Officers during the pandemic.
- The Sewer Fund ended the year with an increase in net position of \$195,362. This was due to the 3% rate increase mentioned above. Depreciation expense decreased \$321,537.
- 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 \$1,285,178 in revenues for 2020. Program expenses for 2020 were \$320,538 and capital expenses were \$530,025. The City issued bonds for \$2,430,000 for the Independence Court and 2nd & Chestnut Street storm water projects. The Storm Water fund increased the City's net position by \$594,126.
- The Refuse Fund increased the City's net position by \$574,450. Refuse Fund rates remained at the 2019 level. Refuse Fund landfill fees decreased. The City requested a bid for landfill services and was able to recognize a significant savings even though there was increased tonnage. The Refuse Fund invested \$194,458 in a new sanitation truck. Depreciation expense was \$92,326, an increase of \$46,133.

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 \$15,263,292, an increase of \$2,725,581 over the prior year. Of this amount \$840,351 constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance is either *restricted*, *committed*, or *assigned* to indicate that it is 1) restricted for particular purposes (\$9,989,276), 2) committed for particular purposes (\$2,246,078), or 3) assigned for particular purposes (\$2,187,587). The unassigned fund balance includes capital outlay and the recognition of \$7,835,000 in liability from the Bond Anticipation

notes issued for infrastructure projects. The increase in unassigned fund balance is partly attributed to the receipt of CARES reimbursement to offset the cost of COVID -19 mitigation efforts and the reduction of expenditures related to the temporary suspension of non-essential services.

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 \$8,495,888. All but \$3,118 of this amount (\$8,492,770) is designated as unassigned fund balance, which is available for spending at the City's discretion. The \$3,118 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 44.4 percent of total General Fund expenditures, while total fund balance represents 44.4 percent of total General Fund expenditures.

The fund balance of the City's General Fund increased \$3,316,376 to \$8,495,888 during the current fiscal year. Revenue from property, sales, franchise, and special assessment taxes increased \$328,536 from the prior year and total expenditures and other financing sources (uses) increased \$2,620,576 for reasons that are highlighted in the analysis of governmental activities. Transfers to other funds increased \$2,585,513. This was attributed to transferring: \$1,000,000 to subsidize nonprofit organizations and small businesses to aid in the mitigation of COVID-19 and \$1,757,039 to the Capital Projects Fund to help cover facility expenditures needed to help mitigate the spread of COVID-19.

The Debt Service Fund had a restricted fund balance of \$361,473 at the end of the current year, staying almost the same as the prior year. Revenue increased \$6,706. The City refunded certain bonds to take advantage of lower interest rates, this was an increase of \$1,043,119. Debt service expenditures increased \$969,541 from the prior year. Finally, transfers from other funds decreased \$80,324 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 (\$3,221,872), a decrease of \$802,079 from the prior year. Several factors contributed to this decrease:

- Revenue increased \$3,230,002 from transfers in during the year. Revenues from temporary notes issued increased \$1,400,000 for the 2020 pavement management program.
- Total capital outlay expenditures increased \$6,044,172 mostly due to the work on Thornton Street.

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 \$1,628,098, the Storm Water Fund unrestricted net position was \$1,943,838 and the Refuse Fund was \$417,190. In comparison with the prior year, unrestricted net position for the Sewer Fund increased \$574,578 and the unrestricted net position for the Refuse Fund increased \$472,317. The Storm Water Fund unrestricted net position decreased by

\$189,289. 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 differ slightly from the original budget, although the difference did not require the budget to be amended during fiscal year 2020 because the expenditures did not exceed the City's original budget authority. During the year, revenues were \$5,906,019 more than budgetary estimates due to:

- Revenue from tax sources were \$434,955 less than budgetary expectations. Ad valorem taxes were lower by \$119,303. For transparency purposes, total ad valorem taxes were budgeted, including refunds to the Neighborhood Revitalization Area (NRA) districts and TIF districts. A corresponding expenditure related to these revenues was also budgeted. Delinquent tax collections were lower by \$20,848. Motor Vehicle property taxes exceeded expectations by \$424,858.
- Sales tax revenues in the General Fund were higher than budgeted by \$140,136. Franchise tax revenues were lower than expectations by \$194,420.
- Intergovernmental revenues were higher than expectations by \$6,751,010.
- Revenue from licenses and permits were \$28,620 lower than budgetary expectations as inspections and remodeling permits were lower due to the shutdown.
- Revenue from charges for services were \$328,771 lower than budgetary expectations due to reduced activities related to the pandemic.
- Revenue from fines and forfeitures were \$70,435 below budgetary expectations due to decreased revenue from Municipal Court fines related to temporary closure of Municipal Court.
- Miscellaneous revenue was \$96,359 over budgetary expectations; however, investment income was lower than expectations by \$78,569. Other budgeted items came in lower than budgetary expectations.

During the year, expenditures were \$3,930,894 less than budgetary estimates due to:

- General Government expenditures were \$3,203,552 below budgetary expectations due to: personnel decreases of \$51,187 due to turnover; IT expenditures related to the upgrades to several programs and software maintenance were higher by \$66,831, liability insurance was higher by \$35,123; other contractual services were lower by \$110,727; transfers to the TIF funds were lower by \$222,962, but transfers to the Recreation Fund and Street Fund were higher by \$121,902 and transfers related to the mitigation of COVID-19 were higher by \$2,757,039.
- Public Safety expenditures were \$293,620 less than anticipated due to personnel costs being below budget by \$160,312, prisoner care expenditures were lower by \$79,775, IT expenditures were higher by \$55,932, and fuel expenditures were lower by \$72,927. Other expenditures were below budget as well.
- Culture and recreation expenditures were \$41,692 under budgetary expectations due to shut downs related to the COVID-19 pandemic.

- Public works expenditures were \$355,722 below budgetary expectations. Personnel expenditures were \$264,642 lower than anticipated due to employee turnover and the additional engineer position wasn't filled; vehicle repairs and maintenance were over budget by \$75,568; street lighting was over by \$14,109; fuel expenditures were under by \$93,967.
- 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 expenditures were \$14,415 higher than budgeted.

As mentioned earlier, transfers to other funds were \$2,655,979 over budgetary expectations during the year due to subsidies to the Community Grant Fund, Special Project Fund, Recreation Fund and the Street Fund. While their expenditures did not exceed their budgetary authority, they did exceed revenues.

During the year, revenue was higher than budgetary estimates and expenditures were lower than budgetary estimates, as a result, the General Fund fund balance increased by \$3,313,258.

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, 2020, amounts to \$72,900,337 (net of accumulated depreciation). The Commission approved revisions to the City's capital asset policy which redefined the threshold 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:

- Total additions to infrastructure for projects such as sidewalks and pavement management totaled \$5,078,049. Construction in progress for such projects as of the close of the fiscal year had reached \$6,197,478 for streets including Thornton Street and other street projects, as well as sidewalk improvements.
- Renovations to Planters II pipe replacement.
- Several equipment replacements also were completed in 2020
- Renovations to the first phase of Stubby Park were completed in 2020. The project is comprehensive and will be completed in phases. It includes major storm water construction as well as updated and additional playground equipment.

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

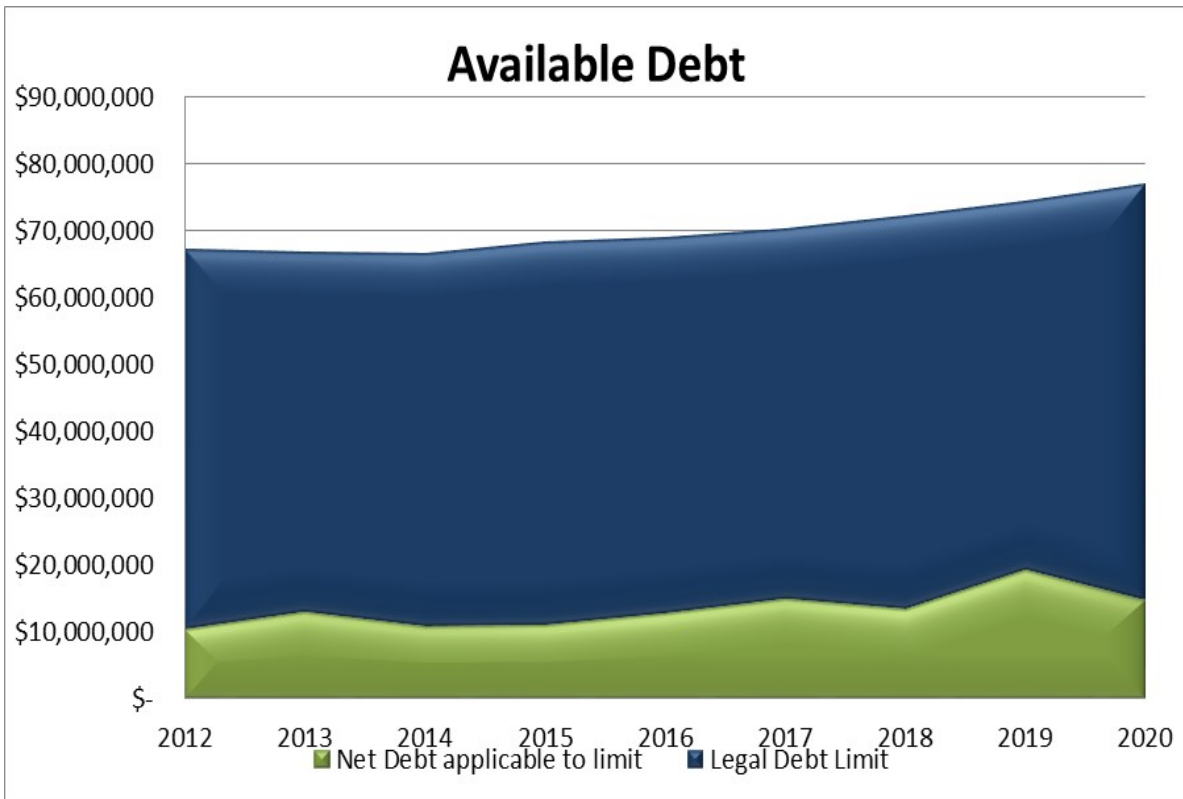
Long-term debt

At the end of the year, the City had total bonded debt outstanding of \$24,940,000, all of which is debt backed by the full faith and credit of the City. Of this amount, \$18,085,000 relates to governmental activities while \$6,855,000 relates to business-type activities.

The City’s total bonded debt increased \$235,000 during the current fiscal year. General obligation bonds totaling \$2,395,000 were issued for governmental activities to provide permanent financing for general infrastructure of \$1,375,000 and \$1,020,000 to refund current bonds. Additionally, \$2,430,000 in bonds were issued for stormwater projects and \$3,075,000 was issued to refund current sewer fund bonds. However, \$7,665,000 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 \$76,964,804, 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 47-51 of this report.

Economic Factors and Next Year's Budgets and Rates

The change with the most impact for 2020 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 \$66,083. TIF related property tax refunds are anticipated to be \$609,057.

It was anticipated that the City's portion of County Wide sales and use tax would increase in 2020 by 3.5%; however, the end result was a 2% increase for sales tax and 4% for County Wide sales tax and a 24% increase in compensating use tax.

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

During 2021, current economic development activities and new housing addition currently under construction will have a direct impact on the 2021 budget. The full economic impact cannot be quantified at present.

The City's estimated 2021 assessed valuations increased by 6.71%. The 2021 assessed valuations are the baseline for the 2022 budget. However, approximately 1.5% is related to the NRA and TIF Districts; therefore, budget projections for 2022 are based on a net 5.21% increase in assessed valuations.

During 2021 Kansas Legislature passed SB13 which repealed the tax lid law which becomes effective for the 2022 budget. However, it imposed other restrictions on property tax levies. SB 13 requires the Counties to issue notices to property owners of what the revenue neutral rate will be for the coming year. If local governments do not intend to adjust the mill levies to the revenue neutral rate, they are required to hold a public hearing in which members of the public can provide input. This public hearing must be held prior to the public hearing that is held to adopt the budget and a notice of the public hearing must be published 10 days before the public hearing. The City plans to reduce its mill by $\frac{1}{4}$ of a mill (.225) for 2022; however, that will not be enough to meet the revenue neutral rate. Therefore, the City will hold a public hearing in August 2021 for the purpose of notifying the public that we will exceed the revenue neutral rate. SB 13 also alters the timeline that budgets are due to the County Clerks if local governments plan to exceed the revenue neutral rate.

In 2018, the Commission approved a Storm Water impact fee for the City to address deferred maintenance of the storm water system. It generated \$1,285,000 with which to address the identified projects. The 2021 budget kept the Refuse rates flat and Sewer rates were increased 3.0% to keep pace with increased repair and maintenance of the sewer infrastructure. The 2022 budget will not include a rate increase for either of these funds.

The 2021 budget was created based on Commission established goals and priorities, and minimizing the impact of the COVID-19 pandemic. The 2022 budget is based on Commission goals and priorities.

The 2021 compensation plan for employees will include a 2.5% COLA allocated at mid-year. Health insurance benefits rates increased by 7.77% for 2021. The 2022 compensation plan for employees includes complete implementation of the compensation plan established in 2018 and a 2.75% COLA. The 2022 budget includes an 8% increase in health care costs.

In summary, the approved 2021 budget levies a slightly higher mill levy than was established in the 2020 budget for City operations. The 2021 budgeted mill is at 31.806 mills. The 2022 budget is estimated to be 31.581.

Subsequent to the adoption of the 2020 budget, we, as every other city in the United States, were faced with the economic uncertainty related to the COVID-19 pandemic. As a result the budgetary estimates used to develop the 2021 budget are no longer 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, 2020

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Library
ASSETS				
Cash and cash equivalents	\$ 19,786,720	\$ 5,447,502	\$ 25,234,222	\$ 906,653
Cash in escrow	391,444	-	391,444	-
Deposits restricted for tenant deposit refunds	33,245	-	33,245	-
Receivables (net of uncollectibles)				
Property tax	6,017,023	-	6,017,023	1,122,797
Special assessment tax	133,281	-	133,281	-
Sales tax	2,673,104	-	2,673,104	-
Interest receivable	90	-	90	-
Due from other governments	134,275	-	134,275	-
Accounts receivable	396,805	2,154,933	2,551,738	-
Other assets	261,151	30,128	291,279	-
Assets held for resale	1,260,400	-	1,260,400	-
Capital assets (net of accumulated depreciation)				
Land	2,865,144	174,129	3,039,273	-
Buildings	6,956,125	2,236,569	9,192,694	-
Improvements other than buildings	7,214,906	5,036,351	12,251,257	-
Machinery and equipment	4,087,976	1,178,319	5,266,295	757,204
Infrastructure	31,947,033	5,006,307	36,953,340	-
Construction in progress	5,894,193	303,285	6,197,478	-
Total assets	90,052,915	21,567,523	111,620,438	2,786,654
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related	715,918	69,268	785,186	429
Pension related	4,970,613	315,264	5,285,877	131,134
Total deferred outflows of resources	5,686,531	384,532	6,071,063	131,563
LIABILITIES				
Accounts payable	747,188	119,265	866,453	17,185
Unearned revenues	104,418	-	104,418	-
Other liabilities	624,832	-	624,832	-
Accrued compensation	329,259	34,543	363,802	-
Accrued interest payable	235,352	53,618	288,970	-
Tenant deposits	33,245	-	33,245	-
Bond anticipation notes payable	7,835,000	-	7,835,000	-
Long-term liabilities:				
Due within one year	3,083,278	1,045,761	4,129,039	-
Due in more than one year	44,620,684	7,610,873	52,231,557	593,576
Total liabilities	57,613,256	8,864,060	66,477,316	610,761
DEFERRED INFLOWS OF RESOURCES				
OPEB related	1,933,409	73,127	2,006,536	4,424
Pension related	637,288	19,372	656,660	14,327
Property taxes levied for a subsequent period	6,017,023	-	6,017,023	1,122,797
Total deferred inflows of resources	8,587,720	92,499	8,680,219	1,141,548
NET POSITION				
Invested in capital assets, net of related debt	41,755,377	9,006,370	50,761,747	757,204
Restricted for:				
Tax increment financing	1,102,439	-	1,102,439	-
Street maintenance	58,777	-	58,777	-
Law enforcement	87,567	-	87,567	-
Recreation programs	44,005	-	44,005	-
Housing services	952,896	-	952,896	-
Community development	4,108	-	4,108	-
General obligation debt	361,473	-	361,473	-
Probation	44,632	-	44,632	-
Economic development	3,271,173	-	3,271,173	-
Tourism and convention activities	332,703	-	332,703	-
Unrestricted (deficit)	(18,476,680)	3,989,126	(14,487,554)	408,704
Total net position	\$ 29,538,470	\$ 12,995,496	\$ 42,533,966	\$ 1,165,908

See accompanying notes to the basic financial statements

City of Leavenworth, Kansas
Statement of Activities
For the Year Ended December 31, 2020

	Program Revenues				Net (Expense) Revenue and Change in Net Position Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Library
Functions/Programs								
Primary government:								
Governmental activities								
General government	\$ 5,287,720	\$ 1,421,292	\$ 106,087	\$ -	\$ (3,760,341)	\$ -	\$ (3,760,341)	\$ -
Public safety	14,002,745	141,703	6,796,923	-	(7,064,119)	-	(7,064,119)	-
Public works	7,418,335	925,109	1,106,327	662,975	(4,723,924)	-	(4,723,924)	-
Culture and recreation	2,739,289	172,053	53,043	50,000	(2,464,193)	-	(2,464,193)	-
Housing and urban redevelopment	2,922,574	494,935	2,857,043	10,893	440,297	-	440,297	-
Community and economic development	2,618,787	21,382	-	-	(2,597,405)	-	(2,597,405)	-
Unallocated depreciation expense	185,277	-	-	-	(185,277)	-	(185,277)	-
Interest on long term debt	795,949	-	-	-	(795,949)	-	(795,949)	-
Total governmental activities	35,970,676	3,176,474	10,919,423	723,868	(21,150,911)	-	(21,150,911)	-
Business-type activities:								
Sewer	4,715,060	4,770,014	-	-	-	54,954	54,954	-
Stormwater	780,261	1,285,178	-	-	-	504,917	504,917	-
Refuse	1,921,485	2,299,782	-	194,459	-	572,756	572,756	-
Total business-type activities	7,416,806	8,354,974	-	194,459	-	1,132,627	1,132,627	-
Total primary government	\$ 43,387,482	\$ 11,531,448	\$ 10,919,423	\$ 918,327	(21,150,911)	1,132,627	(20,018,284)	-
Component unit:								
Library	1,317,800	4,151	29,245	-	-	-	-	(1,284,404)
Total component unit	\$ 1,317,800	\$ 4,151	\$ 29,245	\$ -	-	-	-	(1,284,404)
General revenues:								
Taxes:								
Property taxes					5,762,925	-	5,762,925	1,193,739
Tax increment property taxes					609,057	-	609,057	-
Sales taxes					14,257,480	-	14,257,480	-
Tax increment sales taxes					1,082,877	-	1,082,877	-
Franchise taxes					2,599,791	-	2,599,791	-
Motor vehicle taxes					800,234	-	800,234	-
Transient guest tax					375,020	-	375,020	-
Intergovernmental revenue not restricted to specific programs					-	-	-	85,540
Miscellaneous					800,713	223,428	1,024,141	13,764
Unrestricted investment earnings					139,513	-	139,513	14,100
Gain on sale of capital assets					39,555	-	39,555	-
Transfers					(7,883)	7,883	-	-
Total general revenues					26,459,282	231,311	26,690,593	1,307,143
Change in net position					5,308,371	1,363,938	6,672,309	22,739
Total net position - beginning					24,230,099	11,631,558	35,861,657	1,143,169
Total net position - ending					\$ 29,538,470	\$ 12,995,496	\$ 42,533,966	\$ 1,165,908

See accompanying notes to the basic financial statements

City of Leavenworth, Kansas
Balance Sheet
Governmental Funds
December 31, 2020

	General	Debt Service	Capital Projects	NonMajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,760,820	\$ 361,473	\$ 5,639,251	\$ 7,025,176	\$ 19,786,720
Cash in escrow	-	-	-	391,444	391,444
Tenant deposits	-	-	-	33,245	33,245
Receivables (net of uncollectibles)					
Property tax	3,865,238	1,745,892	-	405,893	6,017,023
Special assessments	121,517	11,764	-	-	133,281
Sales tax	1,562,685	-	-	1,110,419	2,673,104
Accrued interest	90	-	-	-	90
Due from other governments	10,500	-	493	123,282	134,275
Due from other funds	79,224	-	-	-	79,224
Accounts receivable	375,099	-	21,610	96	396,805
Other assets	224,945	-	19	36,187	261,151
Assets held for resale	-	-	-	1,260,400	1,260,400
Total assets	13,000,118	2,119,129	5,661,373	10,386,142	31,166,762
LIABILITIES					
Liabilities:					
Accounts payable	233,300	-	423,413	90,475	747,188
Accrued compensation	284,175	-	-	45,084	329,259
Due to other funds	-	-	-	79,224	79,224
Bond anticipation notes payable	-	-	7,835,000	-	7,835,000
Other liabilities	-	-	624,832	-	624,832
Tenant deposits	-	-	-	33,245	33,245
Unearned revenues	-	-	-	104,418	104,418
Total liabilities	517,475	-	8,883,245	352,446	9,753,166
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	3,865,238	1,745,892	-	405,893	6,017,023
Unavailable revenues - special assessments	121,517	11,764	-	-	133,281
Total deferred inflows of resources	3,986,755	1,757,656	-	405,893	6,150,304
FUND BALANCES					
Restricted	-	361,473	-	9,627,803	9,989,276
Committed	-	-	2,246,078	-	2,246,078
Assigned	3,118	-	2,184,469	-	2,187,587
Unassigned	8,492,770	-	(7,652,419)	-	840,351
Total fund balances	8,495,888	361,473	(3,221,872)	9,627,803	15,263,292
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,000,118	\$ 2,119,129	\$ 5,661,373	\$ 10,386,142	\$ 31,166,762

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.	58,965,377
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds	133,281
Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore are not reported in the funds.	5,686,531
Long-term liabilities, including accrued interest, are not due and payable in the current period and therefore are not reported in the funds	(47,939,314)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore are not reported in the funds.	(2,570,697)
Net position of governmental activities	\$ 29,538,470

City of Leavenworth, Kansas
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Debt Service	Capital Projects	Other NonMajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 15,628,072	\$ 1,902,837	\$ -	\$ 7,956,475	\$ 25,487,384
Intergovernmental	6,822,738	-	764,366	4,096,685	11,683,789
Licenses and permits	412,880	-	-	-	412,880
Charges for services	1,471,229	-	21,187	716,613	2,209,029
Fines and forfeitures	554,565	-	-	-	554,565
Investment earnings	136,431	-	85	2,997	139,513
Miscellaneous	301,123	-	29,525	445,708	776,356
Total revenues	<u>25,327,038</u>	<u>1,902,837</u>	<u>815,163</u>	<u>13,218,478</u>	<u>41,263,516</u>
EXPENDITURES					
Current:					
General government	3,375,535	-	551,931	796,765	4,724,231
Public safety	12,330,379	-	210,272	98,037	12,638,688
Public works	2,270,373	-	39,785	1,089,590	3,399,748
Culture and recreation	867,108	-	136,479	1,150,056	2,153,643
Housing and urban redevelopment	47,777	-	96,850	3,170,978	3,315,605
Community and economic development	244,735	-	-	2,373,685	2,618,420
Debt service:					
Principal retirement	-	3,770,000	-	85,000	3,855,000
Interest and fiscal charges	-	499,254	383,196	10,678	893,128
Capital outlay	-	-	6,025,130	1,452,421	7,477,551
Total expenditures	<u>19,135,907</u>	<u>4,269,254</u>	<u>7,443,643</u>	<u>10,227,210</u>	<u>41,076,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,191,131</u>	<u>(2,366,417)</u>	<u>(6,628,480)</u>	<u>2,991,268</u>	<u>187,502</u>
OTHER FINANCING SOURCES (USES)					
Insurance proceeds	3,101	-	-	21,256	24,357
Sale of assets	1,085	-	-	38,470	39,555
General obligation bonds issued	-	1,020,000	1,375,000	-	2,395,000
Bond premium	-	23,119	56,048	-	79,167
Transfers in	-	1,323,258	5,334,039	1,476,520	8,133,817
Transfers out	(2,878,941)	-	(938,686)	(4,316,190)	(8,133,817)
Total other financing sources (uses)	<u>(2,874,755)</u>	<u>2,366,377</u>	<u>5,826,401</u>	<u>(2,779,944)</u>	<u>2,538,079</u>
Net change in fund balances	3,316,376	(40)	(802,079)	211,324	2,725,581
Fund balances - beginning	<u>5,179,512</u>	<u>361,513</u>	<u>(2,419,793)</u>	<u>9,416,479</u>	<u>12,537,711</u>
Fund balances - ending	<u>\$ 8,495,888</u>	<u>\$ 361,473</u>	<u>\$ (3,221,872)</u>	<u>\$ 9,627,803</u>	<u>\$ 15,263,292</u>

See accompanying notes to the basic financial statements

City of Leavenworth, Kansas
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Funds Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2020

Amounts reported for governmental activities are different because:

Net change in fund balances - total governmental funds	\$	2,725,581
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.		2,153,748
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(40,498)
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.		1,478,012
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.		<u>(1,008,472)</u>
Change in net position of governmental activities	\$	<u><u>5,308,371</u></u>

City of Leavenworth, Kansas
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 16,063,027	\$ 16,063,027	\$ 15,628,072	\$ (434,955)
Intergovernmental	71,728	71,728	6,822,738	6,751,010
Licenses and permits	441,500	441,500	412,880	(28,620)
Charges for services	1,800,000	1,800,000	1,471,229	(328,771)
Fines and forfeitures	625,000	625,000	554,565	(70,435)
Investment earnings	215,000	215,000	136,431	(78,569)
Miscellaneous	204,764	204,764	301,123	96,359
Total revenues	<u>19,421,019</u>	<u>19,421,019</u>	<u>25,327,038</u>	<u>5,906,019</u>
EXPENDITURES				
Current:				
General government	6,580,805	6,582,205	3,378,653	3,203,552
Public safety	12,606,563	12,623,999	12,330,379	293,620
Public works	2,625,859	2,626,095	2,270,373	355,722
Culture and recreation	901,565	908,800	867,108	41,692
Housing & urban redevelopment	-	61,288	47,777	13,511
Community and economic development	290,908	230,320	244,735	(14,415)
Capital outlay	37,212	37,212	-	37,212
Total expenditures	<u>23,042,912</u>	<u>23,069,919</u>	<u>19,139,025</u>	<u>3,930,894</u>
Excess of revenues over (under) expenditures	<u>(3,621,893)</u>	<u>(3,648,900)</u>	<u>6,188,013</u>	<u>9,836,913</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	3,101	3,101
Sale of assets	-	-	1,085	1,085
Transfers in	94,690	94,690	-	(94,690)
Transfers out	(222,962)	(222,962)	(2,878,941)	(2,655,979)
Total other financing sources (uses)	<u>(128,272)</u>	<u>(128,272)</u>	<u>(2,874,755)</u>	<u>(2,746,483)</u>
Net change in fund balances	(3,750,165)	(3,777,172)	3,313,258	7,090,430
Fund balances - beginning	2,822,613	2,822,613	5,152,505	2,329,892
Current year encumbrances	-	-	3,118	3,118
Prior year encumbrances relieved	-	-	27,007	27,007
Fund balances - ending	<u>\$ (927,552)</u>	<u>\$ (954,559)</u>	<u>\$ 8,495,888</u>	<u>\$ 9,450,447</u>

City of Leavenworth, Kansas
Statement of Net Position
Proprietary Funds
December 31, 2020

	Business-type Activities - Enterprise Funds			
	Sewer	Storm Water	Refuse	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,865,213	\$ 2,772,092	\$ 810,197	\$ 5,447,502
Accounts receivable	587,808	1,304,203	262,922	2,154,933
Other assets	18,092	758	11,278	30,128
Total current assets	2,471,113	4,077,053	1,084,397	7,632,563
Noncurrent assets:				
Capital assets:				
Land	14,000	115,495	44,634	174,129
Buildings	17,167,364	-	6,575	17,173,939
Improvements other than buildings	12,512,479	-	37,440	12,549,919
Machinery and equipment	2,508,883	-	1,420,249	3,929,132
Infrastructure	4,554,056	1,208,693	-	5,762,749
Construction in progress	-	303,285	-	303,285
Less accumulated depreciation	(24,962,203)	(58,337)	(937,653)	(25,958,193)
Total capital assets (net of accumulated depreciation)	11,794,579	1,569,136	571,245	13,934,960
Total noncurrent assets	11,794,579	1,569,136	571,245	13,934,960
Total assets	14,265,692	5,646,189	1,655,642	21,567,523
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows -OPEB	41,898	1,081	26,289	69,268
Deferred outflows -pensions	181,448	3,712	130,104	315,264
Total deferred outflows of resources	223,346	4,793	156,393	384,532
LIABILITIES				
Current liabilities:				
Accounts payable	56,483	58,567	4,215	119,265
Accrued compensation	21,282	915	12,346	34,543
Accrued compensated absences	10,694	156	5,540	16,390
Accrued interest payable	33,676	15,364	-	49,040
Capital lease payable	129,371	-	-	129,371
Capital lease interest payable	4,578	-	-	4,578
Bonds payable	665,000	220,000	-	885,000
Accrued landfill closure/postclosure care costs	-	-	15,000	15,000
Total current liabilities	921,084	295,002	37,101	1,253,187
Noncurrent liabilities:				
Accrued compensated absences	72,079	1,051	37,341	110,471
Other post-employment benefits	204,391	1,495	95,433	301,319
Net pension liability	602,104	5,162	496,947	1,104,213
Bonds payable	3,760,000	2,210,000	-	5,970,000
Accrued landfill closure/postclosure care costs	-	-	124,870	124,870
Total noncurrent liabilities	4,638,574	2,217,708	754,591	7,610,873
Total liabilities	5,559,658	2,512,710	791,692	8,864,060
DEFERRED INFLOWS OF RESOURCES				
OPEB related	50,562	224	22,341	73,127
Pensions related	10,512	(707)	9,567	19,372
Total deferred inflows of resources	61,074	(483)	31,908	92,499
NET POSITION				
Net investment in capital assets	7,240,208	1,194,917	571,245	9,006,370
Unrestricted	1,628,098	1,943,838	417,190	3,989,126
Total net position	\$ 8,868,306	\$ 3,138,755	\$ 988,435	\$ 12,995,496

See accompanying notes to the basic financial statements

City of Leavenworth, Kansas

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds			
	Sewer	Storm Water	Refuse	Total
Operating revenues:				
Charges for services	\$ 4,770,014	\$ 1,285,178	\$ 2,299,782	\$ 8,354,974
Miscellaneous	132,525	89,209	1,694	223,428
Total operating revenues	4,902,539	1,374,387	2,301,476	8,578,402
Operating expenses:				
Personal services	1,078,780	38,496	761,525	1,878,801
Contractual services	1,602,710	676,063	863,732	3,142,505
Commodities	233,151	-	203,902	437,053
Depreciation	1,709,890	50,338	92,326	1,852,554
Total operating expenses	4,624,531	764,897	1,921,485	7,310,913
Operating income (loss)	278,008	609,490	379,991	1,267,489
Nonoperating revenues (expenses):				
Interest expense	(109,229)	(15,364)	-	(124,593)
Gain on sale of assets	18,700	-	-	18,700
Total nonoperating revenues (expenses)	(90,529)	(15,364)	-	(105,893)
Income before contributions and transfers	187,479	594,126	379,991	1,161,596
Capital contributions and transfers:				
Transfers in	7,883	-	-	7,883
Contributed capital	-	-	194,459	194,459
Changes in net position	195,362	594,126	574,450	1,363,938
Total net position - beginning	8,672,944	2,544,629	413,985	11,631,558
Total net position - ending	\$ 8,868,306	\$ 3,138,755	\$ 988,435	\$ 12,995,496

City of Leavenworth, Kansas
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Business-type Activities - Enterprise Funds			
	Sewer	Storm Water	Refuse	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 4,879,927	\$ 1,364,747	\$ 2,287,663	\$ 8,532,337
Payments to suppliers	(1,989,497)	(626,955)	(1,157,317)	(3,773,769)
Payments to employees	(1,064,666)	(37,188)	(770,994)	(1,872,848)
Net cash provided (used) by operating activities	<u>1,825,764</u>	<u>700,604</u>	<u>359,352</u>	<u>2,885,720</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(462,841)	(1,207,972)	-	(1,670,813)
Proceeds from sale of capital assets	18,700	-	-	18,700
Bond proceeds from general obligation bonds	-	2,430,000	-	2,430,000
Principal paid on capital lease	(124,950)	-	-	(124,950)
Interest paid on capital lease	(9,000)	-	-	(9,000)
Principal paid on capital debt	(735,000)	-	-	(735,000)
Interest paid on capital debt	(113,330)	-	-	(113,330)
Net cash provided (used) by capital and related financing activities	<u>(1,426,421)</u>	<u>1,222,028</u>	<u>-</u>	<u>(204,393)</u>
Net increase (decrease) in cash and cash equivalents	399,343	1,922,632	359,352	2,681,327
Cash and Cash equivalents, January 1	1,465,870	849,460	450,845	2,766,175
Cash and cash equivalents, December 31	<u>\$ 1,865,213</u>	<u>\$ 2,772,092</u>	<u>\$ 810,197</u>	<u>\$ 5,447,502</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income	\$ 278,008	\$ 609,490	\$ 379,991	\$ 1,267,489
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,709,890	50,338	92,326	1,852,554
(Increase) decrease in receivables	(22,612)	(9,640)	(13,813)	(46,065)
(Increase) decrease in other assets	(18,092)	(758)	(11,278)	(29,128)
(Increase) decrease in deferred outflows	(104,416)	(4,793)	(73,133)	(182,342)
Increase (decrease) in deferred inflows	(6,148)	(483)	(6,884)	(13,515)
Increase (decrease) in accounts payable	(109,917)	49,866	(25,101)	(85,152)
Increase (decrease) in retainage payable	(25,627)	-	-	(25,627)
Increase (decrease) in accrued compensation	(17,823)	(999)	(21,908)	(40,730)
Increase (decrease) in compensated absences	4,648	926	(4,957)	617
Increase (decrease) in postemployment benefits	(4,686)	1,495	(4,878)	(8,069)
Increase (decrease) in net pension liability	142,539	5,162	102,291	249,992
Increase (decrease) in accrued landfill closure/postclosure care costs	-	-	(53,304)	(53,304)
Net cash provided (used) by operating activities	<u>\$ 1,825,764</u>	<u>\$ 700,604</u>	<u>\$ 359,352</u>	<u>\$ 2,885,720</u>
SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions of capital assets	\$ -	\$ -	\$ 194,459	\$ 194,459

City of Leavenworth, Kansas
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	Pension Trust	Parks Foundation Trust		Custodial Fund Leavenworth Public Library
ASSETS				
Cash and cash equivalents	\$ 650,305	\$ -	-	\$ -
Accrued interest receivable	3	-	-	-
Property tax receivable	21,521	-	-	1,122,797
Other	52	-	-	-
Total assets	671,881	-	-	1,122,797
DEFERRED INFLOWS OF RESOURCES				
Property taxes	21,521	-	-	1,122,797
Total deferred inflows of resources	21,521	-	-	1,122,797
NET POSITION				
Restricted				
Pensions	650,360	-	-	-
Total	\$ 650,360	\$ -	-	-

See accompanying notes to the basic financial statements

City of Leavenworth, Kansas
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2020

	Pension Trust	Custodial Funds	
		Parks Foundation Trust	Leavenworth Public Library
ADDITIONS			
Taxes	\$ 117,289	\$ -	\$ -
Deposits	-	-	1,193,739
Interest	3,843	27	-
Total additions	121,132	27	1,193,739
DEDUCTIONS			
Benefits	139,625	-	-
Distributions	-	19,059	1,193,739
Total deductions	139,625	19,059	1,193,739
Net changes in fiduciary net position	(18,493)	(19,032)	-
Net position - beginning	668,853	19,032	-
Net position - ending	\$ 650,360	\$ -	\$ -

Notes to the Basic Financial Statements

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

1. Summary of significant accounting policies

A. Reporting entity

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

Discretely presented component unit

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

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

B. Government-wide and fund financial statements

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

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

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

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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 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.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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 fiduciary funds:

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

The *Parks Foundation Trust 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 *Leavenworth Public Library Fund* is a custodial fund. It is used to account for assets held by the City as an agent for the Leavenworth Public Library system.

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

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

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

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

D. Deposits and investments

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

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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, 2020, investment earnings allocated to the various funds were approximately \$143,386. Of this amount, \$3,846 is allocated to the Police and Fire Pension Trust fiduciary fund and \$27 is allocated to the Parks Foundation Trust fiduciary fund, and \$136,431 is allocated to the General Fund.

E. Property taxes and other receivables

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one half or the full balance of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing the taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due until the ensuing year. At December 31, 2020, such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies of \$142,788, with a corresponding amount recorded as deferred inflows of resources on the balance sheets of the appropriate funds. Of this amount, \$430 is for the fiduciary fund (Police and Fire Pension Trust) and \$142,358 is for the City funds. Delinquent taxes held by the County Treasurer at December 31, 2020 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, 2020, the special assessment taxes levied are a lien on the property and the amount due in 2020 is recorded in the fund financial statements as special assessments receivable, net of anticipated delinquencies of \$1,765, in the Debt Service Fund with a corresponding amount recorded as unavailable revenue.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

1. Summary of significant accounting policies (continued)

F. Special assessments (continued)

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, 2020, the amount due for such assessments is recorded in the fund financial statements as special assessments receivable, net of anticipated delinquencies of \$18,228 in the General Fund with a corresponding amount recorded as unavailable revenue.

G. Capital assets

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

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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 of resources for the pensions and Other Post-retirement Employee Benefits (OPEB).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net 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 of resources is related to the pensions and OPEB. See Note 5 for more information on the deferred inflows of resources for the pensions and OPEB.

I. Compensated absences and other termination payments

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

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

For eligible employees, the remaining 60% of unused sick leave is converted to a cash value, which establishes the amount of the retiree's Health Benefit Account (a memorandum account). The City shall pay 50% of the retiree's actual monthly health and dental premiums on a pay-as-you-go basis from this memorandum account as long as a balance remains in the retiree's Health Benefit Account. The remaining 50% of the monthly premiums must be paid by the retiree. When the retiree's Health Benefit Account is exhausted, all City premium payments cease. Retirees may not convert the benefit into an in-lieu payment.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

1. Summary of significant accounting policies (continued)

I. Compensated absences and other termination payments (continued)

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

J. Long-term obligations

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

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

K. Pensions

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

L. Use of estimates

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

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

1. Summary of significant accounting policies (continued)

M. Pending Governmental Accounting Standards Board statements

At December 31, 2020, 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. 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. 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. 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.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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

M. Pending Governmental Accounting Standards Board statements (continued)

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 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.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, requires that a Section 457 plan be classified as either a pension plan or whether it meets the definition of a pension plan, generally effective for the fiscal year beginning after June 15, 2021.

N. Adoption of New Accounting Standards

The City adopted GASB Statement No. 84, *Fiduciary Activities*. This statement 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.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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, “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 \$47,939,314 difference are as follows:

Bonds Payable	\$ (18,085,000)
Accrued Interest Payable	(235,352)
Accrued Compensated Absences	(2,656,953)
Other Post-Employment Benefits	(7,231,779)
Net Pension Liability	<u>(19,730,230)</u>
Net adjustment to decrease <i>fund balance-total governmental funds</i> to arrive at <i>net-position-governmental activities</i>	\$ <u>(47,939,314)</u>

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, “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 \$2,153,748 difference are as follows:

Capital outlay	\$ 8,474,148
Depreciation expense	<u>(6,320,400)</u>
Net adjustment to increase <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	\$ <u>2,153,748</u>

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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, “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 \$1,478,012 difference are as follows:

Debt issued or incurred:	
Issuance of general obligations bonds	\$ (2,395,000)
Principal repayments:	
General obligation debt	3,855,000
Change in accrued interest	<u>18,012</u>
Net adjustment to increase <i>net change in fund balances – total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	
	<u>\$ 1,478,012</u>

Another element of that reconciliation states, “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 \$1,008,472 difference are as follows:

Compensated absences	\$ (137,543)
Other postemployment benefits	(175,037)
Pension contributions	<u>(695,892)</u>
Net adjustment to decrease <i>net change in fund balances-total governmental funds</i> to arrive at <i>change in net position of governmental activities</i>	
	<u>\$ (1,008,472)</u>

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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 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.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

3. Stewardship, compliance, and accountability (continued)

A. Budgetary information (continued)

A reconciliation of the General Fund budgetary basis statement to the governmental fund statement as of December 31, 2020 is as follows:

	General Fund
Expenditures and other financing sources and uses and encumbrances (Basis of budgeting)	\$ 22,013,780
Add 2019 encumbrances	27,007
Less 2020 encumbrances	(3,118)
Less 2019 encumbrances relieved	(27,007)
Expenditures and other financing sources and uses (GAAP Basis)	\$ 22,010,662

B. Deficit fund equity

The Capital Projects Fund has a negative fund balance of \$3,221,872 due to the recognition of \$7,835,000 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. 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, 2020, the City's carrying amount of deposits was \$3,834,329 and the bank balance was \$5,600,807. Of the bank balance, \$257,928 was covered by Federal depository insurance and \$5,342,879 was covered by collateral held by the City or its agent in the City's name.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

4. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

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, 2020, the Library's deposits were not exposed to custodial credit risk.

At December 31, 2020, the City had the following investments:

	Maturities	Fair Value
Repurchase agreements	1 – 89 days	\$21,600,000
Money Market Mutual Funds	< 1 year	<u>391,444</u>
Total investments		<u>\$21,991,444</u>

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

Credit risk

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

Custodial credit risk

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

Interest rate risk

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

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

4. Detailed notes on all funds (continued)

A. Deposits and investments (continued)

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, 2020, 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, 2020, the Library cash and investments consisted of the following:

Cash	\$ 306,587
Investments	<u>600,066</u>
Total	\$ <u>906,953</u>

	<u>Fair Value</u>
Certificates of deposit	\$ <u>600,066</u>
Total Investments	\$ <u>600,066</u>

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

4. Detailed notes on all funds (continued)

B. Capital assets

Capital assets activity for the year ended December 31, 2020 was as follows:

Primary government

CITY OF LEAVENWORTH, KANSAS CAPITAL ASSET NOTES DISCLOSURE FOR FISCAL YEAR 2020				
	Beginning Balance	Additions	Retirements	Ending Balance
GOVERNMENTAL ACTIVITIES:				
Capital assets, not being depreciated				
Land	\$ 2,865,144	\$ -	\$ -	\$ 2,865,144
Construction in progress	4,479,673	4,881,746	(3,467,226)	5,894,193
Total capital assets, not being depreciated	7,344,817	4,881,746	(3,467,226)	8,759,337
Capital assets, being depreciated				
Buildings	33,513,449	786,703	-	34,300,152
Improvements	18,801,997	619,398	-	19,421,395
Machinery and equipment	12,907,018	535,200	(187,055)	13,255,163
Infrastructure	101,614,432	5,078,049	-	106,692,481
IT equipment	1,291,996	47,205	-	1,339,201
Total capital assets being depreciated	168,128,892	7,066,555	(187,055)	175,008,392
Less accumulated depreciation for:				
Buildings	26,240,427	1,103,600	-	27,344,027
Improvements	11,296,975	909,514	-	12,206,489
Machinery and equipment	9,308,411	628,749	(180,128)	9,757,032
Infrastructure	71,277,271	3,468,177	-	74,745,448
IT equipment	538,996	210,360	-	749,356
Total accumulated depreciation	118,662,080	6,320,400	(180,128)	124,802,352
Total capital assets being depreciated	49,466,812	746,155	(6,927)	50,206,040
 Governmental activities capital assets, net	 \$ 56,811,629	 \$ 5,627,901	 \$ (3,474,153)	 \$ 58,965,377

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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	\$ 115,495	\$ -		\$ 174,129
	Construction in progress	1,688,977	-	(1,385,692)		303,285
Total capital assets, not being depreciated		1,747,611	115,495	(1,385,692)		477,414
Capital assets, being depreciated						
	Buildings	17,061,364	112,575	-		17,173,939
	Improvements	12,549,919	-	-		12,549,919
	Machinery and equipment	3,827,439	194,459	(92,766)		3,929,132
	Infrastructure	2,926,431	2,836,318	-		5,762,749
Total capital assets, being depreciated		36,365,153	3,143,352	(92,766)		39,415,739
Less Accumulated Depreciation for:						
	Buildings	14,102,799	834,571	-		14,937,370
	Improvements	7,016,772	496,796	-		7,513,568
	Machinery and equipment	2,652,348	191,231	(92,766)		2,750,813
	Infrastructure	426,486	329,956	-		756,442
Total accumulated depreciation		24,198,405	1,852,554	(92,766)		25,958,193
Total capital assets, being depreciated, net		12,166,748	1,290,798	-		13,457,546
Business-type activities capital assets, net		\$ 13,914,359	\$ 1,406,293	\$ (1,385,692)		\$ 13,934,960

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

Governmental activities:

General government	\$ 439,329
Public safety	633,628
Public works	3,706,741
Housing and urban redevelopment	160,832
Culture and recreation	1,194,593
Unallocated depreciation expense	185,277
Total depreciation expense – governmental activities	\$ 6,320,400

Business-type activities:

Sewer	\$ 1,709,890
Storm Water	50,338
Refuse	92,326
Total depreciation expense – business-type activities	\$ 1,852,554

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

4. Detailed notes on all funds (continued)

B. Capital assets (continued)

Construction commitments

The City has active construction projects as of December 31, 2020. At year-end, the City's commitments with contractors are as follows. The projects include widening and improvements of streets and bridges, improvements of buildings, improvements of parks, reconstruction of Thornton Street, and improvements of sewer system facilities:

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitments</u>
Streets	\$ 5,353,758	\$ 1,740,410
Storm Water Improvements	1,601,700	4,315,103
Buildings	559,980	193,089
Sewers	1,496,319	162,749
	\$ 9,011,757	\$ 6,411,351

Discretely presented component unit

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets, being depreciated				
Machinery and equipment	\$ 2,366,494	\$ 180,496	\$ (87,337)	\$ 2,459,653
Total capital assets, being depreciated	2,366,494	180,496	(87,337)	2,459,653
Less accumulated depreciation for:				
Machinery and equipment	1,635,516	149,906	(82,973)	1,702,449
Library capital assets, net	\$ 730,978	\$ 30,590	\$ (4,364)	\$ 757,204

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

4. Detailed notes on all funds (continued)

C. Interfund receivables, payables, and transfers

The composition of inter-fund balances as of December 31, 2020, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Non-major governmental	\$ 79,224

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, 2020, are as follows:

Interfund transfers:

Fund	Transfers In	Transfers Out
Major funds		
General Fund	\$ -	\$ 2,878,941
Debt Service Fund	1,323,258	-
Capital Projects Fund	5,334,039	938,686
Non-major governmental funds	1,476,520	4,316,190
Total transfers	<u>\$ 8,133,817</u>	<u>\$ 8,133,817</u>

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.

In the government-wide statement of activities, capital contributions totaling \$7,883 from governmental activities to business-type activities has been reclassified as transfers in and transfers out. Accordingly, transfers between governmental activities and business-type activities totaled \$7,883.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

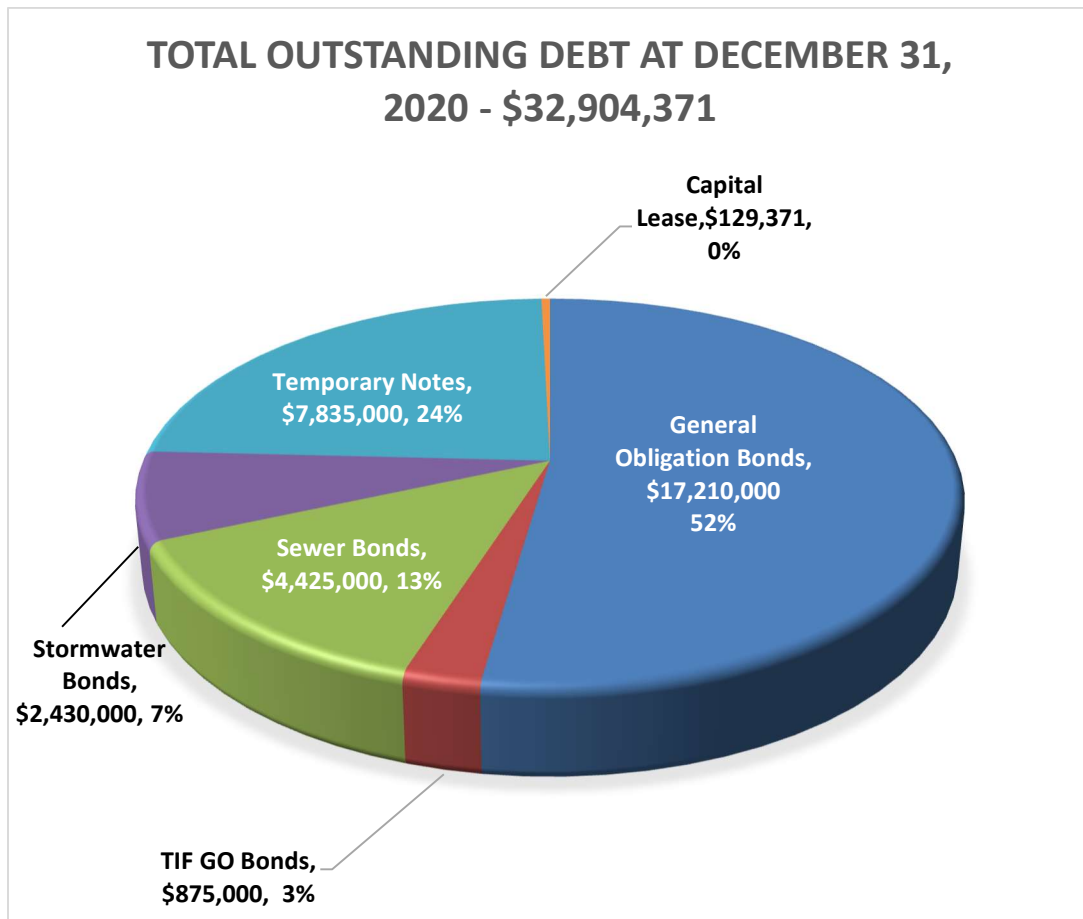
4. Detailed notes on all funds (continued)

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 \$2,395,000 were issued for governmental activities to provide permanent financing for general infrastructure improvements.

In June 2020, the City issued its \$7,900,000 Series 2020-A General Obligation Bonds. Net proceeds of the bonds were used to redeem \$1,375,000 of the 2019-A Temporary Note, \$4,095,000 for refunding Series 2012-A, 2012-B, 2014-A, and 2015-A, provide funding of \$1,975,000 for the 2nd and Chestnut Storm Water project, and provide funding of \$455,000 for the Independence Court Storm Water project. The City completed this refunding which resulted in a net savings of approximately \$212,759.



City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

4. Detailed notes on all funds (continued)

D. Long-term debt (continued)

General obligation bonds (continued)

General obligation bonds currently outstanding are as follows:

	Series	Interest Rates	Maturity Date	Balance 12/31/2020
Governmental activities				
GO Refunding	2011B	1.00% - 2.60%	9/1/2022	\$ 590,000
GO Refunding & Improvements	2012B	1.10% - 2.30%	9/1/2022	370,000
GO Refunding & Improvements	2013A	0.65% - 2.40%	9/1/2025	1,690,000
GO Refunding & Improvements	2014A	2.00% - 2.50%	9/1/2022	290,000
Computer Hardware/Software	2014B	2.25% - 3.00%	9/1/2024	210,000
Internal Improvements	2015A	1.50% - 2.75%	9/1/2021	170,000
Internal Improvements - Taxable	2015B	1.85% - 3.15%	9/1/2025	320,000
Fire Trucks & Refunding	2016A	1.50% - 2.30%	9/1/2031	3,400,000
TIF Hotel-Taxable	2016A	1.30% - 2.25%	9/1/2026	555,000
Business & Technology Park	2017A	3.55% - 4.00%	9/1/2036	4,505,000
Internal Improvements	2017B	2.00% - 2.75%	9/1/2027	1,195,000
Traffic	2018A	3.00% - 3.125%	9/1/2028	1,165,000
Traffic	2019A	3.00%	9/1/2029	1,230,000
Traffic & Refunding	2020A	1.00% - 1.75%	9/1/2030	2,395,000
				<u>18,085,000</u>
 Business-type activities				
Sewer System Improvements	2012A	2.00% - 2.75%	9/1/2032	405,000
GO Refunding & Sewer	2012B	1.10% - 2.30%	9/1/2025	315,000
GO Refunding & Sewer	2014A	2.00% - 2.50%	9/1/2023	630,000
GO Refunding & Sewer	2020A	1.00%	9/1/2032	3,075,000
Stormwater Bonds	2020A	1.00%	9/1/2030	2,430,000
				<u>6,855,000</u>
				<u>\$ 24,940,000</u>

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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

Year	Principal	Interest	Total
2021	\$ 2,740,000	\$ 439,620	\$ 3,179,620
2022	2,560,000	384,187	2,944,187
2023	2,185,000	327,743	2,512,743
2024	2,065,000	279,893	2,344,893
2025	1,900,000	237,456	2,137,456
2026-2030	4,435,000	678,543	5,113,543
2031-2035	1,800,000	258,575	2,058,575
2036	400,000	14,200	414,200
	\$ 18,085,000	\$ 2,620,217	\$ 20,705,217

Business-type activities

Year	Principal	Interest	Total
2021	\$ 885,000	\$ 67,172	\$ 952,172
2022	920,000	47,625	967,625
2023	780,000	74,777	854,777
2024	635,000	65,950	700,950
2025	640,000	59,600	699,600
2026-2030	2,475,000	173,388	2,648,388
2031-2032	520,000	13,738	533,738
	6,855,000	502,250	7,357,250
Total	\$ 24,940,000	\$ 3,122,467	\$ 28,062,467

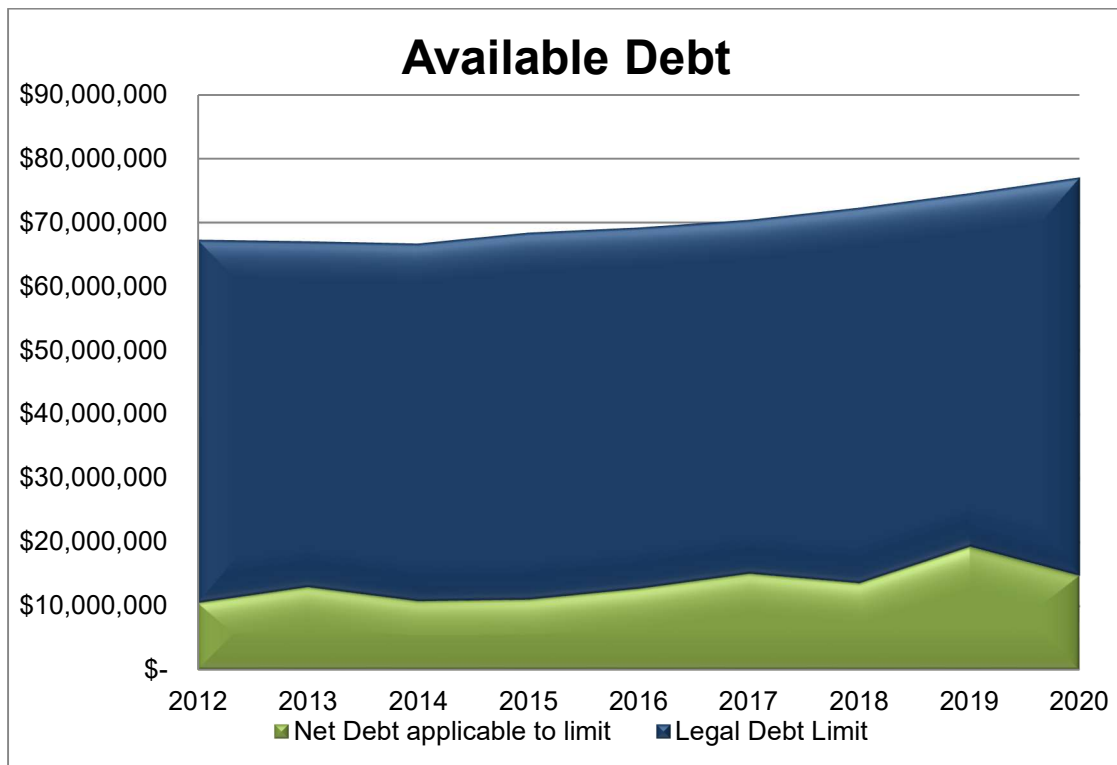
City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

4. Detailed notes on all funds (continued)

D. Long-term debt (continued)

At December 31, 2020, the statutory limit on indebtedness for general obligation bonds and bond anticipation notes is \$76,964,804, which, after reduction of applicable outstanding debt of \$14,699,073 (\$15,060,546 minus debt service fund balance of \$361,473) provides a debt margin of \$62,265,731. General obligation bonds of \$17,714,454 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.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

4. Detailed notes on all funds (continued)

D. Long-term debt (continued)

Conduit Debt Obligations (continued)

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

Through December 31, 2020, there is one series of Industrial Revenue Bonds (IRB) outstanding, with an aggregate principal amount payable of approximately \$1,028,815.

E. Capital Leases

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:

	<u>Business-type activities</u>
Asset:	
Machinery and Equipment	\$ 401,849
Less: accumulated depreciation	<u>(113,360)</u>
Total	<u>\$ 288,489</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2020, were as follows:

	<u>Business-type activities</u>
Year ending December 31:	
2021	\$ <u>133,949</u>
Total minimum lease payments	133,949
Less: amount representing interest	<u>(4,578)</u>
Present value of minimum lease payments	<u>\$ 129,371</u>

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

4. Detailed notes on all funds (continued)

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, 2020.

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 \$1,400,000 were issued for governmental activities to provide temporary financing for general capital improvements.

Bond anticipation notes issued for governmental activities for which all legal steps and the ability to consummate refinancing have not been met are reported as a fund liability in the fund receiving proceeds. The following bond anticipation notes are reported as liabilities at December 31, 2020:

	Series	Interest Rate	Issue Maturity Date	Balance 12/31/20
Governmental activities				
New Lawrence Rd	A2018	2.50%	12/01/22	\$ 395,000
Thornton St/10th Ave	A2019	2.85%	12/03/22	6,040,000
2020 Pavement Management	A2020	1.00%	12/21/21	<u>1,400,000</u>
Total				<u><u>\$ 7,835,000</u></u>

Short-term liability activity for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Bond anticipation notes	\$9,185,000	\$1,400,000	\$2,750,000	<u>\$7,835,000</u>

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

4. Detailed notes on all funds (continued)

H. Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2020, was as follows:

Governmental activities	Beginning Balance 1/1/2020	Additions	Retired	Ending Balance 12/31/2020	Due Within One Year
General obligation bonds	\$ 19,545,000	\$ 2,395,000	\$ 3,855,000	\$ 18,085,000	\$ 2,740,000
Employee compensated absences	2,519,410	208,364	70,821	2,656,953	343,278
Net pension liability	16,561,001	3,234,757	65,528	19,730,230	-
Other post-employment benefits	7,433,922	-	202,143	7,231,779	-
	<u>\$ 46,059,333</u>	<u>\$ 5,838,121</u>	<u>\$ 4,193,492</u>	<u>\$ 47,703,962</u>	<u>\$ 3,083,278</u>

Business-type activities	Beginning Balance 01/01/20	Additions	Retired	Ending Balance 12/31/20	Due Within One Year
General obligation bonds	\$ 5,160,000	\$ 2,430,000	\$ 735,000	\$ 6,855,000	\$ 885,000
Capital leases	254,321	-	124,950	129,371	129,371
Accrued compensated absences	126,244	1,250	633	126,861	16,390
Net pension liability	854,221	249,992	-	1,104,213	-
Accrued landfill closure/post closure	193,174	-	53,304	139,870	15,000
Other post-employment benefits	309,388	-	8,069	301,319	-
	<u>\$ 6,897,348</u>	<u>\$ 2,681,242</u>	<u>\$ 921,956</u>	<u>\$ 8,656,634</u>	<u>\$ 1,045,761</u>

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, 2020, the Library reported a liability of \$585,490 for its proportionate share of the net pension liability.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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, 2020, 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.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

4. Detailed notes on all funds (continued)

I. Fund balances (continued)

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

Fund balances for all the major and non-major governmental funds as of December 31, 2020 were reported as follows:

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Restricted for:					
Capital outlay	\$ -	\$ -	\$ -	\$ 3,729,503	\$ 3,729,503
Tax increment financing	-	-	-	1,102,439	1,102,439
Street maintenance	-	-	-	58,777	58,777
Law enforcement	-	-	-	87,567	87,567
Tourism and conventions	-	-	-	332,703	332,703
Recreation programs	-	-	-	44,005	44,005
Housing services	-	-	-	952,896	952,896
Probation services	-	-	-	44,632	44,632
Community and economic development	-	-	-	3,275,281	3,275,281
General obligation debt	-	361,473	-	-	361,473
Subtotal	-	361,473	-	9,627,803	9,989,276
Committed to:					
Capital improvements	-	-	2,246,078	3,729,503	5,975,581
Subtotal	-	-	2,246,078	3,729,503	5,975,581
Assigned to:					
Purchases on order	3,118	-	2,184,469	-	2,187,587
Subtotal	3,118	-	2,184,469	-	2,187,587
Unassigned	8,492,770	-	(7,652,419)	-	840,351
Total fund balance	\$ 8,495,888	\$ 361,473	\$ (3,221,872)	\$ 13,357,306	\$ 18,992,795

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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 for the Sewer Fund and Refuse Fund, The policy aims to ameliorate the adverse impacts of unforeseen financial events such as an economic downturn, significant unanticipated and unavoidable expenditures, or significant unanticipated and unavoidable reductions of revenue.

It is the policy of the City to maintain a General Fund budgetary basis fund balance equal to 16.67% of annual expenditures. Consistent with K.S.A. 10-1101 et al (the Kansas “cash basis law”), the budgetary basis fund balance is defined as cash less payables less encumbrances. In 2020, the Commission revised the policy to maintain an unrestricted net position of at least three months of operating expenses and 5% of net capital assets (total assets minus accumulated depreciation times 5%) for the Sewer Fund.

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

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

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, 2020, 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.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (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 Fire
- Judges

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

Those employees participating in the Pension Plan for the City and the Library are included in both the Local and Police and Fire 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 fire) with ten or more years of credited service may retire as early as age 55 (police and fire may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points (police and fire normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, 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.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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 ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether 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 Fire (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.

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 8.61% for KPERS and 21.93% for KP&F for the year ended December 31, 2020. Contributions to the Pension Plan from the City were \$573,568 for KPERS and \$1,347,828 for KP&F for the year ended December 31, 2020. Contributions from the Library for KPERS were \$55,802 for the year ended December 31, 2020.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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, 2020, the City reported a liability of \$ 6,018,050 for KPERS and \$ 13,732,669 for KP&F and the Library reported a liability of \$585,490 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, 2020, and the total pension liability to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. 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 Fire
- 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 Fire group within KPERS for the KPERS fiscal year ended June 30, 2020. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2020, the City's proportion for KPERS was .347131%, which was an increase of .003795% from its proportion measured as of June 30, 2019. At June 30, 2020, the City's proportion for KP&F was 1.113637%, which was a decrease of .019458% from its proportion measured as of June 30, 2019. At June 30, 20 the Library's proportion for KPERS was .033772%, which was a decrease of .000455% from its proportion measured as of June 30, 2019.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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, 2020, The City recognized pension expense of \$558,323 for KPERS and \$2,038,872 for KP&F, and the Library recognized pension expense of \$87,189 for KPERS. At December 31, 2020, 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	\$ 501,880	\$ (77,370)
Net difference between projected and actual earnings		
on pension plan investments	2,036,613	-
Changes in assumptions	1,313,100	-
Changes in proportionate share	326,913	(579,290)
City contributions subsequent to measurement date	<u>1,076,899</u>	<u>-</u>
Total	\$ <u>5,255,405</u>	\$ <u>(656,660)</u>

	Library	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,776	\$ (7,527)
Net difference between projected and actual earnings		
on pension plan investments	68,312	-
Changes in assumptions	35,266	-
Changes in proportionate share	<u>17,780</u>	<u>(6,800)</u>
Total	\$ <u>131,134</u>	\$ <u>(14,327)</u>

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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 \$1,076,899 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, 2021. 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 Ending <u>June 30,</u>	<u>City</u>	<u>Library</u>
2021	\$ 765,701	\$ 27,401
2022	1,053,855	31,414
2023	921,651	32,133
2024	751,545	24,946
2025	<u>29,094</u>	<u>913</u>
	<u>\$ 3,521,846</u>	<u>\$ 116,807</u>

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Inflation	2.75%
Salary Increase	3.25 to 11.75 percent, including price inflation
Investment rate of return	7.50 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.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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 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, January 7, 2020 as provided by KPERS' investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equities	23.50%	5.20%
Non-U.S. Equities	23.50	6.40
Private Equity	8.00	9.50
Private Real Estate	11.00	4.45
Yield driven	8.00	4.70
Real Return	11.00	3.25
Fixed Income	11.00	1.55
Short-term investments	<u>4.00</u>	0.25
Total	<u>100%</u>	

Discount Rate. The discount rate used by KPERS to measure the total pension liability was 7.50% at June 30, 2020. The discount rate used to measure total pension liability at the prior measurement date of June 30, 2019 was 7.75%. The actuarial assumptions used in the calculation of the total pension liability were based on the results of the most recent actuarial experience study. It covered the three-year period of January 1, 2016 through December 31, 2018 and was dated January 7, 2020.

The projection of cash flows used to determine the discount rate was based on member and employer contributions. In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2020 was 1.2%.

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

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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)

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 7.50%, as well as what the Pension Plan's net pension liability would be if it were calculated at 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's KPERS proportionate share of the collective net pension liability	\$ 8,469,806	\$ 6,018,050	\$ 3,956,763
City's KP&F proportionate share of the collective net pension liability	\$ 18,795,798	\$ 13,732,669	\$ 9,504,233
Library's proportionate share of the collective net pension liability	\$ 824,018	\$ 585,490	\$ 384,949

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

C. Pension Plans-Police and Fire Pension Plan

Plan description

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

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

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (continued)

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

Plan description (continued)

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, 2020, pension plan membership consisted of:

Inactive plan members or beneficiaries currently receiving benefits	3
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>0</u>
	3

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, 2020 was \$37,489.

Investments

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

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

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

Rate of return. For year ended December 31, 2020, the annual long-term expected rate of return on pension plan investments, net of pension plan investment expenses, was 0.00%. The long-term expected rate of return expresses investment performance net of investment expense, adjusted for the changing amounts actually invested.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (continued)

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

Investments (continued)

Net pension liability

The City's net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2020 using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Method
Asset Method	Market Value of Assets
Interest Rates:	
Discount Rate	3%
Expected Long Term Rate of Return	3%
Municipal Bond Rate	N/A
Inflation	3%
Annual Pay Increases	N/A
Measurement Date	December 31, 2020
Ad-hoc Cost of living increases	3%

Mortality rates were based on the PubG-2010 Mortality Table Projected Generationally from 2010 with the Mortality Improvement Scale MP-2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by 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, 2020 are summarized in the following table:

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

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (continued)

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

Changes in the net pension liability

Discount Rate

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at December 31, 2019	\$1,919,426	\$ 770,174	\$ 1,149,252
Changes for the year:			
Service cost	-	-	-
Interest	55,489	-	55,489
Differences between expected and actual experience	(198,022)	-	(198,022)
Changes of assumptions	118,337	-	118,337
Employer contributions	-	37,489	(37,489)
Net investment income	-	3,843	(3,843)
Benefit Payments, including refunds of member contributions	(139,625)	(139,625)	-
Net changes	<u>(163,821)</u>	<u>(98,293)</u>	<u>(65,528)</u>
Balance at December 31, 2020	<u>\$ 1,755,605</u>	<u>\$ 671,881</u>	<u>\$ 1,083,724</u>

Plan fiduciary net position as a percentage of the total pension liability is 38.27%.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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

	1% Decrease (2.00%)	Current Discount Rate (3.00%)	1% Increase (4.00%)
Net pension liability	\$1,252,439	\$1,083,724	\$937,757

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

For the year ended December 31, 2020, the City recognized pension expense of \$ (29,059). At December 31, 2020, the City reported deferred outflows of resources from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between projected and actual earnings on pension plan investments	\$ <u>30,472</u>

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

Year Ending <u>December 31,</u>		
2021		\$ 12,528
2022		8,612
2023		5,786
2024		<u>3,546</u>
		\$ <u>30,472</u>

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

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 dependents as for active employees and their dependents. The benefit is available for selection at retirement and is extended to retirees and their dependents until the individuals become eligible for Medicare at age 65. The plan does not issue a stand-alone financial report.

Funding policy

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

The City provides funding for the expenditures on a pay-as-you-go basis through the General Fund. In 2020, the City made contributions of \$175,496 to the plan. At December 31, 2020, the following employees were covered by the benefit terms:

Active employees	236
Retirees and their covered spouses	<u>10</u>
Total	246

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (continued)

D. Other postemployment healthcare benefits (continued)

Total OPEB Liability

The City's total OPEB liability of \$7,179,301 as of December 31, 2020 was determined by actuarial valuation as of that date.

The total OPEB liability in the January 1, 2020 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, 2020
Actuarial Valuation Date	December 31, 2020, with no adjustments to the December 31, 2020 measurement date. Liabilities as of January 1, 2020 are based on an actuarial valuation date of January 1, 2019 projected to January 1, 2020 on a "no gain/no loss" basis.
Actuarial method	Entry age normal as a level percentage of payroll
Inflation	2.75% per year
Payroll Growth	Payroll growth rates including general wage inflation of 3.50% (includes 2.75% inflation and a 0.75% productivity growth), Plus merit increases as shown below are based on the Kansas Public Employees Retirement System (KPERS) and Kansas Police and Fire Retirement System (KPF) Actuarial Valuation as of December 31, 2019. KPERS employees are assumed to follow the KPERS Local rates, while KPF employees are assumed to follow the KPF rates
Discount rate	2.12% at December 31, 2020 3.26% as of January 1, 2020
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
Spousal Coverage	Inactive employees with current coverage: 100%; Inactive employees with no coverage: 0% 50% of employees are assumed to be married at retirement. Husbands are assumed to be three years older than wives.
Mortality	Groups other than Public Safety: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020 Public Safety: SOA Pub-2010 Public Safety General Headcount Weighted Mortality Table fully generational using MP-2020

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (continued)

D. Other postemployment healthcare benefits (continued)

Total OPEB Liability

Mortality (continued)	Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020
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). The prior valuation used a discount rate of 3.26% as of January 1, 2020. The current full valuation uses a discount rate of 2.12% as of December 31, 2020. This change caused a significant increase in liabilities.

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:

	<u>Total OPEB Liability</u>
Balance 1/1/2020	\$ 7,341,882
Service Cost	369,404
Interest	248,550
Change in assumptions	106,718
Difference between expected and actual experience	(711,757)
Benefit payments	<u>(175,496)</u>
Net change in total OPEB liability	<u>(162,581)</u>
Total OPEB liability 12/31/2020	<u>\$ 7,179,301</u>
Total OPEB liability as a percentage of covered payroll	62.1%
Actuarially determined contribution	\$175,496
Actual contribution	\$175,496
Covered payroll	\$ 11,569,854
Contributions as a percentage of covered payroll	1.52%

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (continued)

D. Other postemployment healthcare benefits (continued)

The following presents the total OPEB liability of the City as of December 31, 2020, 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	Current Discount	1% Increase
	<u>(1.12%)</u>	<u>(2.12%)</u>	<u>(3.12%)</u>
Total OPEB liability	\$ 7,920,501	\$ 7,179,301	\$ 6,510,888

The following presents the City's net OPEB liability as of December 31, 2020, 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	Current Trend Rates	1% Increase
	<u>(7.0% decreasing to 3.5%)</u>	<u>(8.0% decreasing to 4.5%)</u>	<u>(9.0% decreasing to 5.5%)</u>
	\$ 6,280,391	\$ 7,179,301	\$ 8,259,303

OPEB Expense

For the year ended December 31, 2020, the City recognized OPEB expense of \$350,415.

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, the City reported deferred inflows of resources related to other postemployment benefits from the following sources:

	Outflows	Inflows
Differences between expected and actual experience	\$ -	\$ (1,844,244)
Changes in assumptions	<u>529,418</u>	<u>(109,296)</u>
Total deferred inflows	<u>\$ 529,418</u>	<u>\$ (1,953,540)</u>

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (continued)

D. Other postemployment healthcare benefits (continued)

The balances as of December 31, 2020 of the deferred outflows/(inflows) of resources will be recognized in OPEB expense in the future fiscal years as follows:

Year Ending <u>December 31,</u>	
2021	\$ (267,539)
2022	(267,539)
2023	(267,539)
2024	(267,539)
2025	(267,537)
Thereafter	<u>(86,429)</u>
Total	\$ <u>(1,424,122)</u>

Results by Group

Below is the summary of the OPEB liability by function:

<u>Function</u>	<u>OPEB Liability as of December 31, 2020</u>
Culture and recreation	\$ 82,710
General government	80,139
Housing and community development	47,889
Public safety	6,338,676
Public works	401,041
Refuse	65,778
Storm water	<u>163,068</u>
Total	\$ <u>7,179,301</u>

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (continued)

E. Other Postemployment Benefits - KPERS

Plan Description. The City participates in a cost sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by 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 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, 2020, the valuation date, the following employees were covered by the benefit terms:

	<u>Count</u>	<u>Average Age</u>	<u>Average Service</u>
Active Members	131	46.63	8.25
Disabled Members	4	56.31	

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (continued)

E. Other Postemployment Benefits – KPERS (continued)

Total OPEB Liability. The total KPERS OPEB liability of \$353,797 was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020, using the following actuarial assumptions:

Valuation date	December 31, 2019
Measurement date	June 30, 2020
Actuarial method	Entry age normal as a level percentage of payroll
Inflation	2.75% per year
Payroll Growth	3.00%
Discount rate	2.21%
20 Year Tax-Exempt Municipal Bond Yield	2.21%

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-2020.

The changes in the total OPEB liability are as follows:

Balance as of June 30, 2019	\$ 401,428
Changes for the year:	
Service cost	21,911
Interest on total OPEB liability	14,004
Effect of plan changes	-
Effect of economic/demographic changes	(53,792)
Effect of change of assumptions*	17,127
Benefit payments	<u>(46,881)</u>
Balance as of June 30, 2020	<u>\$ 353,797</u>

**Discount rate change from 3.50% to 2.21%*

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (continued)

E. Other Postemployment Benefits – KPERS (continued)

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 (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease	Current Discount	1% Increase
	<u>(1.21%)</u>	<u>(2.21%)</u>	<u>(3.21%)</u>
Total OPEB liability	\$ 364,961	\$ 353,797	\$ 342,554

Sensitivity of the total KPERS OPEB liability to changes in the healthcare cost trend rates. The following presents the total KPERS OPEB liability of the City as of June 30, 2020, 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.

	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 353,797	\$ 353,797	\$353,797

For the year ended June 30, 2020, the City recognized OPEB expense of \$59,936, as follows:

OPEB Expense

Service cost	\$ 21,910
Interest on total OPEB liability	14,004
Effect of plan changes	-
Deferred Inflows/Outflows of Resources:	
Economic/Demographic gains or losses	22,444
Change of assumptions	<u>1,578</u>
OPEB expense	<u>\$ 59,936</u>

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (continued)

E. Other Postemployment Benefits – KPERS (continued)

Deferred Outflows of Resources and Deferred Inflows of Resources. As of June 30, 2020, the deferred inflows and outflows of resources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual Experience	\$ 201,491	\$ (48,353)
Changes of assumptions	20,140	(4,643)
Contributions subsequent to measurement date	34,137	-
Total	\$ 255,768	\$ (52,996)

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense in future years as follows:

Year Ending <u>June 30,</u>					
2021			\$	24,021	
2022				24,021	
2022				24,021	
2024				24,021	
2025				24,021	
Thereafter				48,530	
Total			\$	168,635	

F. Closure and postclosure care costs

State and federal laws and regulations require the City’s sanitary landfill to place a final cover on the landfill site and to perform certain maintenance and monitoring functions for thirty years after closure. Although closure and postclosure care costs will be paid in future periods, the City reports these closure and postclosure care costs as an operating expense in each period based upon landfill capacity used as of the balance sheet date. The \$139,870 reported as landfill closure and postclosure care liability in the Refuse Fund at December 31, 2020 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 2020. Actual costs may be different than those estimated due to inflation, changes in technology or changes in regulations.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (continued)

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, 2020.

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, 2020, the City's recorded encumbrances in governmental funds were as follows:

General Fund	\$ 3,118
Capital Projects Fund	2,184,469
Other non-major governmental funds	
Police Seizure	610
CIP Sales Tax Fund	<u>1,475,232</u>
Total	<u>\$ 3,663,429</u>

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (continued)

H. Tax Abatements

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

For the fiscal year ended December 31, 2020, the City abated taxes totaling \$1,155,549, including the following tax abatement agreements that each exceeded 10% of the total amount abated:

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

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

The NRA provides for an ad valorem rebate of 100% of the increased taxes paid on eligible improvements for a period of 5-10 years. Interlocal agreements were entered into with the USD #453 school district and Leavenworth County. The NRA district includes properties from Metropolitan Avenue as the northern boundary to Spruce Street as the southern boundary and from N Esplanade Street as the eastern boundary to N 10th Street as the western boundary, with a portion of area between 10th and 11th street included. Within that area, two sections are considered Tax Increment Financing (TIF) areas instead of NRA.

As of December 31, 2020, the Commission approved extending the NRA for another 10 years. There are approximately 60 properties participating in the tax abatements, which totaled \$87,293.

- **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, 2020, 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 2020 was \$319,865. This agreement expires September 2021.

City of Leavenworth, Kansas
Notes to the Basic Financial Statements

December 31, 2020

5. Other information (continued)

H. Tax Abatements

- 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 2020 was \$139,515.

As of December 31, 2020, 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, 2020, the district generated \$91,784.
- 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, 2020, the district generated \$350,442.
- 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, 2020, the district generated \$166,832. The City has Interlocal agreements with USD #453 and Leavenworth County for the property tax TIFs.
- During 2020, three TIF agreements were added to the existing TIF Districts: Luxury Imports, Price Chopper, and the development at 615 Metropolitan. These projects are not completed; therefore, have no balances included in the 2020 tax abatements.

I. Subsequent Events

The City evaluated subsequent events through July 30, 2021, the date of the financial statements were available to be issued.

On May 12, 2021, the City issued \$11,970,000 in general obligation bonds. Of this amount, \$6,040,000 was used to redeem temporary notes issued for the reconstruction of Thornton Street and 10th Avenue; \$1,320,000 was used to redeem temporary notes for the 2020 pavement management program; \$1,310,000 was issued for the purchase of a 100' aerial ladder fire truck; \$365,000 was used to redeem temporary notes for New Lawrence Rd.

In May 2021, the City was awarded \$8,549,064 of funding through the American Recovery Plan. Of that amount, the City received \$4,274,532 on May 19, 2021. The City is developing a plan to send for these funds.

On June 3, 2021, the City issued \$2,935,000 of general obligation bonds for refunding of 2013-A and 2016-A general obligation bonds.

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 Seven Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
City's proportion of the collective net pension liability:							
KPERS	0.347131%	0.343336%	0.337771%	0.328793%	0.323681%	0.368228%	0.355866%
KP&F	1.113637%	1.133095%	1.159168%	1.109955%	1.200103%	1.280163%	1.271155%
City's proportionate share of the collective net pension liability	\$ 19,750,719	\$ 16,265,970	\$ 15,861,352	\$ 15,171,471	\$ 16,153,560	\$ 14,130,484	\$ 12,716,814
City's covered payroll	\$ 11,569,854	\$ 12,194,589	\$ 11,964,248	\$ 11,552,857	\$ 11,250,704	\$ 11,932,917	\$ 11,476,070
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	170.71%	133.39%	132.57%	131.32%	143.58%	118.42%	110.81%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	69.88%	68.87%	67.12%	65.10%	64.95%	66.60%

* GASB 67 requires presentation of 10 years. As of December 31,2020, only seven years of information is available.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 1,921,396	\$ 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
Contributions in relation to the contractually required contribution	(1,921,396)	(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)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 11,569,854	\$ 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
Contributions as a percentage of covered payroll	16.61%	15.18%	14.29%	13.78%	15.22%	15.41%	14.87%	13.04%	12.46%	11.36%

City of Leavenworth, Kansas

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

	2020	2019	2018	2017	2016	2015
Library's proportion of the collective net pension liability	0.034%	0.034%	0.033%	0.033%	0.033%	0.030%
Library's proportionate share of the collective net pension liability	\$ 585,490	\$ 478,279	\$ 453,093	\$ 470,907	\$ 510,628	\$ 398,312
Library's covered payroll	\$ 664,055	\$ 656,550	\$ 619,185	\$ 584,240	\$ 583,838	\$ 554,714
Library's proportionate share of the collective net pension liability as a percentage of its covered payroll	88.17%	72.85%	73.18%	80.60%	87.46%	71.80%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	69.88%	68.87%	67.12%	65.10%	64.95%

* GASB 67 requires presentation of 10 years. As of December 31, 2020 only six years of information is available.

City of Leavenworth, Kansas

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

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 55,802	\$ 54,673	\$ 49,020	\$ 50,853	\$ 51,618	\$ 52,587
Contributions in relation to the contractually required contribution	55,802	54,673	49,020	50,853	51,618	52,587
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library's covered payroll	\$ 664,055	656,550	\$ 619,185	\$ 584,240	\$ 679,554	\$ 554,714
Contributions as a percentage of covered-employee payroll	8.4032%	8.3273%	7.9169%	8.7041%	7.5959%	9.4800%

* GASB 67 requires presentation of 10 years. As of December 31, 2020 only six years of information is available.

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

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	55,489	57,651	60,014	60,322	61,831	73,102	74,801
Differences between expected and actual experience	(198,022)	27,461	(17,933)	(29,788)	23,728	(305,853)	21,327
Changes of assumptions	118,337	(16,999)	18,979	97,084	-	-	-
Benefit payments, including refunds of member contributions	(139,625)	(140,777)	(138,869)	(136,916)	(134,794)	(151,091)	(154,434)
Net change in total pension liability	(163,821)	(72,664)	(77,809)	(9,298)	(49,235)	(383,842)	(58,306)
Total pension liability-beginning	1,919,426	1,992,090	2,069,899	2,079,197	2,128,432	2,512,274	2,570,580
Total pension-liability-ending (a)	\$ 1,755,605	\$ 1,919,426	\$ 1,992,090	\$ 2,069,899	\$ 2,079,197	\$ 2,128,432	\$ 2,512,274
Plan fiduciary net position							
Contributions-employer	\$ 37,489	\$ 124,249	\$ 121,272	\$ 162,622	\$ 163,144	\$ 160,245	\$ 159,716
Net investment income	3,843	11,803	9,107	3,417	1,266	846	846
Benefit payments, including refunds of member contributions	(139,625)	(140,777)	(138,869)	(136,916)	(134,794)	(151,091)	(154,434)
Other	-	-	-	-	-	-	(48)
Net change in plan fiduciary net position	(98,293)	(4,725)	(8,490)	29,123	29,616	10,000	6,080
Plan fiduciary net position-beginning	770,174	774,899	783,389	754,266	724,650	714,650	708,570
Plan fiduciary net position-ending (b)	\$ 671,881	\$ 770,174	\$ 774,899	\$ 783,389	\$ 754,266	\$ 724,650	\$ 714,650
Net pension liability-ending (a)-(b)	\$ 1,083,724	\$ 1,149,252	\$ 1,217,191	\$ 1,286,510	\$ 1,324,931	\$ 1,403,782	\$ 1,797,624
Plan fiduciary net position as a percentage of the total pension liability	38.27%	40.13%	38.90%	37.85%	36.28%	34.05%	28.45%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* GASB 67 requires presentation of 10 years. As of December 31, 2020, only seven years of information is available.

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 130,804	\$ 138,536	\$ 104,627	\$ 86,462	\$ 91,608	\$ 117,310	\$ 153,655	\$ 153,655	\$ 153,655	\$ 153,655
Actual contributions	37,489	124,249	121,272	162,622	163,144	160,245	159,716	188,189	180,610	155,067
Contribution deficiency (excess)	\$ 93,315	\$ 14,287	\$ (16,645)	\$ (76,160)	\$ (71,536)	\$ (42,935)	\$ (6,061)	\$ (34,534)	\$ (26,955)	\$ (1,412)
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, 2020

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	PubG-2010 Mortality Table Projected Generationally from 2010 with the Mortality Improvement Scale MP-2020.
Changes since prior report	Mortality improvement table was updated from the RP-2014 Mortality Table with Blue Collar adjustment projected from 2006 with Social Security Generational Improvement Scale based on the 2019 Trustees Report to the PubG-2010 Mortality Table Projected Generationally from 2010 with the Mortality Improvement Scale MP-2020.

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

<u>Fiscal Year</u>	<u>Annual Money-weighted Rate of Return</u>
2020	0.00%
2019	0.00%
2018	0.00%
2017	0.00%
2016	0.15%
2015	0.14%
2014	0.14%

City of Leavenworth, Kansas
Required Supplementary Information
Other Postemployment Benefits

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

Total OPEB Liability	2020	2019	2018
Service cost	\$ 369,404	\$ 305,409	\$ 389,159
Interest	248,550	275,867	284,813
Benefits paid	(175,496)	(173,928)	(233,622)
Differences between expected and actual experience	(711,757)	(171,361)	(1,778,825)
Changes of assumptions	106,718	613,123	(174,876)
Net change in total OPEB liability	(162,581)	849,110	(1,513,351)
Total OPEB liability-beginning	7,341,882	6,492,772	8,006,123
Total OPEB-liability-ending	<u>\$ 7,179,301</u>	<u>\$ 7,341,882</u>	<u>\$ 6,492,772</u>
Covered payroll	\$ 11,569,854	\$ 12,046,939	\$ 11,238,903
Total OPEB liability as a percentage of covered payroll	62.05%	60.94%	57.77%
Actuarially determined contribution	<u>\$ 175,496</u>	<u>\$ 173,928</u>	<u>\$ 233,622</u>
Actual contribution	<u>\$ 175,496</u>	<u>\$ 173,928</u>	<u>\$ 233,622</u>
Contributions as a percentage of covered payroll	1.52%	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	2020	2019	2018
Service Cost	\$ 21,911	\$ 20,579	\$ 20,355
Interest	14,004	10,795	6,567
Benefits paid	(46,881)	(67,814)	(51,867)
Effect on economic/demographic gains or losses	(53,792)	139,941	130,814
Changes of assumptions	17,127	5,973	(2,686)
Net change in total OPEB liability	(47,631)	109,474	103,183
Total OPEB liability-beginning	401,428	291,954	188,771
Total OPEB-liability-ending	<u>\$ 353,797</u>	<u>\$ 401,428</u>	<u>\$ 291,954</u>
 Covered payroll	 \$ 5,949,759	 \$ 5,736,648	 \$ 5,606,308
Total OPEB liability as a percentage of covered payroll	5.95%	7.00%	5.21%
 Actuarially determined contribution	 \$ 46,881	 \$ 67,814	 \$ 51,867
Actual contribution	<u>\$ 46,881</u>	<u>\$ 67,814</u>	<u>\$ 51,867</u>
Contributions as a percentage of covered payroll	0.79%	1.18%	0.93%

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

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Combining and Individual Fund
Statements and Schedules

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City of Leavenworth, Kansas

Nonmajor Governmental Funds

December 31, 2020

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.

City of Leavenworth, Kansas

Nonmajor Governmental Funds
(Continued)

Fund Descriptions (continued)

Business & Technology Park Fund

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

Housing Fund

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

Community Development Fund

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

Community Grant Fund

To account for monies provided to community organizations and small businesses to aid in the mitigation of the impact of COVID-19.

CIP Sales Tax Fund

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

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 Auto Fund

To account for the transactions related to auto economic development incentives.

Tax Increment Hotels Fund

To account for the transactions related to hotel economic development incentives.

Tax Increment Retail Fund

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

City of Leavenworth, Kansas
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

Special Revenue

	Convention & Visitors Bureau	Probation	Police Seizure	Police Grants	Streets	Recreation	Special Park Gift	Economic Development	Bus & Tech Park	Housing	Community Development	Community Grant Fund	CIP Sales Tax	Countywide Sales Tax	Tax Increment Auto	Tax Increment Hotels	Tax Increment Retail	Total Nonmajor Governmental Funds	
ASSETS																			
Cash and cash equivalents	\$ 335,888	\$ 44,919	\$ 108,208	\$ 3,980	\$ 73,018	\$ 28,452	\$ 38,244	\$ 955,815	\$ 421,173	\$ 1,033,856	\$ -	\$ 552,250	\$ 1,761,356	\$ 1,112,003	\$ 37,816	\$ 397,751	\$ 120,447	\$ 7,025,176	
Cash in escrow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	391,444	-	391,444	
Deposits restricted for tenant deposit refunds	-	-	-	-	-	-	-	-	-	33,245	-	-	-	-	-	-	-	33,245	
Accounts receivable	-	-	-	-	96	-	-	-	-	-	-	-	-	-	-	-	-	96	
Property tax receivable	-	-	-	-	-	405,893	-	-	-	-	-	-	-	-	-	-	-	405,893	
Sales tax receivable	-	-	-	-	-	-	-	81,940	-	-	-	-	406,962	464,327	79,495	29,966	47,729	1,110,419	
Due from other governments	-	-	-	-	-	-	-	-	-	39,480	83,802	-	-	-	-	-	-	123,282	
Assets held for resale	-	-	-	-	-	-	-	1,260,400	-	-	-	-	-	-	-	-	-	1,260,400	
Other assets	1,312	3,023	-	-	13,037	9,825	744	584	-	6,543	1,119	-	-	-	-	-	-	36,187	
Total assets	\$ 337,200	\$ 47,942	\$ 108,208	\$ 3,980	\$ 86,151	\$ 444,170	\$ 38,988	\$ 2,298,739	\$ 421,173	\$ 1,113,124	\$ 84,921	\$ 552,250	\$ 2,168,318	\$ 1,576,330	\$ 117,311	\$ 819,161	\$ 168,176	\$ 10,386,142	
LIABILITIES																			
Accounts payable	\$ 1,872	\$ 125	\$ 24,621	\$ -	\$ 10,894	\$ 19,600	\$ -	\$ -	\$ 39	\$ 15,880	\$ 90	\$ -	\$ 15,145	\$ -	\$ 705	\$ -	\$ 1,504	\$ 90,475	
Accrued compensation	2,625	3,185	-	-	16,480	13,660	-	950	-	6,685	1,499	-	-	-	-	-	-	45,084	
Due to other funds	-	-	-	-	-	-	-	-	-	-	79,224	-	-	-	-	-	-	79,224	
Tenant deposits	-	-	-	-	-	-	-	-	-	33,245	-	-	-	-	-	-	-	33,245	
Unearned revenues	-	-	-	-	-	-	-	-	-	104,418	-	-	-	-	-	-	-	104,418	
Total liabilities	4,497	3,310	24,621	-	27,374	33,260	-	950	39	160,228	80,813	-	15,145	-	705	-	1,504	352,446	
DEFERRED INFLOWS OF RESOURCES																			
Unavailable revenues - property taxes	-	-	-	-	-	405,893	-	-	-	-	-	-	-	-	-	-	-	-	405,893
Total deferred inflows of resources	-	-	-	-	-	405,893	-	-	-	-	-	-	-	-	-	-	-	-	405,893
FUND BALANCES																			
Restricted	332,703	44,632	83,587	3,980	58,777	5,017	38,988	2,297,789	421,134	952,896	4,108	552,250	2,153,173	1,576,330	116,606	819,161	166,672	9,627,803	
Total fund balances	332,703	44,632	83,587	3,980	58,777	5,017	38,988	2,297,789	421,134	952,896	4,108	552,250	2,153,173	1,576,330	116,606	819,161	166,672	9,627,803	
Total liabilities, deferred inflows of resources, and fund balances	\$ 337,200	\$ 47,942	\$ 108,208	\$ 3,980	\$ 86,151	\$ 444,170	\$ 38,988	\$ 2,298,739	\$ 421,173	\$ 1,113,124	\$ 84,921	\$ 552,250	\$ 2,168,318	\$ 1,576,330	\$ 117,311	\$ 819,161	\$ 168,176	\$ 10,386,142	

City of Leavenworth, Kansas
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2020

	Special Revenue															Total Nonmajor Governmental Funds			
	Convention & Visitors Bureau	Probation	Police Seizure	Police Grants	Streets	Recreation	Special Park Gift	Economic Development	Business & Technology Park	Housing	Community Development	Community Grant Fund	CIP Sales Tax	Countywide Sales Tax	Tax Increment Auto	Tax Increment Hotels	Tax Increment Retail		
REVENUES																			
Taxes	\$ 375,020	\$ -	\$ -	\$ -	\$ -	\$ 511,479	\$ -	\$ 476,185	\$ -	\$ -	\$ -	\$ -	\$ 2,203,472	\$ 2,698,385	\$ 677,064	\$ 672,088	\$ 342,782	\$ 7,956,475	
Intergovernmental	-	53,043	-	37,728	1,106,327	53,043	-	-	-	2,436,330	410,214	-	-	-	-	-	-	4,096,695	
Charges for services	-	78,908	6,338	-	-	156,432	287	-	-	474,648	-	-	-	-	-	-	-	716,613	
Investment earnings	-	-	617	-	-	-	-	-	-	155	-	-	-	-	-	883	1,342	2,997	
Miscellaneous	6,483	-	-	-	8,679	4,974	9,999	-	-	11,837	-	-	475	-	16,340	363,921	23,000	445,708	
Total revenues	381,503	131,951	6,955	37,728	1,115,006	725,928	10,286	476,185	-	2,922,970	410,214	-	2,203,947	2,698,385	693,404	1,036,892	367,124	13,218,478	
EXPENDITURES																			
Current:																			
General government	421,867	187,386	-	-	-	-	-	-	-	-	-	-	187,512	-	-	-	-	796,765	
Public safety	-	-	13,389	23,855	-	-	-	-	-	-	-	-	60,793	-	-	-	-	98,037	
Public works	-	-	-	-	1,089,590	-	-	-	-	-	-	-	-	-	-	-	-	1,089,590	
Culture and recreation	-	-	-	-	-	1,144,366	5,690	-	-	-	-	-	-	-	-	-	-	1,150,056	
Housing and urban redevelopment	-	-	-	-	-	-	-	-	-	2,764,872	406,106	-	-	-	-	-	-	3,170,978	
Community and economic development	-	-	-	-	-	-	-	266,613	28,349	-	447,750	64,505	-	717,374	505,888	343,206	-	2,373,685	
Debt service																			
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	85,000	-	85,000	
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,678	-	10,678	
Capital outlay	29,172	-	51,173	13,873	-	-	-	-	-	604,680	-	-	429,507	324,016	-	-	-	1,452,421	
Total expenditures	451,039	187,386	64,562	37,728	1,089,590	1,144,366	5,690	266,613	28,349	3,369,552	406,106	447,750	742,317	324,016	717,374	601,566	343,206	10,227,210	
Excess (deficiency) of revenues over (under) expenditures	(69,536)	(55,435)	(57,607)	-	25,416	(418,438)	4,596	209,572	(28,349)	(446,582)	4,108	(447,750)	1,461,630	2,374,369	(23,970)	435,326	23,918	2,991,268	
OTHER FINANCING SOURCES (USES)																			
Sale of assets	-	-	-	-	-	-	-	200	-	-	-	-	38,270	-	-	-	-	38,470	
Insurance proceeds	-	-	-	-	1,715	-	-	-	-	-	-	-	19,092	449	-	-	-	21,256	
Transfers in	-	-	-	-	51,902	423,455	-	1,163	-	-	1,000,000	-	-	-	-	-	-	1,476,520	
Transfers out	-	-	-	-	(666,599)	-	-	-	-	-	-	-	(1,250,935)	(2,327,103)	-	(70,390)	(1,163)	(4,316,190)	
Total - other financing sources (uses)	-	-	-	-	(612,982)	423,455	-	1,363	-	-	1,000,000	-	(1,193,573)	(2,326,654)	-	(70,390)	(1,163)	(2,779,944)	
Net change in fund balances	(69,536)	(55,435)	(57,607)	-	(587,566)	5,017	4,596	210,935	(28,349)	(446,582)	4,108	552,250	268,057	47,715	(23,970)	364,936	22,755	211,324	
Fund balances - beginning	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	
Fund balances - ending	\$ 332,703	\$ 44,632	\$ 83,587	\$ 3,980	\$ 58,777	\$ 5,017	\$ 38,988	\$ 2,297,789	\$ 421,134	\$ 952,896	\$ 4,108	\$ 552,250	\$ 2,153,173	\$ 1,576,330	\$ 116,606	\$ 819,161	\$ 166,672	\$ 9,627,803	

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,982,887	\$ 1,982,887	\$ 1,902,837	\$ (80,050)
Total revenues	<u>1,982,887</u>	<u>1,982,887</u>	<u>1,902,837</u>	<u>(80,050)</u>
EXPENDITURES				
Debt service:				
Principal retirement	3,430,000	3,770,000	3,770,000	-
Interest and fiscal charges	579,762	579,762	499,254	80,508
Operating reserves	165,000	361,513	-	361,513
Total expenditures	<u>4,174,762</u>	<u>4,711,275</u>	<u>4,269,254</u>	<u>442,021</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,191,875)</u>	<u>(2,728,388)</u>	<u>(2,366,417)</u>	<u>361,971</u>
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	-	536,513	1,020,000	483,487
Bond premium	-	-	23,119	23,119
Transfers in	1,958,093	1,958,093	1,323,258	(634,835)
Total - other financing sources (uses)	<u>1,958,093</u>	<u>2,494,606</u>	<u>2,366,377</u>	<u>(128,229)</u>
Net change in fund balances	(233,782)	(233,782)	(40)	233,742
Fund balances - beginning	<u>233,782</u>	<u>361,513</u>	<u>361,513</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 127,731</u>	<u>\$ 361,473</u>	<u>\$ 233,742</u>

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Transient guest tax	\$ 450,800	\$ 450,800	\$ 375,020	\$ (75,780)
Miscellaneous	-	-	6,483	6,483
Total revenues	450,800	450,800	381,503	(69,297)
EXPENDITURES				
Current:				
General government	384,790	384,790	421,867	(37,077)
Capital outlay	5,000	23,214	29,172	(5,958)
Operating reserves	527,491	527,491	-	527,491
Total expenditures	917,281	935,495	451,039	484,456
Excess (deficiency) of revenues over (under) expenditures	(466,481)	(484,695)	(69,536)	415,159
Net change in fund balances	(466,481)	(484,695)	(69,536)	415,159
Fund balances - beginning	466,481	466,481	384,025	(82,456)
Prior year encumbrances relieved	-	-	18,214	18,214
Fund balances - ending	\$ -	\$ (18,214)	\$ 332,703	\$ 350,917

City of Leavenworth, Kansas
Probation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 69,401	\$ 69,401	\$ 53,043	\$ (16,358)
Charges for services	124,506	124,506	78,908	(45,598)
Total revenues	193,907	193,907	131,951	(61,956)
EXPENDITURES				
Current:				
General government	222,215	222,215	187,386	34,829
Operating reserves	583	583	-	583
Total expenditures	222,798	222,798	187,386	35,412
Excess (deficiency) of revenues over (under) expenditures	(28,891)	(28,891)	(55,435)	(26,544)
Net change in fund balances	(28,891)	(28,891)	(55,435)	(26,544)
Fund balances - beginning	28,891	28,891	100,067	71,176
Fund balances - ending	\$ -	\$ -	\$ 44,632	\$ 44,632

City of Leavenworth, Kansas
Streets Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,159,550	\$ 1,159,550	\$ 1,106,327	\$ (53,223)
Miscellaneous	376,894	376,894	8,679	(368,215)
Total revenues	<u>1,536,444</u>	<u>1,536,444</u>	<u>1,115,006</u>	<u>(421,438)</u>
EXPENDITURES				
Current:				
Public works	1,222,803	1,222,803	1,089,590	133,213
Capital outlay	-	4,495	-	4,495
Capital reserves	1,190,154	1,190,154	-	1,190,154
Total expenditures	<u>2,412,957</u>	<u>2,417,452</u>	<u>1,089,590</u>	<u>1,327,862</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(876,513)</u>	<u>(881,008)</u>	<u>25,416</u>	<u>906,424</u>
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	1,715	1,715
Transfers in	-	-	51,902	51,902
Transfers out	(47,345)	(47,345)	(666,599)	(619,254)
Total - other financing sources (uses)	<u>(47,345)</u>	<u>(47,345)</u>	<u>(612,982)</u>	<u>(565,637)</u>
Net change in fund balances	(923,858)	(928,353)	(587,566)	340,787
Fund balances - beginning	923,858	923,858	641,848	(282,010)
Prior year encumbrances relieved	-	-	4,495	4,495
Fund balances - ending	<u>\$ -</u>	<u>\$ (4,495)</u>	<u>\$ 58,777</u>	<u>\$ 63,272</u>

City of Leavenworth, Kansas
Recreation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 519,747	\$ 519,747	\$ 511,479	\$ (8,268)
Intergovernmental	69,401	69,401	53,043	(16,358)
Charges for services	673,375	673,375	156,432	(516,943)
Miscellaneous	6,000	6,000	4,974	(1,026)
Total revenues	<u>1,268,523</u>	<u>1,268,523</u>	<u>725,928</u>	<u>(542,595)</u>
EXPENDITURES				
Current:				
Culture and recreation	1,651,069	1,655,782	1,144,366	511,416
Total expenditures	<u>1,651,069</u>	<u>1,655,782</u>	<u>1,144,366</u>	<u>511,416</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(382,546)</u>	<u>(387,259)</u>	<u>(418,438)</u>	<u>(31,179)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	350,000	350,000	423,455	73,455
Total - other financing sources (uses)	<u>350,000</u>	<u>350,000</u>	<u>423,455</u>	<u>73,455</u>
Net change in fund balances	(32,546)	(37,259)	5,017	42,276
Fund balances - beginning	<u>32,546</u>	<u>37,259</u>	<u>-</u>	<u>(37,259)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,017</u>	<u>\$ 5,017</u>

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 426,510	\$ 426,510	\$ 476,185	\$ 49,675
	<u>426,510</u>	<u>426,510</u>	<u>476,185</u>	<u>49,675</u>
EXPENDITURES				
Current:				
Community and economic development	448,745	448,745	266,613	182,132
Total expenditures	<u>448,745</u>	<u>448,745</u>	<u>266,613</u>	<u>182,132</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(22,235)</u>	<u>(22,235)</u>	<u>209,572</u>	<u>231,807</u>
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	200	200
Transfers in	-	-	1,163	1,163
Total - other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,363</u>	<u>1,363</u>
Net change in fund balances	(22,235)	(22,235)	210,935	233,170
Fund balances - beginning	<u>493,485</u>	<u>493,485</u>	<u>2,086,854</u>	<u>1,593,369</u>
Fund balances - ending	<u>\$ 471,250</u>	<u>\$ 471,250</u>	<u>\$ 2,297,789</u>	<u>\$ 1,826,539</u>

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Community and economic development	-	30,000	28,349	1,651
Total expenditures	-	30,000	28,349	1,651
Excess (deficiency) of revenues over (under) expenditures	-	(30,000)	(28,349)	1,651
Net change in fund balances	-	(30,000)	(28,349)	1,651
Fund balances - beginning	-	449,535	449,483	(52)
Fund balances - ending	\$ -	\$ 419,535	\$ 421,134	\$ 1,599

City of Leavenworth, Kansas
Community Grant Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Community and economic development	-	1,000,000	447,750	552,250
Total expenditures	-	1,000,000	447,750	552,250
Excess (deficiency) of revenues over (under) expenditures	-	(1,000,000)	(447,750)	552,250
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,000,000	1,000,000	-
Total - other financing sources (uses)	-	1,000,000	1,000,000	-
Net change in fund balances	-	-	552,250	552,250
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 552,250	\$ 552,250

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,464,301	\$ 2,464,301	\$ 2,203,472	\$ (260,829)
Miscellaneous	-	-	475	475
Total revenues	<u>2,464,301</u>	<u>2,464,301</u>	<u>2,203,947</u>	<u>(260,354)</u>
EXPENDITURES				
Current:				
General government	-	-	187,512	(187,512)
Public safety	-	-	60,793	(60,793)
Community and economic development	-	-	64,505	(64,505)
Capital outlay	-	-	1,904,739	(1,904,739)
Reserves	503,395	503,395	-	503,395
Total expenditures	<u>503,395</u>	<u>503,395</u>	<u>2,217,549</u>	<u>(1,714,154)</u>
Excess of revenues over expenditures	<u>1,960,906</u>	<u>1,960,906</u>	<u>(13,602)</u>	<u>(1,974,508)</u>
OTHER FINANCING SOURCES (USES)				
Sales of assets	-	-	38,270	38,270
Insurance proceeds	-	-	19,092	19,092
Transfers out	(3,541,971)	(3,541,971)	(1,250,935)	2,291,036
Total other financing sources (uses)	<u>(3,541,971)</u>	<u>(3,541,971)</u>	<u>(1,193,573)</u>	<u>2,348,398</u>
Net change in fund balances	(1,581,065)	(1,581,065)	(1,207,175)	373,890
Fund balances - beginning	1,581,065	1,581,065	1,847,342	266,277
Current Year encumbrances	-	-	1,475,232	1,475,232
Prior year encumbrances relieved	-	-	37,774	37,774
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,153,173</u>	<u>\$ 2,153,173</u>

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,843,398	\$ 2,843,398	\$ 2,698,385	\$ (145,013)
Total revenues	2,843,398	2,843,398	2,698,385	(145,013)
EXPENDITURES				
Current:				
Capital outlay	369,079	369,079	324,016	45,063
Contractual services	67,393	67,393	-	67,393
Total expenditures	436,472	436,472	324,016	112,456
Excess of revenues over expenditures	2,406,926	2,406,926	2,374,369	(32,557)
OTHER FINANCING SOURCES (USES)				
Insurance proceeds	-	-	449	449
Transfers out	(2,725,547)	(2,725,547)	(2,327,103)	398,444
Total other financing sources (uses)	(2,725,547)	(2,725,547)	(2,326,654)	398,893
Net change in fund balances	(318,621)	(318,621)	47,715	366,336
Fund balances - beginning	318,621	318,621	1,528,615	1,209,994
Fund balances - ending	\$ -	\$ -	\$ 1,576,330	\$ 1,576,330

City of Leavenworth, Kansas
Tax Increment - Auto Incentive Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Tax increment taxes	\$ 909,911	\$ 909,911	\$ 677,064	\$ (232,847)
Charges for services	5,000	5,000	-	(5,000)
Miscellaneous	-	-	16,340	16,340
Total revenues	914,911	914,911	693,404	(221,507)
EXPENDITURES				
Current:				
Community and economic development	980,544	980,544	717,374	263,170
Total expenditures	980,544	980,544	717,374	263,170
Excess (deficiency) of revenues over (under) expenditures	(65,633)	(65,633)	(23,970)	41,663
Net change in fund balances	(65,633)	(65,633)	(23,970)	41,663
Fund balances - beginning	65,633	65,633	140,576	74,943
Fund balances - ending	\$ -	\$ -	\$ 116,606	\$ 116,606

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Tax increment taxes	\$ 503,417	\$ 632,932	\$ 672,088	\$ 39,156
Investment earnings	-	-	883	883
Miscellaneous	-	12,774	363,921	351,147
Total revenues	<u>503,417</u>	<u>645,706</u>	<u>1,036,892</u>	<u>391,186</u>
EXPENDITURES				
Current:				
Community and economic development	371,383	612,578	505,888	106,690
Miscellaneous	166,068	175,061	-	175,061
Debt service:				
Principal retirement	-	-	85,000	(85,000)
Interest and fiscal charges	-	-	10,678	(10,678)
Total expenditures	<u>537,451</u>	<u>787,639</u>	<u>601,566</u>	<u>186,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,034)</u>	<u>(141,933)</u>	<u>435,326</u>	<u>577,259</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(70,390)	(70,390)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(70,390)</u>	<u>(70,390)</u>
Net change in fund balances	(34,034)	(141,933)	364,936	506,869
Fund balances - beginning	<u>34,034</u>	<u>291,839</u>	<u>454,225</u>	<u>162,386</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 149,906</u>	<u>\$ 819,161</u>	<u>\$ 669,255</u>

City of Leavenworth, Kansas
Tax Increment - Retail Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Tax increment taxes	\$ 301,318	\$ 301,318	\$ 342,782	\$ 41,464
Investment earnings	1,500	1,500	1,342	(158)
Miscellaneous	-	15,052	23,000	7,948
Total revenues	302,818	317,870	367,124	49,254
EXPENDITURES				
Current:				
Community and economic development	307,084	419,783	343,206	76,577
Total expenditures	307,084	419,783	343,206	76,577
Excess (deficiency) of revenues over (under) expenditures	(4,266)	(101,913)	23,918	125,831
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(1,163)	(1,163)
Total other financing sources (uses)	-	-	(1,163)	(1,163)
Net change in fund balances	(4,266)	(101,913)	22,755	124,668
Fund balances - beginning	4,266	101,913	143,917	42,004
Fund balances - ending	\$ -	\$ -	\$ 166,672	\$ 166,672

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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 <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	104-108
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	109-113
Debt Capacity <i>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.</i>	114-117
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	118-120
Operating Information <i>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.</i>	121-122

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net invested in capital assets	\$ 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	\$ 41,755,377
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	6,259,773
Unrestricted	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)	(18,476,680)
Total governmental activities net position	\$ 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	\$ 29,538,470
Business-type activities										
Net invested in capital assets	\$ 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	\$ 9,006,370
Unrestricted	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	3,989,126
Total business-type activities net position	\$ 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	\$ 12,995,496
Primary government										
Net invested in capital assets	\$ 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	\$ 50,761,747
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	6,259,773
Unrestricted	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)	(14,487,554)
Total primary government net position	\$ 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	\$ 42,533,966

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 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	\$ 5,287,720
Public safety	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	14,002,745
Public works	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	7,418,335
Culture and recreation	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	2,739,289
Housing and urban redevelopment	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	2,922,574
Community and economic development	-	-	-	-	-	-	-	3,450,479	1,759,370	2,618,787
Unallocated depreciation expense	3,593,817	3,506,457	3,613,024	3,652,203	3,635,561	3,790,328	-	2,014,075	98,042	185,277
Interest on long-term debt	1,077,433	800,498	590,364	651,141	620,490	628,329	538,079	582,720	693,730	795,949
Total governmental activities expenses	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	35,970,676
Business-type activities:										
Sewer	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	4,715,060
Storm Water	-	-	-	-	-	-	-	3,172	240,036	780,261
Refuse	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	1,921,485
Total business-type activities expenses	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	7,416,806
Total primary government expenses	\$ 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	\$ 43,387,482
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 1,421,292
Public safety	726,273	702,342	687,666	676,940	588,486	452,930	392,715	382,530	199,487	141,703
Public works	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	925,109
Culture and recreation	735,381	644,688	575,244	638,330	670,945	705,652	710,596	681,841	629,319	172,053
Housing and urban redevelopment	776,573	546,902	604,527	460,988	602,145	506,280	563,009	548,668	557,736	494,935
Community and economic development	-	-	-	-	-	-	-	-	16,695	21,382
Operating grants and contributions	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	10,919,423
Capital grants and contributions	1,100,609	448,448	440,024	860,690	1,534,648	970,391	4,885,013	1,416,286	482,388	723,868
Total governmental activities program revenues	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	14,819,765
Business-type activities:										
Charges for services:										
Sewer	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	4,770,014
Storm Water	-	-	-	-	-	-	-	1,407,065	1,237,601	1,285,178
Refuse	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	2,299,782
Operating grants and contributions	35,831	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	772,325	512,256	396,881	143,171	194,459
Total business-type activities program revenues	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	8,549,433
Total primary government program revenues	\$ 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	\$ 23,369,198
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (21,150,911)
Business-type activities	(394,549)	(246,089)	(269,410)	(400,594)	(107,080)	912,523	125,409	1,914,153	1,042,388	1,132,627
Total primary government net expense	\$ (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)	\$ (20,018,284)

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 6,371,982
Franchise taxes	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	2,599,791
Sales taxes	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	15,340,357
Motor vehicle taxes	1,016,050	922,183	917,453	1,113,514	1,074,498	729,991	714,825	764,659	767,641	800,234
Other taxes	914,034	870,810	916,065	1,005,638	2,333,684	2,792,915	1,378,371	414,264	520,722	375,020
Intergovernmental revenue not restricted to specific programs	88,794	87,420	88,957	98,073	98,849	52,397	-	-	-	-
Gain on sale of capital assets	-	-	516,869	-	-	-	36,438	-	-	39,555
Investment earnings	22,309	20,141	22,570	21,388	21,192	30,963	123,383	212,681	370,343	139,513
Miscellaneous	-	-	-	-	-	-	39,010	565,149	1,061,489	800,713
Transfers	-	5,200	-	258,424	70,185	47,345	47,345	-	-	(7,883)
Total governmental activities	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	26,459,282
Business-type activities:										
Gain on sale of capital assets	-	-	-	-	-	834	4,908	-	-	-
Miscellaneous	-	-	-	-	-	-	22,448	15,147	99,285	223,428
Transfers	-	(5,200)	-	(258,424)	(70,185)	(47,345)	(47,345)	-	-	7,883
Total business-type activities	-	(5,200)	-	(258,424)	(70,185)	(46,511)	(19,989)	15,147	99,285	231,311
Total primary government	\$ 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	\$ 26,690,593
Change in net position										
Governmental activities	\$ (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)	\$ 5,308,371
Business-type activities	(394,549)	(251,289)	(269,410)	(659,018)	(177,265)	866,012	105,420	1,929,300	1,141,673	1,363,938
Total primary government	\$ (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)	\$ 6,672,309

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
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	3,118
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	8,492,770
Total General Fund	\$ 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	\$ 8,495,888
All Other Governmental Funds										
Restricted for:										
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,697,092	\$ 3,413,731	\$ 3,729,503
Tax increment financing	-	-	-	-	-	-	-	-	730,860	1,102,439
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	87,567
Public works	-	1,383	-	-	945	72,658	942,987	678,363	646,343	58,777
Tourism and convention activities	-	-	-	-	-	-	-	464,035	402,239	332,703
Culture and recreation	30,673	35,916	31,414	27,162	59,080	113,605	156,810	42,743	34,392	44,005
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	952,896
Community and economic development	-	-	-	-	-	-	-	3,036,712	2,544,195	3,275,281
Debt service	418,901	317,152	320,222	677,320	306,415	415,724	315,640	361,513	361,513	361,473
Probation Services	-	-	-	-	-	-	-	59,998	100,067	44,632
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	2,246,078
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	-	-	-	-	-
Assigned to:										
General government	19,469	19,262	20,262	20,107	20,507	-	-	-	27,007	3,118
Capital outlay	-	-	-	-	-	-	-	-	-	2,184,469
Culture and recreation	84,652	78,992	-	1,438	-	-	-	-	-	-
Unassigned	-	-	(30,357)	-	-	-	-	(2,005,400)	(2,376,868)	840,351
Total all other governmental funds	\$ 4,806,216	\$ 5,071,540	\$ 5,557,093	\$ 4,435,386	\$ 5,840,483	\$ 7,866,315	\$ 8,956,470	\$ 8,603,464	\$ 12,537,711	\$ 15,263,292

(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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 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	\$ 25,487,384
Intergovernmental	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	11,683,789
Licenses and permits	409,844	420,084	351,826	378,728	401,505	402,462	392,950	441,537	494,874	412,880
Charges for services	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	2,209,029
Fines and forfeitures	1,115,114	1,101,533	910,243	820,719	862,554	824,540	639,850	616,627	573,542	554,565
Investment earnings	46,502	22,570	21,387	20,548	21,193	30,963	123,383	218,023	370,343	139,513
Other revenues	1,059,723	509,540	635,097	590,081	703,851	1,249,801	2,045,589	1,189,946	852,964	776,356
Total revenues	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	41,263,516
Expenditures										
General government	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	4,724,231
Public safety	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	12,638,688
Public works	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	3,399,748
Culture and recreation	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	2,153,643
Housing and urban redevelopment	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	3,315,605
Community and economic development	-	-	-	-	-	-	-	3,450,479	1,755,931	2,618,420
Capital outlay	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	7,477,551
Debt service										
Principal	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	3,855,000
Interest and fiscal charges	1,149,587	846,655	594,381	657,144	620,978	621,932	550,751	646,467	723,369	893,128
Total expenditures	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	41,076,014
Excess of revenues over (under) expenditures	(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)	187,502
Other Financing Sources (Uses)										
Bonds issued	9,715,000	3,565,000	3,860,000	2,900,000	2,300,000	6,575,000	6,550,000	1,410,000	1,340,000	2,395,000
Bond premium	-	-	-	-	-	-	-	-	69,571	79,167
Insurance proceeds	-	-	-	-	-	-	-	24,117	170,530	24,357
Capital leases	196,740	-	-	-	-	-	477,685	-	-	-
Sale of capital assets	-	-	-	-	-	52,397	36,438	5,240	37,995	39,555
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	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	8,133,817
Transfers out	(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)	(8,133,817)
Total other financing sources (uses)	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	2,538,079
Net change in fund balances	\$ 1,355,942	\$ 249,294	\$ 825,485	\$ 803,452	\$ 1,690,006	\$ 2,581,946	\$ 1,544,546	\$ (926,139)	\$ (1,969,472)	\$ 2,725,581
Debt service as a percentage of noncapital expenditures	15.0%	13.9%	13.4%	16.8%	13.0%	19.3%	11.6%	10.5%	10.3%	14.6%

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
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
2020	5,711,867	609,057	11,780,467	2,477,013	1,082,877	2,599,791	800,234	51,058	375,020	25,487,384
Change 2011 - 2020	-39.8%	100.0%	106.2%	261.3%	484.8%	1.3%	-13.2%	-83.3%	100.0%	28.3%

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							
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%
2020	146,132,818	65,653,875	211,786,693	3,698,624	13,412,332	NA	228,897,649	31.813	1,606,141,035	14.3%

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

Fiscal Year	City of Leavenworth			Leavenworth County			Overlapping Rates				Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	School District		Special Districts		
							Operating Millage	Debt Service Millage		Total School Millage	
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	-	36.544	43.569	19.778	63.347	1.500	132.414
2016	22.803	8.224	31.027	37.608	-	37.608	43.841	19.484	63.325	1.500	133.460
2017	23.713	7.635	31.348	23.228	8.133	31.361	43.836	19.489	63.335	1.500	127.544
2018	24.110	7.637	31.747	37.112	-	37.112	41.925	17.397	59.322	1.500	129.690
2019	24.120	7.648	31.768	37.184	-	37.184	40.040	17.397	57.437	1.500	127.898
2020	24.033	7.780	31.813	36.946	-	36.946	40.300	17.029	57.329	1.500	127.588

Source: Leavenworth County Clerk

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

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
EVERGY ENERGY (WESTAR)	\$ 8,162,758	1	4.1%	\$ 3,920,518	2	1.9%
CORRECTIONS CORP	6,601,076	2	3.3%	9,526,850	1	4.7%
WAL-MART REAL EST	3,184,023	3	1.6%	3,532,233	4	1.7%
KANSAS GAS SERVICE	2,537,408	4	1.3%	2,001,267	6	1.0%
ZECK BROTHERS	1,837,820	5	0.9%	-	-	-
MDG-LEAVENWORTH	1,774,895	6	0.9%	-	-	-
DEVELOPMENT INC	1,643,846	7	0.8%	2,634,445	5	1.3%
HALLMARK CARDS	1,618,400	8	0.8%	3,714,076	3	1.8%
CEREAL INGREDIENTS	1,555,873	9	0.8%	-	-	-
PRIME HEALTHCARE	1,420,425	10	0.7%	-	-	-
GREENAMYRE RENTALS	-	-	0.0%	1,393,079	9	0.7%
LEAVENWORTH-JEFFERSON	-	-	0.0%	1,529,155	8	0.7%
SOUTHWESTERN BELL TELEPHONE	-	-	0.0%	1,616,328	7	0.8%
	<u>\$ 30,336,524</u>		<u>18.5%</u>	<u>\$ 29,867,951</u>		<u>14.7%</u>

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
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%	116,186	6,644,097	98.5%
2020	6,964,499	6,746,800	96.9%	-	6,862,986	98.5%

Source: Leavenworth County Treasurer

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

Fiscal Year	Governmental Activities		Activities Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Capital Leases	General Obligation Bonds	Capital Leases			
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%	757
2019	19,545,000	-	5,160,000	254,321	24,959,321	1.7%	692
2020	18,085,000	-	6,855,000	129,371	25,069,371	1.6%	697

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 118 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		Less: Amounts Available in Debt Service Fund	Total Primary Government	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
	Governmental Activities	Business-type Activities				
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%	675
2020	18,085,000	6,855,000	361,473	24,578,527	1.5%	684

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 118 for population data.

City of Leavenworth, Kansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2020

Governmental Unit	Total Debt Outstanding	Net Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes				
School District #453	\$ 77,625,000	\$ 34,155,000	85.0%	\$ 29,031,750
Leavenworth County	27,970,000	18,739,900	30.0%	5,621,970
Subtotal, overlapping debt				34,653,720
City direct debt				<u>14,699,073</u>
Total direct and overlapping debt				<u>\$ 49,352,793</u>

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 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	\$ 76,964,804
Total net debt applicable to limit	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	14,699,073
Legal debt margin	\$ 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	\$ 62,265,731
Total net debt applicable to the limit as a percentage of debt limit	18.9%	15.6%	19.4%	16.1%	16.1%	15.4%	21.4%	18.8%	25.8%	19.1%

Legal debt margin calculation for fiscal year 2020

Adjusted equalized assessed valuation	\$ 256,549,346
Debt limit (30% of total equalized assessed value)	76,964,804
Debt applicable to limit	<u>14,699,073</u>
Legal debt margin	<u>\$ 62,265,731</u>

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 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)		Total	Unemployment Rate (4)
				Public	Private		
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	1,451,919,360	40,064	3,873	217	4,090	4.9%
2018	36,210	1,455,424,740	40,194	3,878	212	4,090	5.5%
2019	36,062	1,482,184,262	41,101	3,793	222	4,015	3.1%
2020	35,957	1,540,793,407	42,851	3,505	255	3,760	3.4%

[\(1\) Kansas Division of the Budget](#)

[\(2\) Kansas Statistical Abstract & U.S. Bureau of Economic Analysis](#)

[\(3\) Kansas Department of Education](#)

[\(4\) Kansas Department of Labor](#)

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

Taxpayer	2020			2011		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fort Leavenworth	8,937	1	56.5%	5,601	1	42.9%
Veterans Administration	891	2	5.6%	600	4	4.6%
Leavenworth USD #453	640	3	4.0%	996	2	7.6%
University of St. Mary	476	4	3.0%	-	-	-
Leavenworth County	429	5	2.7%	370	7	2.8%
Veterans Administration- Consolidated Patient Account Center	420	6	2.7%	260	10	2.0%
Wal-mart Supercenter	350	7	2.2%	-	-	-
Northrup-Grumman	342	8	2.2%	700	3	5.4%
Leavenworth Federal Penitentiary	300	9	1.9%	390	5	3.0%
Hallmark Cards, Inc.	285	10	1.8%	320	8	2.5%
Cubic Defense Applications Group	-	-	-	390	6	3.0%
Cushing Memorial Hospital	-	-	-	310	9	2.4%
	<u>13,070</u>		<u>82.56%</u>	<u>9,937</u>		<u>79.79%</u>

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	28	26	29	29	27	33	34	32	33	33
Public safety										
Police	93	89	86	84	85	72	77	73	75	75
Fire	57	57	57	55	54	54	54	52	50	50
Public works	30	29	30	30	27	25	30	29	29	29
Culture and recreation	34	34	35	37	31	32	30	35	40	40
Housing and urban redevelopment	7	7	7	7	7	7	8	8	10	10
Sewer	19	19	18	14	19	17	16	16	13	13
Refuse	14	14	13	13	14	12	13	13	14	14
Total	282	275	275	269	264	252	262	258	264	264

Source: City of Leavenworth Human Resources Department

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

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Police										
Physical arrests	2,475	2,544	2,608	2,029	1,918	1,762	2,126	2,175	1,893	1,427
Traffic violations	10,403	9,148	3,974	5,230	4,927	4,576	4,459	2,296	2,307	2,360
Fire										
Calls answered	2,378	2,353	2,303	2,199	2,508	2,543	2,606	2,645	2,747	2,544
Inspections conducted	795	854	1,004	796	951	830	854	873	848	441
Housing and urban redevelopment										
Certificates/vouchers for low-income rental assistance	444	444	444	444	444	469	469	469	469	469
Sewer										
Daily average treatment (thousands of gallons)	6,423	3,325	3,609	3,983	4,753	4,778	4,240	4,530	5,598	5,599
Refuse										
Refuse disposed (tons)	11,026	10,967	11,325	11,259	11,696	11,710	11,928	11,291	11,597	12,126

Note: 2020 Statistics for the Police and Fire departments were significantly impacted by COVID-19.

Sources: Various City departments

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

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

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
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	124.4	125.8	156.6	156.6
Unimproved	0.4	0.4	0.4	0.4	0.4	0.4	58.5	58.5	58.5	58.5
Controlled intersections	43	43	43	42	42	41	1324	1331	1331	1331
Culture and recreation										0
Community centers	1	1	1	1	1	1	1	1	1	1
Parks	21	22	22	22	22	22	22	22	22	22
Park acreage	424	441	441	442	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	10	12	12	12	12	12	12	12	12
Housing and urban redevelopment										
Elderly high-rise occupancy (units)	105	105	105	105	105	105	105	105	105	105
Sewer										
Sanitary sewer (miles)	130	130	130	130	130	130	130	158	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

* The City has started the implementation of GIS methods for determining the miles of improved, unimproved, and controlled intersections so the classification have changed.

Sources: Various city departments

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

Single Audit of
Federal Financial Assistance

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City of Leavenworth, Kansas
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020
(With Unaudited Cumulative Totals from Inception of the Project)

Federal Grantor/Program Title	Reported Expenditures						
	Catalog of Federal Domestic Assistance		Cumulative Awards Through	Cumulative Through	Total for the Year ended	Cumulative Through	Passed Through to Subrecipients
	Number	Pass-Through Grantor's Number	December 31, 2020 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2020	December 31, 2020	
U.S. Department of Housing and Urban Development							
CDBG - Entitlement Grants Cluster:							
2019 Community Development Block Grant-Entitlement	14.218		\$ 262,157	\$ 163,062	\$ 99,095	\$ 262,157	\$ 18,619
2020 Community Development Block Grant-Entitlement	14.218		573,024	-	161,059	161,059	17,993
COVID-19 Community Development Block Grant	14.218		201,489	-	145,952	145,952	142,273
Total CDBG - Entitlement Grants Cluster			1,036,670	163,062	406,106	569,168	178,885
Passed through the Kansas Housing Resources Corporation:							
2019 Emergency Solutions Grant	14.231	ESG-FFY2019	51,564	19,139	32,169	51,308	31,075
COVID-19 Emergency Solutions Grant	14.231	ESGCV-FFY2020	85,437	-	19,222	19,222	18,729
Public Housing	14.850	KS06800000120D	248,428	-	248,428	248,428	-
COVID-19 Public Housing Operating Fund	14.850	KS06800000120DC	34,826	-	24,543	24,543	-
Capital Fund Program	14.872	KS01P06850117	91,154	7,012	84,142	84,142	-
Capital Fund Program	14.872	KS01P06850118	141,398	-	141,398	141,398	-
Capital Fund Program	14.872	KS01P06850119	146,897	-	146,897	146,897	-
Capital Fund Program	14.872	KS01P06850120	146,692	-	37,543	37,543	-
Housing Voucher Cluster:							
Section 8 - Housing Choice Vouchers	14.871		1,773,616	-	1,751,117	1,751,117	-
COVID-19 Section 8 - Admin	14.871		84,180	-	2,261	2,261	-
Total U.S. Department of Housing and Urban Development			3,840,862	189,213	2,893,826	3,083,039	228,689
U.S. Department of Justice							
Bulletproof Vest Partnership Program - 2018	16.607		1,808	13	1,795	1,808	-
Bulletproof Vest Partnership Program - 2019	16.607		2,166	-	361	361	-
Bulletproof Vest Partnership Program - 2020	16.607		2,145	-	-	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017DJBX0907	25,535	23,665	1,870	25,535	1,870
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018DJBX0206	25,170	15,163	10,000	25,163	10,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019DJBX0434	23,873	-	23,873	23,873	10,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020DJBX0097	24,384	-	-	-	-
COVID-19 Emergency Response & Mitigation Grant - 2020	16.034	2020VDBX0723	76,918	-	-	-	-
Total U.S. Department of Justice			181,999	38,841	37,899	76,740	21,870
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	50,000	500,000	-
State and Community Highway Safety (A) (STEP)	20.600	PT-1008-20	3,500	-	1,985	1,985	-
State and Community Highway Safety (A) (STEP)	20.600	PT-1008-21	3,500	-	-	-	-
Total U.S. Department of Transportation			507,000	450,000	51,985	501,985	-
U.S. Department of Treasury							
Passed through Leavenworth County, Kansas							
Coronavirus Relief Fund	21.019		6,757,039	-	6,757,039	6,757,039	-
Department of Homeland Security							
Sub-recipient of the Mid-America Regional Council:							
Homeland Security Grant Program	97.067	(HSGP)FY2019	15,144	-	15,144	15,144	-
Total Expenditures of Federal Awards			\$ 11,302,044	\$ 678,054	\$ 9,755,893	\$ 10,433,947	\$ 250,559

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, 2020

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, 2020.

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, 2020**

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

<u>Major Programs</u>	
<u>CFDA Number</u>	<u>Name of Federal Program</u>
21.019	Coronavirus Relief Fund

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, 2020

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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COCHRAN HEAD VICK & CO., P.A.

Certified Public Accountants

**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**

7255 West 98th Terrace
Suite 100
Overland Park, KS 66212
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Other offices in Missouri

Gain on sale of capital assets

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 30, 2021. 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

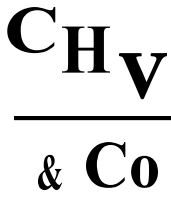
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 Vico & Co., P.A.

Overland Park, Kansas
July 30, 2021



COCHRAN HEAD VICK & CO., P.A.

Certified Public Accountants

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

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

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

Other offices in Missouri

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, 2020. 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, 2020.

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
July 30, 2021