



CITY OF BASEHOR, KANSAS

**Financial Statements for the
Year Ended December 31, 2020
And Independent Auditors' Report**

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CITY OF BASEHOR, KANSAS

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Basehor, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Basehor, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Accounting and Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Basehor, Kansas, as of December 31, 2020, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund, consolidated highway fund, capital improvements reserve fund, employee benefit fund and bond and interest fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 combining and individual nonmajor fund financial statements and schedules as listed in the table of contents 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account and other records used to prepare the financial statements or to the 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 the schedule of expenditures of federal awards information are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with government Auditing Standards, we have also issued our report dated June 18, 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.

Michael D. Peroo, CPA, PA

Michael D. Peroo, CPA PA

Olathe, Kansas

June 18, 2021

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CITY OF BASEHOR, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
UNAUDITED

As management of the City of Basehor (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 along with the City's basic financial statements which begin on page 14, and the related notes to the basic financial statements which begin on page 29.

Financial Highlights

- The assets and deferred outflow of resources of the City increased 6.21% from 2020. Total assets and deferred outflow of resources at December 31, 2020 was \$40,774,888 compared to \$38,390,956 at December 31, 2019.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2020 and 2019 by \$24,760,791 and \$21,404,531, respectively (net position).
- The City's total net position increased by \$3,058,160. The Governmental Activities increased \$2,332,778 and the Business Type Activities increased \$725,382.
- The City's capital assets at December 31, 2020 were \$25,674,109, \$13,001,051 in Governmental Activities and \$12,673,058 in Business type Activities. The City had capital asset additions of \$633,761 and depreciation expense of \$1,488,588 in 2020.
- As of December 31, 2020, the City's governmental funds reported combined ending fund balances of \$8,974,940, an increase of \$2,152,585 from the prior year. The primary reason for the overall increase in fund balance of the City's governmental funds was attributable to the receiving of a SPARK grant of \$1,220,728.
- At December 31, 2020, the fund balance for the General Fund was \$2,746,672 or 91% of general fund revenues
- The City's total debt, decreased by \$1,225,000 during 2020 to a total of \$10,870,000. The key factor in this decrease was the refinancing of the 2012 GO Bonds.
- The Net Pension Liability as of the end of the year is \$1,767,209, an increase of \$335,909.
- The City received a SPARK grant which was part of the CARES Act for \$1,220,728.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

CITY OF BASEHOR, KANSAS
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The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City 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, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

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

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 two categories: governmental funds and proprietary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities. The City maintains 10 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Consolidated Highway Fund, Capital Improvements Fund, Employee Benefit Fund, and Bond and Interest Fund, all of which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 52-55 of this report.

The City adopts an annual appropriated budget of which the General Fund is the primary fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

CITY OF BASEHOR, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
UNAUDITED

Proprietary funds

The City maintains two different types of proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Proprietary funds to account for its sewer operation and solid waste operation. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Individual fund data for these funds are on pages 26-28.

Notes to the Basic Financial Statements

The notes to the basic financial statements begin on page 29. They provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

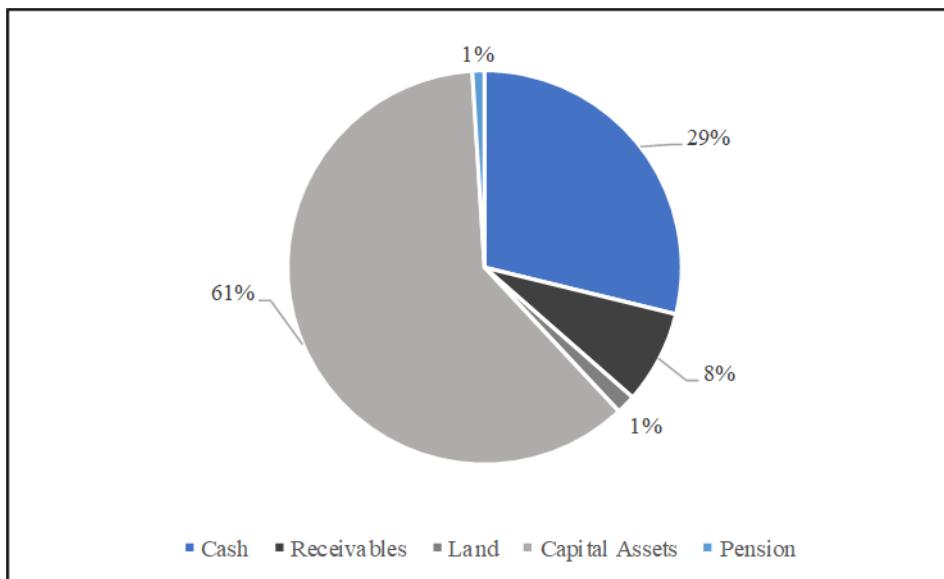
As noted earlier, net position may serve, over time, as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,760,791 at December 31, 2020. The City's net position increased by \$3,058,160. Governmental activities increased net position by \$2,332,778 while business-type activities increased net position by \$725,382 in 2020.

The following is a comparative summary of Statements of Net Position at December 31, 2020 and 2019:

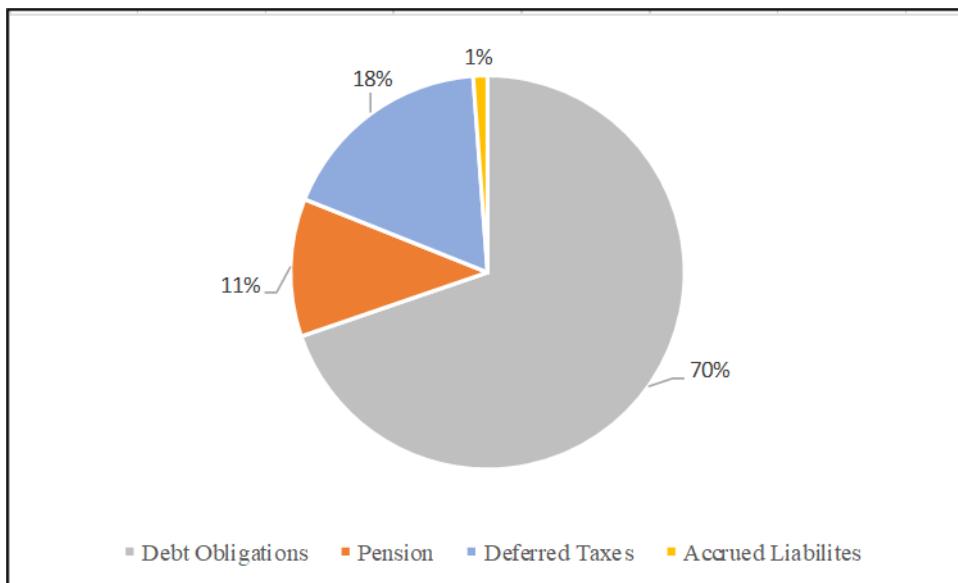
	Governmental Activities		Business Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
ASSETS:						
Current and other assets	\$ 12,285,413	\$ 9,675,332	\$ 2,815,366	\$ 2,186,689	\$ 15,100,779	\$ 11,862,021
Capital assets	<u>13,001,051</u>	<u>13,371,638</u>	<u>12,673,058</u>	<u>13,157,298</u>	<u>25,674,109</u>	<u>26,528,936</u>
Total Assets	\$ 25,286,464	\$ 23,046,970	\$ 15,488,424	\$ 15,343,987	\$ 40,774,888	\$ 38,390,957
LIABILITIES:						
Current and other liabilities	\$ 3,560,783	\$ 1,840,739	\$ 452,512	\$ 969,031	\$ 4,013,295	\$ 2,809,770
Long-term liabilities	<u>7,708,216</u>	<u>9,521,845</u>	<u>4,292,586</u>	<u>4,655,112</u>	<u>12,000,802</u>	<u>14,176,957</u>
Total Liabilities	11,268,999	11,362,584	4,745,098	5,624,143	16,014,097	16,986,727
NET POSITION:						
Net investments in capital assets	6,536,944	6,494,950	7,968,572	7,612,316	14,505,516	14,107,266
Restricted	1,028,204	845,131			1,028,204	845,131
Unrestricted	<u>6,452,317</u>	<u>4,344,305</u>	<u>2,774,754</u>	<u>2,107,528</u>	<u>9,227,071</u>	<u>6,451,833</u>
Total Net Position	14,017,465	11,684,386	10,743,326	9,719,844	24,760,791	21,404,230
	\$ 25,286,464	\$ 23,046,970	\$ 15,488,424	\$ 15,343,987	\$ 40,774,888	\$ 38,390,957

CITY OF BASEHOR, KANSAS
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The largest portion of the City's net assets, 61%, reflects its investments in capital assets (e.g. land, buildings, equipment, improvements, and infrastructure) and cash, 29%, reflects investments in certificate of deposits, bank accounts, and municipal investment pool. The City had unrestricted cash of \$10,516,496 and restricted cash of \$1,028,204 at December 31, 2020. The restricted cash is for bond and interest debt service payments and for the Falcon Lakes impact fees.



The following is an allocation of the liabilities and deferred inflow of resources at December 31, 2020:



The total liabilities of the City decreased \$1,293,236 from 2019. The decrease in liabilities was result of the City refinancing General obligation bonds, paying down bonds and adjusting bond premiums to reflect actual amounts. General obligation bonds account for 70% of the total liabilities.

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The City has a Current Ratio of 3.44 at December 31, 2020. The Current Ratio compares the current assets to current liabilities. This ratio determines whether the City can meet its current obligations. The current ratio in 2019 was 4.66. A ratio greater than 2 is considered excellent.

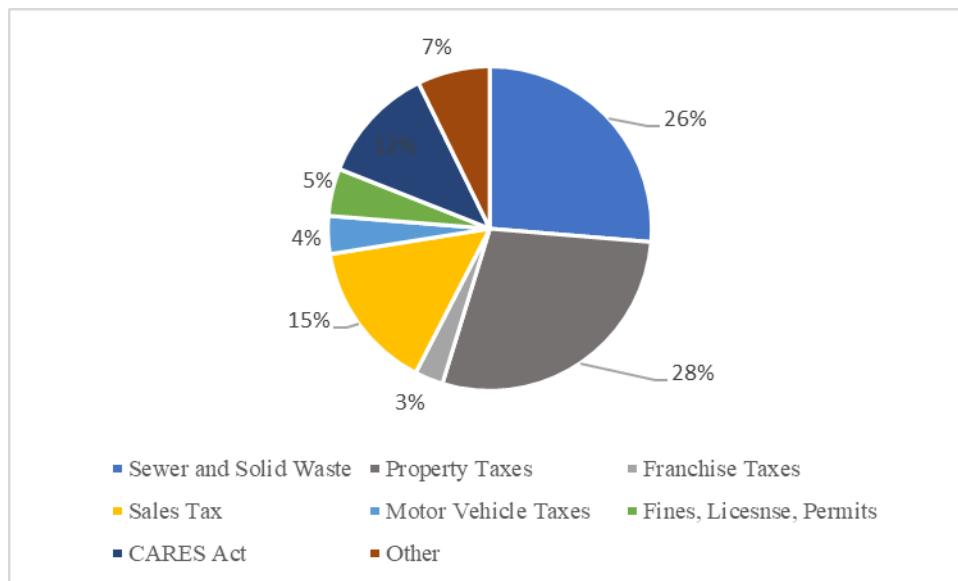
Analysis of the City's Operations – Overall the City had an increase in net assets of \$3,058,160. Tax revenues increased \$185,937, of which sales tax accounted for 76% of the increase. The City received a CARES Act grant which accounted for 17% of the revenues and 81% of the total revenues for the governmental activities. Sewer and solid waste charges increased 14.10% which was related to an increase in rates and an increase in sewer customers. Sewer and solid waste operating expenses decreased 1.84% to \$1,945,417 in 2020 compared to \$1,981,826 in 2019.

The following is a comparison of the City's operations for 2020 and 2019:

	Governmental Activities			Business Type Activities			Totals		
	2020	2019	% Change	2020	2019	% Change	2020	2019	% Change
REVENUES:									
Program Revenues:									
Charges for services	\$ 474,084	\$ 416,289	13.88%	\$ 2,648,100	\$ 2,293,375	15.47%	\$ 3,122,184	\$ 2,709,664	15.22%
General Revenues:									
Property taxes	2,853,711	2,984,336	-4.38%				2,853,711	2,984,336	-4.38%
Franchise taxes	285,300	268,678	6.19%				285,300	268,678	6.19%
Liquor taxes	43,991	43,067	2.15%				43,991	43,067	2.15%
Sales tax	1,495,836	1,354,446	10.44%				1,495,836	1,354,446	10.44%
Motor vehicle tax	379,692	356,498	6.51%				379,692	356,498	6.51%
Excise tax	133,619	77,039	73.44%				133,619	77,039	73.44%
Other taxes	253,469	175,617	44.33%				253,469	175,617	44.33%
Total taxes	5,445,618	5,259,681	3.54%				5,445,618	5,259,681	3.54%
Interest income	46,476	138,923	-66.55%	10,790	32,433		57,266	171,356	-66.58%
CARES Act grant	1,220,728						1,220,728		
Miscellaneous	156,626	13,200	1086.56%	43,184	42,255		199,810	55,455	260.31%
Total General Revenues	6,869,448	5,411,804	26.93%	53,974	74,688		6,923,422	5,486,492	26.19%
Total Revenues	7,343,532	5,828,093	26.00%	2,702,074	2,368,063	14.10%	10,045,606	8,196,156	22.56%
Program Expenses:									
General government	2,369,690	1,954,478	21.24%				2,369,690	1,954,478	21.24%
Public safety	1,246,820	1,169,472	6.61%				1,246,820	1,169,472	6.61%
Public works	1,127,557	2,398,496	-52.99%				1,127,557	2,398,496	-52.99%
Culture and recreation	114,604	89,511	28.03%				114,604	89,511	28.03%
Interest expense	183,357	161,693	13.40%				183,357	161,693	13.40%
Sewer				1,434,422	1,569,064	-8.58%	1,434,422	1,569,064	-8.58%
Solid waste				510,996	412,762	23.80%	510,996	412,762	23.80%
Total Expenses	5,042,028	5,773,650	-12.67%	1,945,418	1,981,826	-1.84%	6,987,446	7,755,476	-9.90%
Change in net assets, before transfers	2,301,504	54,443	4127.36%	756,656	386,237	95.90%	3,058,160	440,680	593.96%
Transfers	31,274	234,171	-86.64%	(31,274)	(234,171)	-86.64%			
Change in net assets	\$ 2,332,778	\$ 288,614	708.27%	\$ 725,382	\$ 152,066	377.02%	\$ 3,058,160	\$ 440,680	593.96%

CITY OF BASEHOR, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
UNAUDITED

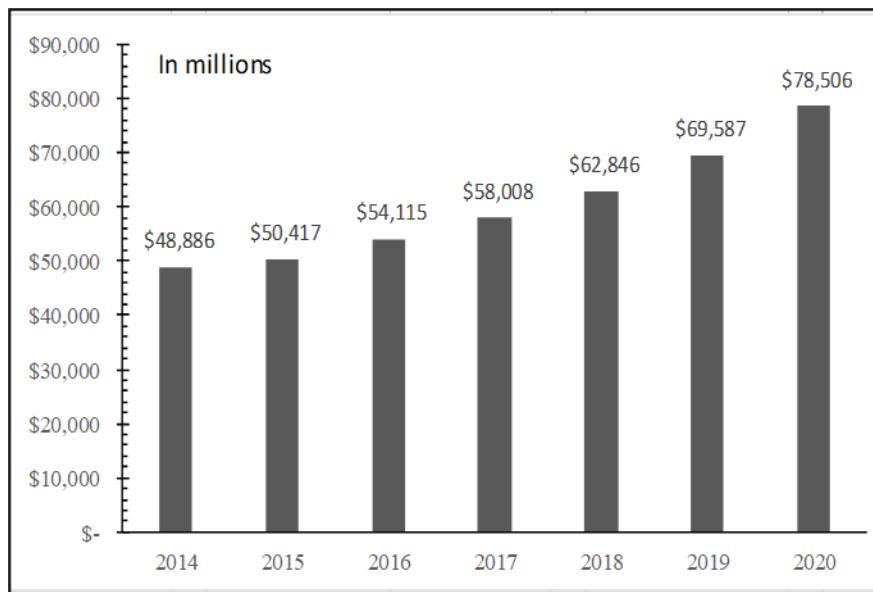
The following represents the allocation of the City's revenues:



Property taxes, which includes special assessments, accounted for 28% and 37% of the total revenues in 2020 and 2019, respectively. Property taxes account for 52% and 59% of the tax revenues in 2020 and 2019, respectively. Property taxes are determined during the annual budget process as required by the state. To determine property taxes, the county appraiser provides an appraisal for the various properties in the City. Once the appraisal has been determined, the appraised value is converted to an assessed value, which is established by the state. For homeowners the assessment percentage is 11.5% of the appraised value, and commercial properties is 25% of the appraised value. In 2020 and 2019 the City had 2,339 and 2,244 housing units, respectively, and 67 and 62 commercial properties, respectively.

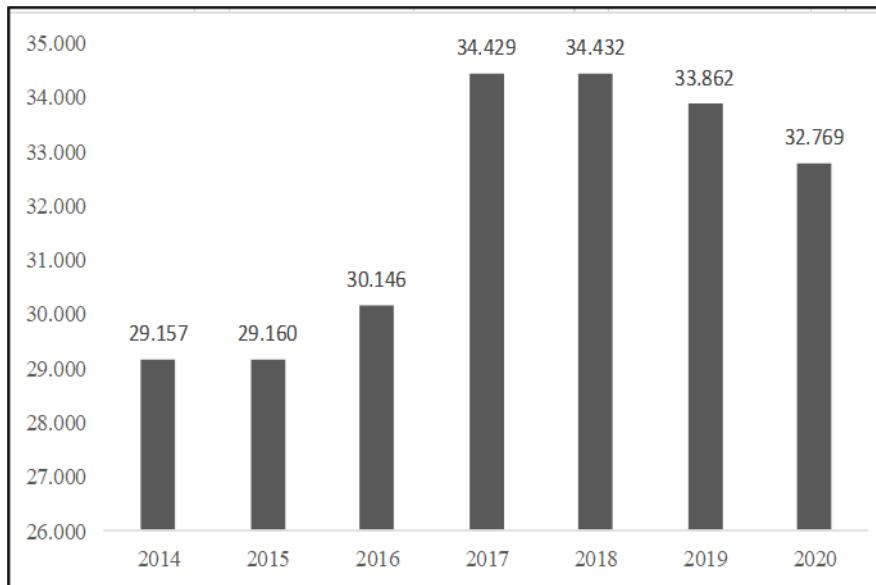
CITY OF BASEHOR, KANSAS
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The following represents the assessed value obtained from the annual budget filings:



The assessed value has increased at a compounded annual growth rate of (CAGR) of 7.00% from 2014. The increase in value is attributed to the increase in the appraised value of properties and the increase in population growth, which has increased at a CAGR of 3.44% since 2014.

The mill levy is the “tax rate” that is applied to the properties. One mill is \$1 per \$1,000 dollars of assessed value. In 2020 and 2019, one mill was valued at \$78,506 and \$69,587, respectively, per \$1,000 dollars of assessed value. The following represents the actual mill levies:



**CITY OF BASEHOR, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
UNAUDITED**

Financial Analysis of the City'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.

The General Fund is the main operating fund of the City. At the end of 2020, unassigned fund balance of the fund was \$2,746,676, which is 91% of the total General Fund revenues. The fund balance of the General Fund increased by \$174,717 during 2020. The revenues increased by \$183,817 (6.5%). Expenditures increased by \$204,893 (8.25%).

The Consolidated Highway Fund had a total fund balance of \$2,915,641 of which \$514,252 is restricted. The net increase in the fund balance during 2020 was \$812,199. The increase was caused by the decrease in capital outlays in 2020, compared to 2019.

The Capital Improvements Reserve Fund had a total fund balance of \$2,190,437 which represented an increase of \$1,193,907. The increase was related to receiving a CARES act grant.

The Employee Benefit Fund had a total fund balance of \$256,335 which represented a decrease of \$129,092.

The Bond and Interest Fund had a total fund balance of \$513,952 which represented an increase of \$48,054.

Proprietary funds

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

The unrestricted net position of the Sewer Utility Fund at the end of 2020 and 2019 was \$10,641,548 and \$9,633,792, respectively; and the Solid Waste Fund was \$101,778 and \$86,052, respectively. The total change in net position for the Sewer Utility and Solid Waste Utility was \$725,383 in 2020.

The Sewer Utility Fund had an Operating Ratio of 2.04 and 1.77 in 2020 and 2019, respectively. This ratio compares the sewer charges to operating expenses, less depreciation. A ratio greater than 1.20 is an indication that the rates are adequate.

Budgetary Highlights

Property taxes are determined by assessed values and mill levies. The City is required to have balance budgets for their levy funds. As a result, property taxes are a key source of revenue for the City. In 2020, property taxes collected were \$20,972 less than budget. Sales tax budget revenue was \$1,234,861 and the actual sales tax was \$1,495,836 which is \$260,975 more than budget. Total budgeted expenditures were \$10,944,250 compared to actual of \$7,834,607 or 28.4% of the budget was not spent. As part of the

CITY OF BASEHOR, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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UNAUDITED

budgeting process the City budgets for a contingency reserve for unforeseen expenditures. There were no budget compliance violations.

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, totaled \$25,674,109 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, equipment, streets and sewer lines. More detailed information about the City's capital assets is presented in Note 6 to the Basic Financial Statements.

Major capital asset events in 2020 consist of the following:

- The City paid \$50,928 for a new basketball court.
- The City paid \$18,706 for a video system for the council room.
- The City completed the renovating of the Police Department building for \$125,902.
- The City paid \$167,077 for a 2020 Ford 150 and various security systems.

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 650,659	\$ 614,759	\$	\$	\$ 650,659	\$ 614,759
Buildings, equipment, infrastructure	29,325,123	28,837,608	28,751,351	28,732,335	58,076,474	57,569,943
Construction in progress	91,330				91,330	-
Accumulated depreciation	(17,066,061)	(16,080,729)	(16,078,293)	(15,575,037)	(33,144,354)	(31,655,766)
Totals	\$ 13,001,051	\$ 13,371,638	\$ 12,673,058	\$ 13,157,298	\$ 25,674,109	\$ 26,528,936

Long-term debt

The following represents the outstanding debt at December 31, 2020:

Description	Date of Issuance	Maturity	Interest Rate	Governmental Activities		Business Type Activities		Total	
				2020	2019	2020	2019	2020	2019
Refunding and improvements, Series 2012	8/8/2012	9/1/2032	2.00 - 3.00%	\$ 1,846,592	\$ 1,658,408	\$ -	\$ -	\$ 3,505,000	\$ 3,505,000
Refunding, Series 2013	1/15/2013	9/1/2025	2.00%	880,000	1,045,000			880,000	1,045,000
Improvements, Series 2015	8/26/2015	9/1/2035	2.00 - 4.00%	802,746	845,096	242,254	254,904	1,045,000	1,100,000
Improvements, Series 2019-A	3/21/2019	9/1/2039	1.70 - 3.125%	2,050,000	2,105,000			2,050,000	2,105,000
Refunding, Series 2016	6/3/2016	9/1/2030	2.00-2.25%			3,020,000	3,305,000	3,020,000	3,305,000
Temporary Notes, Series 2019	3/21/2019	4/1/2020	2%		1,035,000			-	1,035,000
Refunding, Series 2020-A	3/26/2020	9/1/2030	2%	1,035,000				1,035,000	-
Refunding, Series 2020-B	10/22/2020	9/1/2032	1.00 - 3.00%	1,496,240		1,343,760		2,840,000	-
Bond Premium				200,121	89,117	98,472	49,153	298,593	138,270
Total General Obligation Bonds				6,464,107	6,965,805	4,704,486	5,267,465	11,168,593	12,233,270
Capital Lease				-	2,400			-	2,400
Total Outstanding Debt				\$ 6,464,107	\$ 6,968,205	\$ 4,704,486	\$ 5,267,465	\$ 11,168,593	\$ 12,235,670

**CITY OF BASEHOR, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
UNAUDITED**

In 2020, the City issued Improvement Bonds and Refunding Bonds in the amounts of \$1,035,000 and \$2,840,000, respectively.

The rating for the City's general obligation bonds is an AA+/Stable rating from Standard & Poor's (S&P) which was upgraded from AA.

State statutes limit the amount of general obligation debt a governmental entity may issue to 30% of its total assessed valuation. The current debt limitation for the City is \$27,026,155 which is significantly higher than the City's outstanding general obligation bonds.

Request for Information

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City Clerk/Finance Department at 2620 North 155th Street, Basehor, Kansas 66007 or (913) 724-1370.

CITY OF BASEHOR, KANSAS

GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Primary Government Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 7,950,361	\$ 2,566,135	\$ 10,516,496
Receivables			
Taxes	2,846,078	-	2,846,078
Municipal court	10,677	-	10,677
Accounts	40,930	249,231	290,161
Total current assets	<u>10,848,046</u>	<u>2,815,366</u>	<u>13,663,412</u>
NONCURRENT ASSETS:			
Nondepreciable capital assets			
Construction in process	91,330		91,330
Land	650,659		650,659
Total nondepreciable capital assets	<u>741,989</u>	<u>-</u>	<u>741,989</u>
Decreciable capital assets			
Fixed assets	29,325,123	28,751,351	58,076,474
Less accumulated depreciation	(17,066,061)	(16,078,293)	(33,144,354)
Total depreciable capital assets	<u>12,259,062</u>	<u>12,673,058</u>	<u>24,932,120</u>
Total capital assets	<u>13,001,051</u>	<u>12,673,058</u>	<u>25,674,109</u>
Restricted cash and cash equivalents	1,028,204	-	1,028,204
Total noncurrent assets	<u>14,029,255</u>	<u>12,673,058</u>	<u>26,702,313</u>
Total assets	<u>24,877,301</u>	<u>15,488,424</u>	<u>40,365,725</u>
DEFERRED OUTFLOW OF RESOURCES:			
Pension liability	409,163	-	409,163
Total deferred outflow of resources	<u>409,163</u>	<u>-</u>	<u>409,163</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 25,286,464</u>	<u>\$ 15,488,424</u>	<u>\$ 40,774,888</u>
LIABILITIES, DEFFERED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable	\$ 13,568	\$ 735	\$ 14,303
Accrued liabilities	41,665	7,991	49,656
Accrued Interest payable	73,136	30,138	103,274
Compensated absences payable	18,705	1,748	20,453
Current portion of general obligation bonds payable	523,100	411,900	935,000
Total current liabilities (payable from current assets)	<u>670,174</u>	<u>452,512</u>	<u>1,122,686</u>
NONCURRENT LIABILITIES:			
Net pension liability	1,767,209	-	1,767,209
General obligation bonds payable	5,941,007	4,292,586	10,233,593
Total noncurrent liabilities	<u>7,708,216</u>	<u>4,292,586</u>	<u>12,000,802</u>
Total liabilities	<u>8,378,390</u>	<u>4,745,098</u>	<u>13,123,488</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes	2,846,078	-	2,846,078
Pension liability	44,531	-	44,531
Total deferred inflows of resources	<u>2,890,609</u>	<u>-</u>	<u>2,890,609</u>
Total liabilities and deferred inflows of resources	<u>11,268,999</u>	<u>4,745,098</u>	<u>16,014,097</u>
NET POSITION:			
Net investment in capital assets	6,536,944	7,968,572	14,505,516
Restricted for:			
Debt service	513,952	-	513,952
Capital outlay	514,252	-	514,252
Total restricted	1,028,204	-	1,028,204
Unrestricted	6,452,317	2,774,754	9,227,071
Total net position	<u>14,017,465</u>	<u>10,743,326</u>	<u>24,760,791</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 25,286,464</u>	<u>\$ 15,488,424</u>	<u>\$ 40,774,888</u>

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CITY OF BASEHOR, KANSAS

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

			Net (Expenses) Revenue and Changes in Net Assets		
Program Revenues			Primary Government		
	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:					
General government	\$ 2,369,690	\$	\$ (2,369,690)	\$	\$ (2,369,690)
Public safety	1,246,820	81,027	(1,165,793)		(1,165,793)
Public works	1,127,557	338,057	(789,500)		(789,500)
Culture and recreation	114,604	55,000	(59,604)		(59,604)
Interest on long-term debt	183,357		(183,357)		(183,357)
Total governmental activities	5,042,028	474,084	(4,567,944)	-	(4,567,944)
Business-type activities:					
Sewer Utility	1,434,422	2,123,260		688,838	688,838
Solid Waste Utility	510,996	524,840		13,844	13,844
Total business-type activities	1,945,418	2,648,100	-	702,682	702,682
Total primary government	\$ 6,987,446	\$ 3,122,184	\$ -	(4,567,944)	702,682
					(3,865,262)
General Revenues:					
Property taxes levied for:					
General purposes		2,186,109		2,186,109	
Debt Service		391,532		391,532	
Franchise tax		285,300		285,300	
Liquor tax		43,991		43,991	
Sales tax		1,495,836		1,495,836	
Motor vehicle tax		379,692		379,692	
Excise tax		133,619		133,619	
Highway tax		181,319		181,319	
Impact fees		72,150		72,150	
Specials		276,072		276,072	
Interest earnings		46,475	10,790	57,265	
CARES Act grant		1,220,728		1,220,728	
Miscellaneous		156,625	43,184	199,809	
Transfers, net		31,274	(31,274)	-	
Total general revenues		6,900,722	22,700	6,923,422	
Change in net assets					
Net position at beginning of year		2,332,778	725,382	3,058,160	
Prior period adjustment		11,684,687	9,719,844	21,404,531	
Net position at end of year		\$ 14,017,465	\$ 10,743,326	\$ 24,760,791	

CITY OF BASEHOR, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Consolidated Highway	Capital Improvements	Reserve
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 2,750,301	\$ 2,401,389	\$ 2,190,437	
Receivables				
Taxes	1,721,751			
Municipal court	10,677			
Accounts	40,930			
Restricted cash and cash equivalents		514,252		
	\$ <u>4,523,659</u>	\$ <u>2,915,641</u>	\$ <u>2,190,437</u>	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 13,568	\$ -	\$ -	
Accrued liabilities	41,664			
Total liabilities	<u>55,232</u>	<u>-</u>	<u>-</u>	
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	1,721,751			
Total deferred inflows of resources	<u>1,721,751</u>	<u>-</u>	<u>-</u>	
Total liabilities and deferred inflows of resources	<u>1,776,983</u>	<u>-</u>	<u>-</u>	
FUND BALANCE:				
Restricted		514,252		
Assigned		2,401,389	2,190,437	
Unassigned	2,746,676			
Total fund balance	<u>2,746,676</u>	<u>2,915,641</u>	<u>2,190,437</u>	
	\$ <u>4,523,659</u>	\$ <u>2,915,641</u>	\$ <u>2,190,437</u>	

Employee Benefit	Bond and Interest	Non-Major Governmental Funds	Total
\$ 256,335	\$ -	\$ 351,899	\$ 7,950,361
609,173	433,773	81,381	2,846,078
			10,677
			40,930
	513,952		1,028,204
\$ <u>865,508</u>	\$ <u>947,725</u>	\$ <u>433,280</u>	\$ <u>11,876,250</u>
<hr/>			
\$ -	\$ -	\$ -	\$ 13,568
			41,664
			<u>55,232</u>
<hr/>			
<u>609,173</u>	<u>433,773</u>	<u>81,381</u>	<u>2,846,078</u>
<u>609,173</u>	<u>433,773</u>	<u>81,381</u>	<u>2,846,078</u>
<u>609,173</u>	<u>433,773</u>	<u>81,381</u>	<u>2,901,310</u>
<hr/>			
256,335	513,952		1,028,204
		351,899	5,200,060
			2,746,676
<u>256,335</u>	<u>513,952</u>	<u>351,899</u>	<u>8,974,940</u>
\$ <u>865,508</u>	\$ <u>947,725</u>	\$ <u>433,280</u>	\$ <u>11,876,250</u>

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CITY OF BASEHOR, KANSAS

**RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Total Governmental Fund Balances	\$ 8,974,940
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:	
The cost of capital assets is	30,067,112
Accumulated depreciation is	<u>(17,066,061)</u> 13,001,050
Pension contributions are reported as an expense in the funds as a deferred outflow of resources in the governmental activities in the statement of net position	
	409,163
Pension fundings are reported as a revenue in the funds and as a deferred inflow of resources in the governmental activities in the statement of net position	
	(1,811,740)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long term liabilities at year end consist of:	
General obligation bonds payable	6,464,107
Lease payable	-
Interest payable	73,136
Compensated absences payable	<u>18,705</u> <u>(6,555,948)</u>
Net Position of Government Activities	\$ <u>14,017,465</u>

CITY OF BASEHOR, KANSAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2020**

	General	Consolidated Highway	Capital Improvements Reserve
Revenues:			
County and state taxes	\$ 2,349,775	\$ 901,190	\$ 176,851
Franchise taxes	285,300		
Excise taxes	-	133,619	
Impact fees	-	72,150	
Special assessments	-	-	-
Licenses, permits and fees	238,441	-	-
Fines, forfeitures and penalties	81,027	-	-
Use of property	40,000		
Interest income	14,354	14,565	8,827
Miscellaneous	8,366	-	145,582
Total Revenues	3,017,263	1,121,524	331,260
Expenditures:			
Current			
General government	1,204,677	309,325	2,855
Public works	299,359	-	-
Culture and recreation	-	-	-
Public safety	1,129,168	-	-
Neighborhood revitalization cost	12,133		
Construction in progress			91,330
Capital outlay	43,317	-	226,960
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Total expenditures	2,688,654	309,325	321,145
Excess (deficiency) of revenues over (under) expenditures	328,609	812,199	10,115
Other financing sources (uses):			
Transfers in	-	-	-
CARES Act reimbursement	39,937		1,180,791
Proceeds from bond issuance		-	1,082,720
Bond issuance costs		-	(34,369)
Principal payment on bond			(1,045,350)
Transfers (out)	(193,829)	-	-
Total other financing sources (uses)	(153,892)	-	1,183,792
Excess (deficiency) of revenues and other sources over (under) expenditures and other (uses)	174,717	812,199	1,193,907
Fund balance at beginning of year	2,571,955	2,103,442	996,530
Fund balance at end of year	\$ 2,746,672	\$ 2,915,641	\$ 2,190,437

Employee Benefit	Bond and Interest	Non-Major Governmental Funds	Total
\$ 656,935	\$ 488,647	\$ 105,081	\$ 4,678,479
			285,300
			133,619
			72,150
-	276,072	-	276,072
-	-	99,616	338,057
-	-	-	81,027
		15,000	55,000
2,117	4,764	1,848	46,475
-	-	2,677	156,625
<u>659,052</u>	<u>769,483</u>	<u>224,222</u>	<u>6,122,804</u>
 784,696	 -	 -	 2,301,553
-	-	50,396	349,755
-	-	91,820	91,820
-	-	-	1,129,168
3,448	50	476	16,107
			91,330
-	-	222,559	492,836
-	2,108,942	-	2,108,942
-	183,622	-	183,622
<u>788,144</u>	<u>2,292,614</u>	<u>365,251</u>	<u>6,765,133</u>
 <u>(129,092)</u>	 <u>(1,523,131)</u>	 <u>(141,029)</u>	 <u>(642,329)</u>
 -	 31,274	 193,829	 225,103
			1,220,728
1,591,076			2,673,796
(51,165)			(85,534)
			(1,045,350)
-		-	(193,829)
-	<u>1,571,185</u>	<u>193,829</u>	<u>2,794,914</u>
 <u>(129,092)</u>	 48,054	 52,800	 2,152,585
 \$ 385,427	 \$ 465,898	 \$ 299,099	 \$ 6,822,351
<u>\$ 256,335</u>	<u>\$ 513,952</u>	<u>\$ 351,899</u>	<u>\$ 8,974,936</u>

CITY OF BASEHOR, KANSAS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

Total Net Change in Fund Balances - Government Funds \$ 2,152,585

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

Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

Capital outlays	584,165
Depreciation expense	(985,333)
	<hr/>
	(401,168)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest increased.

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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.

Compensated absences	62,343
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Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

3,154,292

Repayment of capital leases is an expenditure in the government funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

Issuance of bond proceeds is a financing source in the government funds, but increases long-term debt in the statement of net assets and does not affect the statement of activities

(2,673,797)

Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities

38,254

Changes In Net Position of Governmental Activities

\$ 2,332,778

CITY OF BASEHOR, KANSAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget
				Original	Final	Positive (Negative)
Revenues:						
Taxes	\$ 2,349,775	\$ -	\$ 2,349,775	\$ 2,286,647	\$ 2,286,647	\$ 63,128
Franchise Taxes	285,300		285,300			285,300
Licenses and permits	238,441		238,441	193,300	193,300	45,141
Fines, forfeitures and penalties	81,027	3,379	84,406	145,000	145,000	(60,594)
Use of property	40,000		40,000	43,000	43,000	(3,000)
Interest income	14,354		14,354	15,000	15,000	(646)
Miscellaneous	8,366		8,366	5,000	5,000	3,366
Total Revenues	3,017,263	3,379	3,020,642	2,687,947	2,687,947	332,695
Expenditures:						
General Administration						
Personal services	454,822		454,822	466,148	466,148	11,326
Contractual services	663,036		663,036	524,150	524,150	(138,886)
Commodities	86,819		86,819	102,850	102,850	16,031
Capital outlay	34,921		34,921	1,570,700	1,570,700	1,535,779
Neighborhood revitalization	12,133		12,133	45,000	45,000	32,867
	<u>1,251,731</u>	<u>-</u>	<u>1,251,731</u>	<u>2,708,848</u>	<u>2,708,848</u>	<u>1,457,117</u>
Public Safety						
Personal services	979,113		979,113	1,060,243	1,060,243	81,130
Contractual services	115,323		115,323	122,250	122,250	6,927
Commodities	34,732		34,732	52,200	52,200	17,468
	<u>1,129,168</u>	<u>-</u>	<u>1,129,168</u>	<u>1,234,693</u>	<u>1,234,693</u>	<u>105,525</u>
Highways and Streets						
Personal services	275,430		275,430	303,154	303,154	27,724
Contractual services	17,435		17,435	22,000	22,000	4,565
Commodities	6,494		6,494	16,250	16,250	9,756
Capital outlay	8,396		8,396	10,000	10,000	1,604
	<u>307,755</u>	<u>-</u>	<u>307,755</u>	<u>351,404</u>	<u>351,404</u>	<u>43,649</u>
Total Expenditures	2,688,654	-	2,688,654	4,294,945	4,294,945	1,606,291
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>328,609</u>	<u>3,379</u>	<u>331,988</u>	<u>(1,606,998)</u>	<u>(1,606,998)</u>	<u>1,938,986</u>
Other Financing Sources (Uses)						
Transfers in	-		-	66,000	66,000	(66,000)
CARES grant	39,937		39,937	-	-	39,937
Transfers (out)	(193,829)		(193,829)	(305,000)	(305,000)	111,171
Total Other Financing Sources (Uses)	(153,892)	-	(153,892)	(239,000)	(239,000)	85,108
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	174,717	3,379	178,096	\$ <u>(1,845,998)</u>	\$ <u>(1,845,998)</u>	\$ <u>2,024,094</u>
Fund Balance, January 1	2,571,955	(14,056)	2,557,899			
Fund Balance, December 31	\$ 2,746,672	\$ (10,677)	\$ 2,735,995			

CITY OF BASEHOR, KANSAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
CONSOLIDATED HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget
				Original	Final	Positive (Negative)
Revenues:						
County and state taxes	\$ 901,190	\$ -	\$ 901,190	\$ 723,726	\$ 683,898	\$ 217,292
Impact fees	72,150		72,150	-	-	72,150
Excise taxes	133,619		133,619	171,600	171,600	(37,981)
Interest income	14,565		14,565	4,500	4,500	10,065
Total Revenues	<u>1,121,524</u>	<u>-</u>	<u>1,121,524</u>	<u>899,826</u>	<u>859,998</u>	<u>261,526</u>
Expenditures:						
Contractual services	239,984		239,984	665,000	665,000	425,016
Commodities	69,341		69,341	-	-	(69,341)
Total Expenditures	<u>309,325</u>	<u>-</u>	<u>309,325</u>	<u>665,000</u>	<u>665,000</u>	<u>355,675</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	812,199	-	812,199	234,826	194,998	(94,149)
Other Financing Sources (Uses)						
Transfers in						
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	812,199	-	812,199	\$ <u>234,826</u>	\$ <u>194,998</u>	\$ <u>(94,149)</u>
Fund Balance, January 1	<u>2,103,442</u>	<u>-</u>	<u>2,103,442</u>			
Fund Balance, December 31	\$ <u>2,915,641</u>	\$ <u>-</u>	\$ <u>2,915,641</u>			

CITY OF BASEHOR, KANSAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
CAPITAL IMPROVEMENTS RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts	Variance with Final Budget
				Original	Positive (Negative)
				Final	
Revenues:					
Taxes	\$ 176,851	\$ -	\$ 176,851	\$ 176,538	\$ 313
Interest income	8,827		8,827	3,000	5,827
Miscellaneous	145,582		145,582		145,582
Total Revenues	<u>331,260</u>	<u>-</u>	<u>331,260</u>	<u>179,538</u>	<u>151,722</u>
Expenditures:					
Contractual services	2,855		2,855	-	(2,855)
Construction in progress	91,330		91,330	-	(91,330)
Capital outlay	226,960		226,960	550,000	323,040
Total Expenditures	<u>321,145</u>	<u>-</u>	<u>321,145</u>	<u>550,000</u>	<u>228,853</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,115</u>	<u>-</u>	<u>10,115</u>	<u>(370,462)</u>	<u>380,575</u>
Other Financing Sources (Uses)					
CARES Act grant	1,180,791		1,180,791	-	1,180,791
Proceeds from bond issuance	1,082,720		1,082,720	-	1,082,720
Bond issuance costs	(34,369)		(34,369)	-	(34,369)
Principal payments on bond	(1,045,350)		(1,045,350)	-	(1,045,350)
Total Other Financing Sources (Uses)	<u>1,183,792</u>	<u>-</u>	<u>1,183,792</u>	<u>-</u>	<u>1,183,792</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	<u>1,193,907</u>	<u>-</u>	<u>1,193,907</u>	<u>\$ (370,462)</u>	<u>\$ (370,462)</u>
Fund Balance, January 1	<u>996,530</u>	<u>-</u>	<u>996,530</u>		
Fund Balance, December 31	<u>\$ 2,190,437</u>	<u>\$ -</u>	<u>\$ 2,190,437</u>		

CITY OF BASEHOR, KANSAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
EMPLOYEE BENEFIT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts	Variance with Final Budget	
				Original	Final	Positive (Negative)
Revenues:						
County and state taxes	\$ 656,935	\$ -	\$ 656,935	\$ 639,538	\$ 639,538	\$ 17,397
Use of money and property	2,117		2,117	650	650	1,467
Total Revenues	<u>659,052</u>	<u>-</u>	<u>659,052</u>	<u>640,188</u>	<u>640,188</u>	<u>18,864</u>
Expenditures:						
Personnel services	784,696		784,696	918,000	918,000	133,304
Neighborhood revitalization	3,448		3,448			(3,448)
Total Expenditures	<u>788,144</u>	<u>-</u>	<u>788,144</u>	<u>918,000</u>	<u>918,000</u>	<u>129,856</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>(129,092)</u>	<u>-</u>	<u>(129,092)</u>	<u>(277,812)</u>	<u>(277,812)</u>	<u>148,720</u>
Other Financing Sources (Uses)						
Transfers in	-		-	138,711	138,711	(138,711)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,711</u>	<u>138,711</u>	<u>(138,711)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	(129,092)	-	(129,092)	\$ <u>(139,101)</u>	\$ <u>(139,101)</u>	\$ <u>10,009</u>
Fund Balance, January 1	<u>385,427</u>	<u>-</u>	<u>385,427</u>			
Fund Balance, December 31	<u>\$ 256,335</u>	<u>\$ -</u>	<u>\$ 256,335</u>			

CITY OF BASEHOR, KANSAS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Business-Type Activities - Enterprise Funds		
	Sewer Utility	Solid Waste Utility	Total Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,520,217	\$ 45,918	\$ 2,566,135
Accounts receivable	<u>191,624</u>	<u>57,607</u>	<u>249,231</u>
Total current assets	<u>2,711,841</u>	<u>103,525</u>	<u>2,815,366</u>
Noncurrent assets			
Depreciable capital assets	28,751,351	-	28,751,351
Less accumulated depreciation	<u>(16,078,293)</u>	<u>-</u>	<u>(16,078,293)</u>
Total noncurrent assets	<u>12,673,058</u>	<u>-</u>	<u>12,673,058</u>
Total Assets	<u>\$ 15,384,899</u>	<u>\$ 103,525</u>	<u>\$ 15,488,424</u>
LIABILITIES AND NET POSITION			
LIABILITIES:			
Current liabilities (payable from current assets)			
Accounts payable	\$ 735	\$ -	\$ 735
Accrued interest	<u>30,138</u>	<u>-</u>	<u>30,138</u>
Compensated absences	<u>1,748</u>	<u>-</u>	<u>1,748</u>
Accrued Payroll	<u>6,244</u>	<u>1,747</u>	<u>7,991</u>
Current portion of general obligation bonds payable	<u>411,900</u>	<u>-</u>	<u>411,900</u>
Total current liabilities (payable from current assets)	<u>450,765</u>	<u>1,747</u>	<u>452,512</u>
Noncurrent liabilities			
General obligation bonds payable	<u>4,292,586</u>	<u>-</u>	<u>4,292,586</u>
Total noncurrent liabilities	<u>4,292,586</u>	<u>-</u>	<u>4,292,586</u>
Total liabilities	<u>4,743,351</u>	<u>1,747</u>	<u>4,745,098</u>
NET POSITION			
Net investment in capital assets	7,968,572	-	7,968,572
Unrestricted	<u>2,672,976</u>	<u>101,778</u>	<u>2,774,754</u>
Total net position	<u>10,641,548</u>	<u>101,778</u>	<u>10,743,326</u>
Total Liabilities and Net Position	<u>\$ 15,384,899</u>	<u>\$ 103,525</u>	<u>\$ 15,488,424</u>

CITY OF BASEHOR, 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 Utility	Solid Waste Utility	Total Enterprise Funds
Operating revenues			
Charges for services	\$ 1,674,960	\$ 524,840	\$ 2,199,800
Total operating revenues	<u>1,674,960</u>	<u>524,840</u>	<u>2,199,800</u>
Operating expenses			
Personnel	267,976	75,510	343,486
Contractual services	511,277	432,265	943,542
Commodities	41,090	3,221	44,311
Depreciation	<u>503,256</u>	<u>-</u>	<u>503,256</u>
Total operating expenses	<u>1,323,599</u>	<u>510,996</u>	<u>1,834,595</u>
Operating income (loss)	<u>351,361</u>	<u>13,844</u>	<u>365,205</u>
Nonoperating revenues (expenses)			
Interest income	10,448	342	10,790
Miscellaneous income	41,593	1,540	43,133
Connection fees	448,300	-	448,300
Special assessments	50	-	50
Interest expense	(110,822)	-	(110,822)
Transfers (out)	<u>(31,274)</u>	<u>-</u>	<u>(31,274)</u>
Total nonoperating revenues (expenses)	<u>358,295</u>	<u>1,882</u>	<u>360,177</u>
Change in net position	709,656	15,726	725,382
Net position at January 1	9,633,792	86,052	9,719,844
Prior Year Adjustment	<u>298,100</u>		<u>298,100</u>
Net position at December 31	<u>\$ 10,641,548</u>	<u>\$ 101,778</u>	<u>\$ 10,743,326</u>

CITY OF BASEHOR, KANSAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-Type Activities - Enterprise Funds			Total
	Sewer Utility	Solid Waste Utility	Enterprise Funds	
Cash Flows from Operating Activities:				
Cash received from customers	\$ 1,624,515	\$ 504,879	\$ 2,129,394	
Cash paid to suppliers and employess	(849,803)	(512,291)	(1,362,094)	
Net Cash Provided by (Used in) Operating Activities	<u>774,712</u>	<u>(7,412)</u>	<u>767,300</u>	
Cash Flows from Non-Capital Financing Activities:				
Miscellaenous income	41,593	1,540	43,133	
Transfers (in) out	(31,274)		(31,274)	
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>10,319</u>	<u>1,540</u>	<u>11,859</u>	
Cash Flows from Capital and Related Financing Activities:				
Capital asset additions, net	(19,016)		(19,016)	
Connection fees	448,300		448,300	
Principal paid on bonds, notes and loans	(2,184,256)		(2,184,256)	
Advances on bonds	1,343,760		1,343,760	
Premium adjustment	298,100		298,100	
Special assessments	50		50	
Interest expense and fiscal charges	(118,615)		(118,615)	
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(231,677)</u>	<u>-</u>	<u>(231,677)</u>	
Cash Flows from Investing Activities:				
Interest income	10,448	342	10,790	
Net Cash Provided by Investing Activities	<u>10,448</u>	<u>342</u>	<u>10,790</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	563,802	(5,530)	558,272	
Cash and Cash Equivalents at Beginning of Year	<u>1,956,415</u>	<u>51,448</u>	<u>2,007,863</u>	
Cash and Cash Equivalents at End of Year	<u>\$ 2,520,217</u>	<u>\$ 45,918</u>	<u>\$ 2,566,135</u>	
Reconciliation of Operating Net Income to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 351,361	\$ 13,844	\$ 365,206	
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	503,256		503,256	
Change in assets and liabilities				
(Increase) decrease in accounts receivable	(50,445)	57,607	7,162	
Increase (decrease) in compensated absences/accrued payroll	(29,462)	1,747	(27,715)	
Total adjustments	<u>423,349</u>	<u>59,354</u>	<u>482,704</u>	
Net Cash Provided by (Used in) Operating Activities	<u>\$ 774,710</u>	<u>\$ 73,200</u>	<u>\$ 847,910</u>	

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Basehor, Kansas (the City) was incorporated in 1965 under the provisions of K.S.A. 12-101, et seq. The City operates under a Council-Administrator form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, culture/recreation, public improvements, sewer, planning and zoning, and general administrative services. This summary of significant accounting policies of the City is presented to assist in understanding the City's basic financial statements. The basic financial statements and notes are representations of the City's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to local governments and have been consistently applied in the preparation of the basic financial statements. The following is a summary of the more significant policies:

- a. Reporting Entity - An elected six-member council (including the Mayor) governs the City. As required by GAAP, the financials present data for all departments and funds of the City, including all boards and commissions (the primary government, herein referred to as the City). The City has no component units.
- b. Basis of Presentation - The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The City's funds are grouped into two broad fund categories for basic financial statement presentation purposes. Governmental funds include the general, special revenue, debt service, and the capital projects funds. Proprietary funds include enterprise and internal service funds.
- c. Basis of Accounting - Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City (the primary government) as a whole. Internal service funds and other interfund activities are eliminated to avoid "doubling up" revenues and expenses. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, each of the governmental fund financial statements includes a reconciliation with brief explanations to better identify the relationship between the governmental fund's statements and the government-wide statements. The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the governmental activities. Expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the City.

Fund Financial Statements - Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The major individual enterprise funds are reported

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

as separate columns in the proprietary fund financial statements. Non-major funds are aggregated and presented in a single column on the governmental and proprietary fund financial statements.

The City reports the following major governmental funds:

General - The General Fund is the main operating fund of the City. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

Bond and Interest - The Bond and Interest Fund accounts for the accumulation of resources for, and the payment of, long-term general obligation debt principal, interest, and related costs.

Consolidated Highway – The Consolidated Highway Fund is used to account for road and highway projects.

Capital Improvements Reserve – The Capital Improvements Reserve Fund is used to account for capital improvement projects.

Employee Benefit – The Employee Benefit Fund is used to account for employee benefits.

The City reports the following major proprietary funds:

Sewer Utility - The Sewer Utility Fund accounts for the activities of the sewage treatment plant, sewage pumping stations, and collection systems.

Solid Waste - The Solid Waste Fund accounts for the provision of solid waste collection and disposal services to the residents and businesses of the City.

Proprietary Funds - Proprietary funds use the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All assets and liabilities (whether current or noncurrent) associated with a proprietary fund's activities are included on its statement of net assets. Proprietary funds include the following fund types:

Enterprise Funds - account for operations that are financed and operated in a manner similar to private business enterprises, as the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds - account for the financing of goods and services, such as insurance and fleet management, provided to other departments or agencies of the City on a cost reimbursement basis. The City does not have funds of this type.

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

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as they are both measurable and available to finance the City's current operations. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used 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 year. Significant revenues, which are considered susceptible to accrual, include property taxes, sales taxes, franchise taxes, interest, and certain state and federal grants and entitlements. Expenditures, including capital outlays, are recorded in all nonproprietary fund types when the related liability is both measurable and incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due. In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purposes or project before any amounts will be paid to the City; therefore, revenues are recognized based on the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and nearly irrevocable, i.e., revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if they meet the measurable and available criteria. Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. In accordance with state statutes, projects financed in part by special assessments are financed through issuance of general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments are recorded as unearned revenues in the year the assessments are levied. Special assessments paid in full prior to the issuance of bonds are recorded as revenue in the capital project fund. Special assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

- d. Deposits and Investments - The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments (including certificates of deposit) with original maturities of six months or less from the date of acquisition.

Kansas statutes authorize the City to invest in U.S. Treasury bills and notes, repurchase agreements, the Kansas Municipal Investment Pool, and certain other types of federal and Kansas municipal obligations.

Investments are stated at fair market value.

- e. Receivables -Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectible amounts, if any.

Property taxes receivable - The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The office of the County Appraiser annually determines assessed valuations on January 1 and the

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted.

Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2020.

- f. Capital Assets – Capital assets include property, plant, equipment and infrastructure assets, and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type is included in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the City, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 - 100
Other equipment	5 - 20
Vehicles	6 - 10
Infrastructure	30 - 75

- g. Compensated Absences - It is the City's policy to permit employees to accumulate earned but unused paid time off. Paid time off earned but unused at termination (if a two-week notice is given) is paid to the employees at their current rate of pay. Vested or accumulated paid time off of the business-type funds and government wide financial statements are recorded as an expense and liability of those funds as the benefits accrue to employees.

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

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

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

- i. Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported 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.
- j. Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- k. 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. The City reports pension contributions subsequent to the measurement date, pension changes in proportion, net differences between projected and actual pension plan investments and pension differences between expected and actual experience as deferred outflows of resources.

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 government funds report unavailable revenues from one source: property taxes. Pension differences between expected and actual experience, changes in proportion, and pension changes in assumptions are reported as deferred inflows for governmental activities.

- l. Fund Equity - In the fund financial statements, governmental funds report fund balance in the following classifications: non-spendable, restricted, committed, assigned and unassigned. Non-spendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city council. Assigned fund balances include amounts that are constrained by the City management's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts is considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

	General	Consolidated Highway	Capital Improvements Reserve	Employee Benefits	Bond & Interest	Other Governmental Funds	Total
Fund Balances:							
Restricted for:							
Debt retirement	\$	\$	\$	\$	\$	\$	\$
Capital improvements		514,252			513,952		513,952
Assigned for:							
Street projects		2,401,389					2,401,389
Capital improvements			2,190,437			194,531	2,384,968
Employee benefits				256,335			256,335
Culture and recreation						155,927	155,927
Equipment outlay						1,441	1,441
Unassigned	2,746,676						2,746,676
	\$ 2,746,676	\$ 2,915,641	\$ 2,190,437	\$ 256,335	\$ 513,952	\$ 351,899	\$ 8,974,940

	Major Business Type Funds		
	Sewer Utility Fund	Solid Waste Utility Fund	Total
NET POSITION			
December 31, 2020	\$ 2,963,437	\$ 67,174	\$ 3,030,611
Adjustments			
Capital assets, net	484,240		484,240
Receivables	(50,445)	(14,371)	(64,816)
Other accruals	(29,460)	1,747	(27,713)
Debt, net	(528,198)		(528,198)
Accrued interest	7,792		7,792
BUDGETARY NET POSITION			
December 31, 2020	\$ 2,847,366	\$ 54,550	\$ 2,901,916

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There was one budget amendment for the year ended December 31, 2020.

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

All legal annual operating budgets are prepared using the cash basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital project funds.

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

2. DEPOSITS AND INVESTMENTS

At December 31, 2020 the carrying amounts of the City's deposits were \$11,544,700 and the bank balances were \$11,810,869. The differences between the carrying amount and the bank balances are outstanding checks and deposits in transit. The bank balance is covered by FDIC insurance and collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name.

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

The following represents the composition of deposits and investments at December 31, 2020:

Description	Fair Value	Interest		
		Rate	Maturity	Rating
First State Bank - Operating	\$ (146,635)			
First State Bank - Money Market	2,966,278	0.36%		
First State Bank	100			
Commerce Bank - CD	1,000,000	0.13%	1/6/2021	
Commerce Bank - CD	1,000,000	0.14%	4/6/2021	
Commerce Bank - CD	1,000,000	0.10%	7/6/2021	
Commerce Bank - CD	1,000,000	0.04%	10/6/2021	
Community National Bank - CD	240,000	0.70%	6/10/2021	
Citizens Savings and Loan - CD	240,000	0.85%	6/10/2021	
Citizens Savings and Loan - CD	251,897	0.40%	11/22/2021	
Kansas Municipal Investment Pool	<u>3,993,060</u>	0.81%	Overnight	S&P AAAf/S1+
Total	11,544,700			
Less Restricted Cash:				
Bond and Interest	(513,952)			
Consolidated Highway	<u>(514,252)</u>			
Unrestricted Cash	<u>\$ 10,516,496</u>			

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

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

Concentration of Credit Risk - State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City has no investments.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a Joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year.

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

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; Level 3 inputs are significant unobservable inputs. The Kansas Municipal Investment Pool is a level 2 input.

Restricted Cash

In an agreement with the developer of the Falcon Lakes subdivision dated February 20, 2001, the City agreed to restrict the use of the \$2,405 per lot impact fee. This restriction limited the use of these funds to improvements to the perimeter roads (Donahoo Road, Hollingsworth Road and 147th Street). Of the \$2,915,641 of cash in the Consolidated Highway Fund as of December 31, 2020, \$514,252 was subject to this restriction.

The City has various outstanding bonds which are paid through the bond and interest fund. The cash in the bond and interest fund is considered restricted.

3. TAXES

Property Taxes – The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the following year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property taxes is due December 20, prior to the fiscal year for which they are budgeted, and second half is due the following May 10.

Motor Vehicle Taxes – Since 1981 most motor vehicles became subject to a special tax paid at the time of registration instead of the traditional property tax. In 1995, the legislature enacted a five-year phase down in the assessment rate on motor vehicles for 30% to 20% of market value.

In 2020, the City received the following from county and state taxes:

	General Fund	Bond & Interest Fund	Highway Fund	Employee Benefit Fund	Other Funds	Totals
Property Taxes	\$ 1,557,220	\$ 391,533	\$ 553,133	\$ 75,753	\$ 2,577,639	
Motor Vehicle Taxes	234,870	41,020	103,802			379,692
Sales Taxes	543,021	56,094	719,871		176,851	1,495,837
Alcohol Tax	14,664				29,328	43,992
State Highway Aid			181,319			181,319
	\$ 2,349,775	\$ 488,647	\$ 901,190	\$ 656,935	\$ 281,932	\$ 4,678,479

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

The mill levies are as follows:

	2020	2019
General Fund	19.793	20.953
Bond and Interest Fund	4.994	3.661
Park and Recreation Fund	0.968	
Employee Benefit Fund	7.014	9.248
	<hr/> <u>32.769</u>	<hr/> <u>33.862</u>

The assessed valuation for 2020 and 2019 was \$78,505,698, and \$69,576,165, respectively.

Neighborhood Revitalization Areas - The City had three neighborhood revitalization areas established during the year ended December 31, 2020. NRAs are established under K.S.A. 12-17,114 and subject to City policy. NRAs are provided to assist with spurring investment and revitalization of properties which can benefit a neighborhood and the general public. The program works by rebating a portion (95% for residential property improvements, 50% for commercial and industrial improvements) of the incremental increase in property taxes resulting from property improvements back to the property owner. The base value, or what the property was valued at prior to improvements, is shielded from the rebate. To receive an NRA, individuals or businesses must submit an application to be reviewed by City staff and approved by the City Council. Applicants must also provide verification they are current on all real or personal property taxes. During the year ended December 31, 2020, the City paid \$16,107 to various homeowners under the neighborhood revitalization program.

No other governments have entered into tax abatement agreements that reduce the City's tax revenues.

4. RECEIVABLES

The following represents the receivables at December 31, 2020:

	General Fund	Parks and Recreation	Bond & Interest	Employee Benefit	Sewer	Solid Waste	Totals
Trade Receivables	\$ 1,773,358	\$ 81,381	\$ 433,773	\$ 609,173	\$ 191,624	\$ 57,607	\$ 249,231
Other Receivables	40,930						40,930
Tax Receivable	1,721,751	81,381	433,773	609,173			2,846,078
Municipal Court	10,677						10,677
	<hr/> <u>\$ 1,773,358</u>	<hr/> <u>\$ 81,381</u>	<hr/> <u>\$ 433,773</u>	<hr/> <u>\$ 609,173</u>	<hr/> <u>\$ 191,624</u>	<hr/> <u>\$ 57,607</u>	<hr/> <u>\$ 3,146,916</u>

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

5. UTILITIES

The City provides sewer and solid waste services. The City mails their utility bills on the 25th of each month, or next business day. The utility bills are due by the 15th, or next business day, of the following month. Bills not paid by the 16th are subject to a late charge fee of 10%.

Sewer bills are based on the average water usage for the months of December, January and February (winter use). If there was no water usage, or it is new service, the sewer bill is \$56 a month. The average water usage that impacts the sewer bills are reset in May of each year. The sewer rates at December 31, 2020 for inside the City was \$13.25, and \$16.58 for outside the City.

The City contracts with a third-party for solid waste services. The solid waste rate at December 31, 2020 was \$17.72 per residence, and \$5.75 per additional container.

6. CAPITAL ASSETS

The following represents the changes in capital assets for the year ending December 31, 2020:

	Beginning Balance	Additions	Transfers	Ending Balance
Governmental Activities:				
Land	\$ 614,759	\$ 35,900	\$	\$ 650,659
Construction in Progress		91,330		91,330
Buildings, vehicles, and equipment	<u>28,837,608</u>	<u>487,515</u>	<u>-</u>	<u>29,325,123</u>
	29,452,367	614,745	-	30,067,112
Less accumulated depreciation	<u>(16,080,729)</u>	<u>(985,332)</u>	<u>-</u>	<u>(17,066,061)</u>
Book value	<u>\$ 13,371,638</u>	<u>\$ (370,587)</u>	<u>\$ -</u>	<u>\$ 13,001,051</u>
Business-Type Activities:				
Building, vehicles, and equipment	\$ 28,732,335	\$ 19,016	\$	\$ 28,751,351
Less accumulated depreciation	<u>(15,575,037)</u>	<u>(503,256)</u>	<u>-</u>	<u>(16,078,293)</u>
Book value	<u>\$ 13,157,298</u>	<u>\$ (484,240)</u>	<u>\$ -</u>	<u>\$ 12,673,058</u>

The City's depreciation expense was charged as follows:

Governmental Activities:

General government	\$ 28,221
Public safety	155,906
Public works	618
Culture and recreation	22,784
Infrastructure	<u>777,803</u>
	<u>985,332</u>

Business Type Activities:

Sewer	<u>503,256</u>
Total Depreciation	<u>\$ 1,488,588</u>

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

7. LONG-TERM DEBT

The City's long-term debt is comprised of the following:

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as of follows:

Governmental Activities:

Description	Date of			Original Amount	Outstanding Amount
	Issuance	Maturity	Interest Rate		
Refunding, Series 2013	1/30/2013	9/1/2025	2.00%	3,480,000	880,000
Improvements, Series 2015	8/26/2015	9/1/2035	2.00 - 4.00%	995,000	802,746
Improvements, Series 2019-A	3/21/2019	9/1/2039	1.70 - 3.125%	2,105,000	2,050,000
Improvements, Series 2020 A	3/26/2020	9/1/2030	2.00%	1,035,000	1,035,000
Refunding and Improvements, Series 2020 B	10/22/2020	9/1/2032	1.00 - 3.00%	1,496,240	1,496,240
				\$ 9,111,240	\$ 6,263,986

Business-type Activities:

Description	Date of			Original Amount	Outstanding Amount
	Issuance	Maturity	Interest Rate		
Improvements, Series 2015	8/26/2015	9/1/2035	2.00 - 4.00%	300,000	242,254
Refunding, Series 2016	6/3/2016	9/1/2030	2.00 -2.25%	4,095,000	3,020,000
Refunding and Improvements, Series 2020 B	10/22/2020	9/1/2032	1.00 - 3.00%	1,343,760	1,343,760
				\$ 5,738,760	\$ 4,606,014

The City issued \$3,875,000 in general obligation bonds during 2020. The bonds mature in 2030 and 2032, respectively. The principal and interest will be paid from special assessments levied upon the property benefited by the construction of the improvement or from ad valorem taxes which may be levied without limitation. The full faith, credit and resources of the City are irrevocably pledged for the prompt payment of the principal and interest payments. The proceeds of the Series 2020-B will be used to redeem the City's General Obligation Refunding and Improvement Bonds, Series 2012, dated August 23, 2012 and to pay for the costs of the issuance. The proceeds of the Series 2020-A will be used for the purpose of paying a portion of the costs of certain police facility improvements.

The 2020 Series A bonds are not subject to redemption prior to maturity. The 2020 Series B bonds maturing on September 1, 2032 will be subject to redemption and payment prior to maturity on September 1, 2029.

K.S.A. 10-308 limits the amount of general obligation bonds issued to 30% of the assessed valuation of the City as certified by the County Clerk. For 2020, the debt limit was \$27,026,155. General obligation bonds and temporary notes issued to finance utility improvements, and revenue bonds are not subject to the debt limit.

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

The following represents the changes in long-term liabilities:

Governmental Activities:

Description	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Refunding and improvements, Series 2012	\$ 1,846,592	\$	\$ 1,846,592	\$ -	\$ -
Refunding, Series 2013	1,045,000		165,000	880,000	170,000
Improvements, Series 2015	845,096		42,350	802,746	46,200
Improvements, Series 2019	2,105,000		55,000	2,050,000	85,000
Temporary Notes, Series 2019	1,035,000		1,035,000	-	-
Refunding and improvements, Series 2020-B		1,496,240		1,496,240	121,900
Improvements, Series 2020-A		1,035,000		1,035,000	100,000
Bonds premium	<u>89,117</u>	<u>147,415</u>	<u>36,411</u>	<u>200,121</u>	
	<u>\$ 6,965,805</u>	<u>\$ 2,678,655</u>	<u>\$ 3,180,353</u>	<u>\$ 6,464,107</u>	<u>\$ 523,100</u>

Business-type Activities:

Description	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
Refunding and improvements, Series 2012	\$ 1,658,408	\$	\$ 1,658,408	\$ -	\$ -
Improvements, Series 2015	254,904		12,650	242,254	13,800
Refunding, Series 2016	3,305,000		285,000	3,020,000	290,000
Refunding and improvements, Series 2020-B		1,343,760		1,343,760	108,100
Bonds premium	<u>49,153</u>	<u>84,100</u>	<u>34,781</u>	<u>98,472</u>	
	<u>\$ 5,267,465</u>	<u>\$ 1,427,860</u>	<u>\$ 1,990,839</u>	<u>\$ 4,704,486</u>	<u>\$ 411,900</u>

The following represent the debt service requirements subsequent to December 31, 2020:

Year	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 523,100	\$ 161,134	\$ 411,900	\$ 94,464	\$ 935,000	\$ 255,598
2022	514,886	145,364	430,114	89,196	945,000	234,561
2023	536,050	133,774	428,950	79,707	965,000	213,481
2024	551,050	121,809	438,950	69,942	990,000	191,751
2025	575,200	107,912	449,800	59,838	1,025,000	167,750
2026	387,850	94,783	462,150	50,656	850,000	145,439
2027	392,850	85,399	467,150	41,226	860,000	126,625
2028	400,500	75,917	479,500	31,696	880,000	107,613
2029	400,500	66,157	484,500	21,882	885,000	88,039
2030	369,600	56,395	275,400	11,105	645,000	67,501
2031	266,100	47,882	108,900	5,742	375,000	53,625
2032	274,950	41,337	110,050	4,090	385,000	45,427
2033	180,450	34,436	19,550	2,346	200,000	36,782
2034	180,450	28,368	19,550	1,564	200,000	29,932
2035	190,450	22,300	19,550	782	210,000	23,082
2036	125,000	15,932			125,000	15,932
2037	130,000	12,182			130,000	12,182
2038	130,000	8,282			130,000	8,282
2039	<u>135,000</u>	<u>4,218</u>			<u>135,000</u>	<u>4,218</u>
	<u>\$ 6,263,986</u>	<u>\$ 1,263,581</u>	<u>\$ 4,606,014</u>	<u>\$ 564,236</u>	<u>\$ 10,870,000</u>	<u>\$ 1,827,815</u>

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

Capital Lease

The City entered into a lease agreement with Kansas Department of Transportation (KDOT) (Lessor) on October 1, 2008. The purpose of the lease was to finance communication equipment for public safety in the amount of \$75,600. The term of the lease begins March 1, 2009 and ends March 1, 2020. The outstanding balance at December 31, 2020 is \$0.

Governmental Activities:

Description	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion
KDOT - :Lease	\$ 2,400		2,400	-	2,400
	\$ 2,400	\$ -	\$ 2,400	\$ -	\$ 2,400

Special Assessments. As provided by Kansas Statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the bond and interest fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund. The special assessments receivable are not recorded as revenue when levied against the respective property owners as such amounts are not available to finance current year operations. The special assessment debt is a contingent liability of the City to the extent of property owner defaults, which have historically been immaterial.

Conduit Debt Obligations

The City has issued conduit Special Obligation Revenue Bonds, Series 2020 which have not been recorded as a liability. Private developers use the proceeds of these bonds to finance capital expansion. The Special Obligation Revenue Bonds have not been recognized as a liability of the City because the bonds are secured solely by the specific project and the developers are obligated to make the payments. The bonds are not payable from a charge upon any of the City's resources or assets, and the City is not subject to any liability from these bonds. Upon completion of the project, the developer owns the assets constructed. Since the City does not own any of the assets constructed or assume any of the liabilities associated with repayment, these bond issues do not require balance sheet disclosure or recognition of revenues and expenditures according to GAAP. The total outstanding principal of these bonds as of December 31, 2020 is \$345,750.

8. CONTRACTS

In July 2014 the City approved an extension of an existing contract for solid waste collection with Deffenbaugh Industries. The extension is for a period of five years beginning January 1, 2015 and ending December 31, 2019. The City approved an extension of the contract for a period of four years beginning January 1, 2020. The contractor will be paid \$14.72 per month for each weekly residential pickup. Commercial customers will contract directly with the contractor.

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

9. COMPENSATED ABSENCES FOR EMPLOYEES

Full time employees of the City will be eligible for Paid Time Off (PTO) after six months of service. The following represents the hours and days accrued based on months of service.

Months of Service	Accrued Hours Per Payroll	Annual Amount of Accrual Hours	Annual Amount of Accrual Days	Maximum Accrual of Days
0-47	5.6	145.6	18	27
48-107	6.5	169	21	31
108-167	7.5	195	24	36
168-227	8.7	226.2	28	42
228+	9.7	252.2	31	46

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." PTO benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

At December 31, 2020, City employees had a combined balance of 613 hours of PTO at a cash value of \$18,705.

10. CONCENTRATIONS OF CREDIT RISK

The City is engaged in the sale of sewer and trash to customers located in Leavenworth County in Kansas. The City grants credit to those customers and requires no collateral.

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City has funds in 4 banks all of which are adequately secured.

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

11. COMPLIANCE WITH KANSAS LAW

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the City. There were no apparent statutory violations during the year ended December 31, 2020 for the funds that were part of this audit.

12. RELATED PARTY

The city was not aware of any related party transactions during the year of 2020.

13. RETIREMENT PLANS

Deferred Compensation Plan

All employees employed by the City are entitled to enroll, at the City Council's discretion, in a Deferred Compensation Plan, offered by Mass Mutual or such other insurance company that may offer a plan approved by the Kansas Legislature pursuant to K.S.A. 75-5522 et seq. and K.S.A. 75-5529 et seq. For all employees who enroll in the plan, excluding those participating in the Kansas Police and Firemen (KP&F) retirement plan, the City shall contribute to the Plan an amount as specified according to the current maximum contribution to old age Social Security benefits. The payroll for employees covered by the Plan was \$1,477,668. Total gross payroll was \$2,141,170. The contribution for the year ending December 31, 2020, was \$43,012 from employees and \$125,807 from employer.

Pension Plan

General Information about the Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Benefits. Benefits are established by statute and may only be changed by the State Legislature. Police and Firemen with twenty or more years of credited service, may retire as early as age 50, with an actuarially reduced monthly benefit. Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service. Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

Contributions. Member contributions are established by state law and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis. For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2020. The actuarially determined employer contribution rates and the statutory contribution rates are as follows for the KPERS fiscal year ended June 30, 2020:

	Actuarial Statutory Employer	Employer Rate Capped Rate
Police and Firemen	21.93%	21.93%

Member contribution rates as a percentage of eligible compensation in fiscal year 2020 are 7.15% for Police and Firemen.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on 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.

The City has 20 employees that participate in the Plan. The payroll for the employees covered by the System for 2020 was \$870,558.

The contribution requirement for the year ended December 31, 2020 was \$253,159, which consisted of \$62,245 from the employees and \$190,914 from the City.

Net Pension Liability

At December 31, 2020 and 2019, the City's proportionate share of the collective net pension liability reported by KPERS was \$1,767,209 and \$1,431,300, respectively, for its proportionate share of the net pension liability for the Police and Firemen groups. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS.

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

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:

<u>Assumptions</u>	<u>Rate</u>
Price inflation	2.75%
Wage inflation	3.00%
Salary increases, including wage increases	3.25% to 11.75%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.50%

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

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Long-Term Expected Asset</u>	<u>Long-Term Allocation</u>	<u>Real Rate of Return</u>
Global Equity	23.5%	6.40%
US Equities	23.5%	5.20%
Fixed Income	11.00%	1.55%
Yield driven	8.00%	4.70%
Real Return	11.00%	3.25%
Real estate	11.00%	4.45%
Alternatives	8.00%	9.50%
Short-term investments	4.00%	0.25%

Discount Rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen. Future employer contribution rates were also modeled for Police & Firemen, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

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. The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$2,418,765	\$1,767,209	\$1,223,066

Pension Expense. For the year ended December 31, 2020, the City recognized pension expense of \$312,946, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflow of resources</u>
Differences between expected and actual experience	\$ 51,564	\$ -
Net difference between projected and actual earnings on pension plan investments	171,726	-
Changes in assumptions	122,331	-
Changes in proportion	<u>63,452</u>	<u>44,531</u>
Total	\$409,163	\$44,531

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

<u>Year</u>	<u>Deferred (Inflows)</u>	
	<u>Outflows</u>	<u>Amount</u>
2021	\$	96,846
2022		110,128
2023		85,711
2024		68,826
2025		3,121
	\$	<u>364,632</u>

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

14. RISK MANAGEMENT

The City is exposed to various risks of loss to torts, theft of, damage to, and destruction of assets, job-related injuries and illnesses to employees. To insure against the various risks, the City has obtained various insurance coverage through One Beacon Insurance Company.

15. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of additional expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial. The City is a party in various pending claims. Although the outcome of these pending claims is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the City.

16. TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General Fund	Municipal Equip Reserve Fund	K.S.A. 12-1,117	193,829
Capital Improvement Fund	Bond and Interest Fund	K.S.A. 12-1,118	5,463
Sewer Utility Fund	Bond and Interest Fund	K.S.A. 12-825d	31,274
			\$ <u>230,566</u>

17. CARES ACT FUNDING

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Securities (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK's first round distribution was to local governments in the amount of \$400 million. The City received CRF in the amount of \$1,220,728. The CRF funds are a reimbursement for expenses to strengthen health, to allow the economy to reopen safely and to remain open. The funds are to be fair, impactful and timely. The funds were spent on the following:

Item	Amount
Improve telework, phones for police	\$ 59,068
Cleaning supplies and PPE	25,345
Payroll for 1st responders	1,004,609
Legal and financial advice	103,461
Economic support	28,245
	\$ <u>1,220,728</u>

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

18. SUBSEQUENT EVENTS

In preparing the financial statements, and according to ASC 855, Subsequent Events, the City has evaluated events and transactions for potential recognition or disclosure through June 10, 2021, the date the financial statements were available to be issued. There are no additional events or transactions that require adjustment to or disclosure in these financial statements.

19. PRIOR YEAR ADJUSTMENT

The prior year adjustments were related to adjusting the premiums related to the general obligation bonds. There were premiums that remained on the books after bonds were paid off or refunded. In addition, there were adjustments made to capital assets useful lives to create more consistency with various type of capital assets.

20. NEW PROUNCEMENTS

The effect on the City's financial statements of the following statements issued, but not yet adopted, has not yet been determined

• GASB Statement No. 87, Leases, issued June 2018, establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the City must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties. The provisions of this statement were originally effective for financial statements for the City's fiscal year ending December 31, 2020 and now postponed until December 31, 2022 per GASB Statement No. 95.

• GASB Statement No. 91, Conduit Debt Obligations, provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this statement were originally effective for the financial statements for the City's fiscal year ending December 31, 2020 and now postponed until December 31, 2021 per GASB Statement No. 95.

• 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. This statement addresses a variety of topics including: effective date of GASB 87 for interim financial reports; intra-entity transfers between primary governments and component unit pension or OPEB plans; applicability of Statements

CITY OF BASEHOR, KANSAS

NOTES TO FINANCIAL STATEMENTS **YEAR ENDED DECEMBER 31, 2020**

No. 73 and 74 for reporting assets accumulated for postemployment benefits; applicability of certain requirements of GASB 84 to postemployment benefit arrangements; measurement of asset retirement obligations in government acquisitions; reporting by public entity risk pools for amounts recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements in authoritative literature and terminology used related to derivative instruments. Certain provisions of this statement were effective upon issuance and did not impact the City's financial reporting, other provisions of this statement are were originally effective for financial statements for the City's fiscal year ending December 31, 2021 and now postponed until December 31, 2022.

- GASB Statement No. 93, Replacement of Interbank Offered Rates, provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)-most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The provisions of this statement were originally effective for financial statements for the City's fiscal year ending December 31, 2022 and now postponed until December 31, 2023 per GASB Statement No. 95.
- GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in GASB Statement No. 87, Leases, are postponed by eighteen months.
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements, provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, Leases. The new defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The provisions of this statement will be effective for financial statements for the City's fiscal year ending December 31, 2023.

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CITY OF BASEHOR, KANSAS

**KP&F PENSION PLAN - REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Schedule of the City's Proportionate Share of the KP&F Net Pension Liability
Last Ten Fiscal Years***

	<u>12/31/2020</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>
City's proportion of the net pension liability	0.143%	0.141%	0.146%	0.131%	0.142%	0.143%
City's proportionate share of the net pension liability	\$ 1,767,209	\$ 1,431,300	\$ 1,402,014	\$ 1,230,371	\$ 1,317,562	\$ 1,041,028
City's covered-employee payroll	\$ 870,558	\$ 787,630	\$ 694,849	\$ 662,996	\$ 662,996	\$ 634,065
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	203.00%	181.72%	201.77%	185.58%	198.73%	164.18%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	71.20%	74.22%	72.15%	69.30%	74.60%

* The amounts presented for each fiscal year were determined as of 12/31. Data became available with the inception of GASB 68 during fiscal year 2015, therefore 10 years of data is unavailable.

**Schedule of the City's Contributions
Last Ten Fiscal Years***

	<u>12/31/2020</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>	<u>12/31/15</u>
Contractually required contribution	\$ 190,914	\$ 174,524	\$ 149,920	\$ 132,230	\$ 135,384	\$ 141,616
Contributions in relation to the contractually required contribution	<u>190,914</u>	<u>174,524</u>	<u>149,920</u>	<u>132,230</u>	<u>135,384</u>	<u>141,616</u>
Contribution deficiency (excess)	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>
City's covered-employee payroll	\$ 870,558	\$ 787,630	\$ 694,849	\$ 662,996	\$ 662,996	\$ 634,065
Contributions as a percentage of covered employee payroll	21.93%	22.13%	20.09%	19.03%	20.42%	21.36%

* Data became available with the inception of GASB 68 during the fiscal year 2015, therefore 10 years of data is unavailable.

CITY OF BASEHOR, KANSAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	Special Revenue Funds				
	Special Parks and Recreation	Municipal Equipment Reserve	Special Alcohol and Drug	Park and Recreation	Total Special Revenue Funds
ASSETS					
Cash and cash equivalents	\$ 69,441	\$ 1,441	\$ 33,502	\$ 52,984	\$ 157,368
Total Assets	<u>\$ 69,441</u>	<u>\$ 1,441</u>	<u>\$ 33,502</u>	<u>\$ 52,984</u>	<u>\$ 157,368</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE:					
Assigned	69,441	1,441	33,502	52,984	157,368
Total fund balance	<u>69,441</u>	<u>1,441</u>	<u>33,502</u>	<u>52,984</u>	<u>157,368</u>
Total liabilities and fund balances	<u>\$ 69,441</u>	<u>\$ 1,441</u>	<u>\$ 33,502</u>	<u>\$ 52,984</u>	<u>\$ 157,368</u>

Capital Projects

Cedar Lakes Maintenance	Glenwood Sewer Maintenance	Total Capital Projects Funds	Total Nonmajor Governmental Funds
\$ <u>90,180</u>	\$ <u>104,351</u>	\$ <u>194,531</u>	\$ <u>351,899</u>
<u><u>90,180</u></u>	<u><u>104,351</u></u>	<u><u>194,531</u></u>	<u><u>351,899</u></u>
\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>
\$ <u>90,180</u>	\$ <u>104,351</u>	\$ <u>194,531</u>	\$ <u>351,899</u>
<u><u>90,180</u></u>	<u><u>104,351</u></u>	<u><u>194,531</u></u>	<u><u>351,899</u></u>
\$ <u><u>90,180</u></u>	\$ <u><u>104,351</u></u>	\$ <u><u>194,531</u></u>	\$ <u><u>351,899</u></u>

CITY OF BASEHOR, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2020

	Special Revenue Funds				
	Special Parks and Recreation	Municipal Equipment Reserve	Special Alcohol and Drug	Park and Recreation	Total Special Revenue Funds
REVENUES					
County and state taxes	\$ 14,664	\$ -	\$ 14,664	75,753	\$ 105,081
Licenses, permits and fees	26,616	-	-	-	26,616
Donations	2,677	-	-	-	2,677
Use of property	-	-	-	15,000	15,000
Interest income	417	452	101	178	1,148
Total revenues	44,374	452	14,765	90,931	150,522
EXPENDITURES					
Personnel	-	-	-	-	-
Contractual expenses	44,636	9,713	-	35,413	89,762
Commodities	-	-	-	2,058	2,058
Capital outlay	15,327	207,232	-	-	222,559
Neighborhood Revitalization	-	-	-	476	476
Total expenditures	59,963	216,945	-	37,947	314,855
Excess (deficiency) of revenues over (under) expenditures	(15,589)	(216,493)	14,765	52,984	(164,333)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	193,829	-	-	193,829
Total other financing sources (uses)	-	193,829	-	-	193,829
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other (Uses)	(15,589)	(22,664)	14,765	52,984	29,496
Fund balance at beginning of year	85,032	24,104	18,736	-	127,872
Fund balance at end of year	\$ 69,443	\$ 1,440	\$ 33,501	\$ 52,984	\$ 157,368

Capital Projects				Total Nonmajor Governmental Funds
Cedar Lakes Maintenance	Glenwood Sewer Maintenance	Total Capital Projects Funds		
\$ -	\$ -	\$ -	\$ 105,081	
40,000	33,000	73,000	99,616	
-	-	-	2,677	
			15,000	
<u>315</u>	<u>385</u>	<u>700</u>	<u>1,848</u>	
<u><u>40,315</u></u>	<u><u>33,385</u></u>	<u><u>73,700</u></u>	<u><u>224,222</u></u>	
28,293	22,103	50,396	140,158	
			2,058	
-	-	-	222,559	
			476	
<u><u>28,293</u></u>	<u><u>22,103</u></u>	<u><u>50,396</u></u>	<u><u>365,251</u></u>	
<u><u>12,022</u></u>	<u><u>11,282</u></u>	<u><u>23,304</u></u>	<u><u>(141,029)</u></u>	
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>193,829</u></u>	
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>193,829</u></u>	
12,022	11,282	23,304	52,800	
78,157	93,070	171,227	299,099	
\$ <u><u>90,179</u></u>	\$ <u><u>104,352</u></u>	\$ <u><u>194,531</u></u>	\$ <u><u>351,899</u></u>	

CITY OF BASEHOR, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
SPECIAL PARKS AND RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget
				Original	Final	Positive (Negative)
Revenues:						
Taxes	\$ 14,664	\$ -	\$ 14,664	\$ 15,000	\$ 15,000	\$ (336)
Licenses, permits and fees	26,616		26,616	17,000	17,000	9,616
Donations	2,677		2,677	10	10	2,667
Use of money and property	417		417	400	400	17
Total Revenues	44,374	-	44,374	32,410	32,410	11,964
Expenditures:						
Contractual expenses	44,636		44,636	61,500	61,500	16,864
Capital outlay	15,327		15,327	-	-	(15,327)
Total Expenditures	59,963	-	59,963	61,500	61,500	1,537
Excess of Revenues Over Expenditures						
	(15,589)	-	(15,589)	\$ (29,090)	\$ (29,090)	\$ 13,501
Fund Balance, January 1	85,032	-	85,032			
Fund Balance, December 31	\$ 69,443	\$ -	\$ 69,443			

CITY OF BASEHOR, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MUNICIPAL EQUIPMENT RESERVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts	Variance with Final Budget
				Original Final	Positive (Negative)
Revenues:					
Interest received	\$ 452	\$ _____	\$ 452	- -	\$ 452
Total Revenues	<u>452</u>	<u>-</u>	<u>452</u>	<u>-</u> <u>-</u>	<u>452</u>
Expenditures:					
Capital outlay	207,232		207,232	- -	(207,232)
Other equipment purchases	9,713		9,713		(9,713)
Total Expenditures	<u>216,945</u>	<u>-</u>	<u>216,945</u>	<u>-</u> <u>-</u>	<u>(216,945)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(216,493)	-	(216,493)	- -	(216,493)
Other Financing Sources					
Transfers In	193,829		193,829	- -	193,829
Total other financing sources	<u>193,829</u>	<u>-</u>	<u>193,829</u>	<u>-</u> <u>-</u>	<u>193,829</u>
Excess (Deficiency) of Revenues and					
Other Financing Sources Over (Under)					
Expenditures and Other (Uses)	(22,664)	-	(22,664)	\$ _____	\$ _____
Fund Balance, January 1	24,104	-	24,104		
Fund Balance, December 31	<u>\$ 1,440</u>	<u>\$ -</u>	<u>\$ 1,440</u>		

CITY OF BASEHOR, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
SPECIAL ALCOHOL AND DRUG FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget
				Original	Final	Positive (Negative)
Revenues:						
Taxes	\$ 14,664	\$ -	\$ 14,664	\$ -	\$ -	\$ 14,664
Interest income	101		101	-	-	101
Total Revenues	<u>14,765</u>	<u>-</u>	<u>14,765</u>	<u>-</u>	<u>-</u>	<u>14,765</u>
Expenditures:						
Contractual services	-		-	-	-	-
Total Expenditures	-	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues						
Over Expenditures	14,765	-	14,765	\$ -	\$ -	\$ 14,765
Fund Balance, January 1	<u>18,736</u>	<u>-</u>	<u>18,736</u>			
Fund Balance, December 31	\$ <u>33,501</u>	\$ <u>-</u>	\$ <u>33,501</u>			

CITY OF BASEHOR, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
PARKS AND RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget Positive (Negative)
				Original	Final	
Revenues:						
Taxes	\$ 75,753	\$ -	\$ 75,753	\$ 76,003	\$ 76,003	\$ (250)
Fees income	-	-	-	500	500	(500)
Use of property	15,000	-	15,000	-	-	15,000
Interest income	178	-	178	-	-	178
Total Revenues	90,931	-	90,931	76,503	76,503	14,428
Expenditures:						
Contractual expenses	35,413	-	35,413	75,750	75,750	40,337
Commodities	2,058	-	2,058	-	-	(2,058)
Neighborhood Revitalization	476	-	476	-	-	(476)
Total Expenditures	37,947	-	37,947	75,750	75,750	37,803
Excess of Revenues Over Expenditures						
	52,984	-	52,984	\$ 753	\$ 753	\$ 52,232
Fund Balance, January 1	-	-	-			
Fund Balance, December 31	\$ 52,984	\$ -	\$ 52,984			

CITY OF BASEHOR, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
CEDAR LAKES MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget
				Original	Final	Positive (Negative)
Revenues:						
Licenses, permits and fees	\$ 40,000	\$ -	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Use of money and property	315		315		-	315
Total Revenues	<u>40,315</u>	<u>-</u>	<u>40,315</u>	<u>40,000</u>	<u>40,000</u>	<u>315</u>
Expenditures:						
Contractual expenses	28,293		28,293	40,000	40,000	11,707
Total Expenditures	<u>28,293</u>	<u>-</u>	<u>28,293</u>	<u>40,000</u>	<u>40,000</u>	<u>11,707</u>
Excess of Revenues						
Over Expenditures	12,022		12,022	\$ -	\$ -	\$ 12,022
Fund Balance, January 1	<u>78,157</u>	<u>-</u>	<u>78,157</u>			
Fund Balance, December 31	\$ <u>90,179</u>	\$ <u>-</u>	\$ <u>90,179</u>			

CITY OF BASEHOR, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
GLENWOOD SEWER MAINTENANCE FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget
				Original	Final	Positive (Negative)
Revenues:						
Licenses, permits and fees	\$ 33,000	\$ -	\$ 33,000	\$ 33,000	\$ 33,000	\$ -
Interest income	385		385	150	150	235
Total Revenues	<u>33,385</u>	<u>-</u>	<u>33,385</u>	<u>33,150</u>	<u>33,150</u>	<u>235</u>
Expenditures:						
Contractual expenses	22,103		22,103	33,000	33,000	10,897
Total Expenditures	<u>22,103</u>	<u>-</u>	<u>22,103</u>	<u>33,000</u>	<u>33,000</u>	<u>10,897</u>
Excess of Revenues						
Over Expenditures	11,282		11,282	\$ 150	\$ 150	\$ 11,133
Fund Balance, January 1	<u>93,070</u>	<u>-</u>	<u>93,070</u>			
Fund Balance, December 31	\$ <u>104,352</u>	\$ <u>-</u>	\$ <u>104,352</u>			

CITY OF BASEHOR, KANSAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
BOND AND INTEREST FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget
				Original	Final	Positive (Negative)
Revenues:						
County and state taxes	\$ 488,647	\$ -	\$ 488,647	\$ 443,722	\$ 443,722	\$ 44,925
Intergovernmental	-		-	-	-	-
Special assessments	276,072		276,072	284,748	284,748	(8,676)
Use of money and property	4,764		4,764	2,500	2,500	2,264
Miscellaneous			-	-	-	-
Total Revenues	<u>769,483</u>	<u>-</u>	<u>769,483</u>	<u>730,970</u>	<u>730,970</u>	<u>38,513</u>
Expenditures:						
Debt service						
Principal	2,108,942		2,108,942	1,186,005	1,186,005	(922,937)
Interest	183,622	(265)	183,357	-	-	(183,357)
Prepaid special assessments	-		-			-
Neighborhood revitalization	50		50			(50)
Total Expenditures	<u>2,292,614</u>	<u>(265)</u>	<u>2,292,349</u>	<u>1,186,005</u>	<u>1,186,005</u>	<u>(1,106,344)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,523,131)</u>	<u>265</u>	<u>(1,522,866)</u>	<u>(455,035)</u>	<u>(455,035)</u>	<u>(1,067,831)</u>
Other Financing Sources (Uses)						
Transfers in	31,274	-	31,274	-	-	31,274
Cost of issuance	(51,165)		(51,165)			(51,165)
Bond Proceeds	1,591,076		1,591,076			1,591,076
Total Other Financing Sources (Uses)	<u>1,571,185</u>	<u>-</u>	<u>1,571,185</u>	<u>-</u>	<u>-</u>	<u>1,571,185</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	48,054	265	48,318	\$ <u>(455,035)</u>	\$ <u>(455,035)</u>	\$ <u>503,353</u>
Fund Balance, January 1	465,898	-	465,898			
Prior year adjustment	<u>-</u>	<u>-</u>	<u>-</u>			
Fund Balance, December 31	<u>\$ 513,952</u>	<u>\$ 265</u>	<u>\$ 514,216</u>			

CITY OF BASEHOR, KANSAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - ACTUAL AND BUDGET
SEWER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts	Variance with Final Budget
				Original Final	Positive (Negative)
Revenues:					
Charges for services	\$ 1,674,960	\$ (50,445)	\$ 1,624,515	\$ 1,545,961	\$ 1,545,961 \$ 78,554
Total Revenues	<u>1,674,960</u>	<u>(50,445)</u>	<u>1,624,515</u>	<u>1,545,961</u>	<u>1,545,961</u> <u>78,554</u>
Expenditures:					
Personnel services	267,976	29,460	297,436	2,295,196	2,295,196 1,997,760
Contractual services	511,277		511,277	-	- (511,277)
Commodities	41,090		41,090	-	- (41,090)
Capital outlay	-	19,016	19,016	-	- (19,016)
Depreciation	503,256	(503,256)	-	-	-
Total Expenditures	<u>1,323,599</u>	<u>(454,780)</u>	<u>868,819</u>	<u>2,295,196</u>	<u>2,295,196</u> <u>1,426,377</u>
Operating income (loss)	<u>351,361</u>	<u>404,335</u>	<u>755,696</u>	<u>(749,235)</u>	<u>(749,235)</u> <u>1,504,931</u>
Other Financing Sources (Uses)					
Interest expense	(110,822)	7,792	(103,030)	-	- (103,030)
Debt principal	-	(1,956,058)	(1,956,058)		(1,956,058)
Debt issue		1,427,860	1,427,860		1,427,860
Connection fees	448,300		448,300	295,000	295,000 153,300
Special assessments	50		50	1,800	1,800 (1,750)
Interest income	10,448		10,448	5,000	5,000 5,448
Miscellaneous income	41,593		41,593	40,000	40,000 1,593
Transfers (out)	(31,274)		(31,274)	-	- (31,274)
Total Other Financing Sources (Uses)	<u>358,295</u>	<u>(520,406)</u>	<u>(162,111)</u>	<u>341,800</u>	<u>341,800</u> <u>(503,911)</u>
Change in net position	709,656	(116,071)	593,585	\$ (407,435)	\$ (407,435) \$ 1,001,020
Net position, January 1	9,633,792	(7,678,111)	1,955,681		
Prior year adjustment	<u>298,100</u>		<u>298,100</u>		
Net position, December 31	<u>\$ 10,641,548</u>	<u>\$ (7,794,182)</u>	<u>\$ 2,847,366</u>		

CITY OF BASEHOR, KANSAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - ACTUAL AND BUDGET
SOLID WASTE UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts		Variance with Final Budget
				Original	Final	Positive (Negative)
Revenues:						
Charges for services	\$ 524,840	\$ (14,371)	\$ 510,469	\$ 435,154	\$ 511,080	\$ (611)
Total Revenues	<u>524,840</u>	<u>(14,371)</u>	<u>510,469</u>	<u>435,154</u>	<u>511,080</u>	<u>(611)</u>
Expenditures:						
Personnel services	75,510	(1,747)	73,763	-	-	(73,763)
Contractual services	432,265		432,265	519,854	453,391	21,126
Commodities	3,221		3,221	-	-	(3,221)
Total Expenditures	<u>510,996</u>	<u>(1,747)</u>	<u>509,249</u>	<u>519,854</u>	<u>453,391</u>	<u>(55,858)</u>
Operating income (loss)	<u>13,844</u>	<u>(12,624)</u>	<u>1,220</u>	<u>(84,700)</u>	<u>57,689</u>	<u>(56,469)</u>
Other Financing Sources (Uses)						
Interest income	342		342	501	501	(159)
Miscellaneous income	1,540		1,540	8,000	8,000	(6,460)
Transfers (out)	-		-	-	(88,000)	88,000
Total Other Financing Sources (Uses)	<u>1,882</u>	<u>-</u>	<u>1,882</u>	<u>8,501</u>	<u>(79,499)</u>	<u>81,381</u>
Change in net position	15,726	(12,624)	3,102	\$ (76,199)	\$ (21,810)	\$ 24,913
Net position, January 1	<u>86,052</u>	<u>(34,604)</u>	<u>51,448</u>			
Net position, December 31	<u>\$ 101,778</u>	<u>\$ (47,228)</u>	<u>\$ 54,550</u>			

Single Audit of
Federal Financial Assistance

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

To the City Council
City of Basehor, 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, each major fund, and the aggregate remaining fund information of the City Basehor, 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 June 18, 2021.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Michael D. Peroo, CPA, PA". The signature is fluid and cursive, with "Michael D." on the first line, "Peroo" on the second line, "CPA" on the third line, and "PA" on the fourth line.

Michael D. Peroo, CPA PA

Olathe, Kansas

June 18, 2021



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE BY THE UNIFORM GUIDANCE

To the City Council
City of Basehor, Kansas

Report on Compliance for Each Major Federal Program

We have audited the City of Basehor, 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 each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each 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 each of its major federal programs 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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of

expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City'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 a 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.



Michael D. Peroo, CPA PA

Olathe, Kansas

June 18, 2021

CITY OF BASEHOR, KANSAS

SCHEDEULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Program Receipts	Program Disbursements
U.S. Department of Treasury	21.019		
Kansas Department of Health & Environment CARES Act - Coronavirus Relief Fund		\$ 1,220,728	\$ 1,220,728
Total		\$ 1,220,728	\$ 1,220,728

CITY OF BASEHOR, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2020

1. ORGANIZATION

The City of Basehor, Kansas (City) is the recipient of the CARES Act – Coronavirus Relief Fund. All federal awards received are directly from federal agencies as well as those awards that are passed through Leavenworth County are included on the schedule of Expenditures of Federal Awards.

2. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (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 statement. The City elected not to use the 10% de minimis indirect cost rate.

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.

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. 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.

5. OUTSTANDING LOANS

The City did not have any outstanding loans under any federal grants at December 31, 2020.

CITY OF BASEHOR, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement

Type of auditor's report issued	Unmodified		
Internal control over financial reporting:			
Material weaknesses identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None
Reportable conditions identified not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None Reported
Noncompliance material financial statement noted?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None

Federal Awards

Internal controls over major programs:			
Material weaknesses identified?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None
Reportable conditions identified not considered to be material weaknesses?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> None Reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CF) Part 200.516(a)?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
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Identification of major programs:

Name of Federal Program	CFDA Number
CAREs Act - Conronavirus Relief Fund	21.0119

Dollar theshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as a low-risk auditee?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/> No
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SECTION II - FINANCIAL STATEMENT FINDINGS

There were no matters required to be reported in accordance with generally accepted government auditing standards.

SECTION III - FEDERAL WARD FINDINGS AND QUESTIONED COSTS

There were no current year findings or questioned costs required to be reported in accordance with the Uniform Guidance.