

CITY OF JUNCTION CITY, KANSAS

Comprehensive Annual Financial Report

Year Ended December 31, 2020

Prepared By
Lindsay Miller - Finance Director
Allen Dinkel - City Manager

CITY OF JUNCTION CITY, KANSAS
 Financial Statements With Independent Auditors' Report
 For the Year Ended December 31, 2020

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal i - vi

FINANCIAL SECTION

Independent Auditor's Report 1-3

Management's Discussion and Analysis 4-9

Basic Financial Statements

Government-Wide Financial Statements
 Statement of Net Position 10
 Statement of Activities 11
 Fund Financial Statements
 Balance Sheet - Governmental Funds 12
 Reconciliation of the Total Governmental Fund Balances to Net Position of
 Governmental Activities 13
 Statement of Revenues, Expenditures, and Changes in
 Fund Balances - Governmental Funds 14
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
 in Fund Balances to the Governmental Activities in the Statement of Activities 15
 Proprietary Funds
 Statement of Net Position 16
 Statement of Revenues, Expenses, and Changes in Net Position 17
 Statement of Cash Flows 18-19
 Fiduciary Funds
 Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position -
 Combined Fiduciary Funds 20
 Notes to the Basic Financial Statements 21-47

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget
 General Fund 48-49
 Capital Improvement Fund 50
 Land Bank Fund 51
 KPERS Pension Plan
 Schedule of the City's Proportionate Share of the Collective Net Pension Liability 52
 Schedule of the City's Contributions 53
 Other Postemployment Healthcare Benefits
 Schedule of Changes in the City's Total Other Postemployment Benefits and Related Ratios 54
 Other Postemployment Benefits – Death and Disability
 Schedule of Changes in the City's Death and Disability Total OPEB Liability and Related Ratios 55

Other Supplementary Information

Nonmajor Governmental Funds
 Combining Balance Sheet - Nonmajor Special Revenue Funds 56-58
 Combining Statement of Revenues, Expenditures and Changes in
 Fund Balances - Nonmajor Special Revenue Funds 59-61

CITY OF JUNCTION CITY, KANSAS
 Financial Statements With Independent Auditors' Report
 For the Year Ended December 31, 2020

TABLE OF CONTENTS (continued)

FINANCIAL SECTION (continued)

Other Supplementary Information (continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget	
Economic Development Fund	62
Employee Benefits Fund.....	63
Library Fund	64
Special Highway Fund	65
Fire Equipment Fund	66
Drug and Alcohol Fund	67
CDBG Revolving Loans Fund	68
Rural Housing District Fund.....	69
Law Enforcement Trust Fund	70
Law Enforcement Training Fund	71
Federal Equitable Sharing Fund.....	72
Treasury Forfeiture Fund	73
Debt Service Fund	74
Nonmajor Enterprise Funds	
Combining Statement of Net Position	75
Combining Statement of Revenues, Expenses, and Changes in Net Position	76
Combining Statement of Cash Flows.....	77-78
Fiduciary Funds	
Combining Statement of Fiduciary Net Position and Changes in Fiduciary Net Position	79

STATISTICAL SECTION

Net Position by Component	80
Changes in Net Position.....	81
Fund Balances, Governmental Funds	82
Changes in Fund Balances, Governmental Funds	83
Water Produced/Consumed and Wastewater Treated.....	84
Annual Water and Wastewater Tap Sales	85
Number of Water and Wastewater Customers by Type	86
Water and Wastewater Rates	87
Ten Largest Water and Wastewater Utility Customers.....	88
Assessed and Estimated Actual Value of Taxable Property	89
Direct and Overlapping Property Tax Rates	90
Ten Largest Tax Payers.....	91
Property Tax Levies and Collections	92
Ratios of Outstanding Debt by Type.....	93
Legal Debt Margin Information.....	94
Ratios of Net General Bonded Debt Outstanding	95
Direct and Overlapping Governmental Debt Activities.....	96
Pledged Revenue Coverage.....	97
Demographic and Economic Statistics	98
Principal Employers.....	99
Full-time Employees by Department	100
Operating Indicators by Function/Program	101
Capital Asset Statistics by Function/Program	102

CITY OF JUNCTION CITY, KANSAS
Financial Statements With Independent Auditors' Report
For the Year Ended December 31, 2020

TABLE OF CONTENTS (continued)

SINGLE AUDIT SECTION

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 <i>Governmental Auditing Standards</i>	103
Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	105
Schedule of Expenditures of Federal Awards	107
Notes to Schedule of Expenditures of Federal Awards	108
Schedule of Findings and Questioned Costs	109
Summary Schedule of Prior Audit Findings and Questioned Costs	114

Allen J. Dinkel
City Manager
Administration
www.junctioncity-ks.gov



P.O. Box 287
700 North Jefferson Street
Junction City, KS 6644-0287

Phone: 785-238-3103 Ext. 300
Fax: 785-223-4262

June 17, 2021

To the Citizens of the City of Junction City:

The comprehensive annual financial report of the City of Junction City, Kansas (the “City”) for the year ended December 31, 2020, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of all various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City’s organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements including the combining statements, individual fund and account group statements and schedules, and the independent auditors report on the financial statements and schedules and a management narrative that provides an introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with the section. The City’s MD&A can be found immediately following the Auditor’s report in the financial section. The statistical section includes selected financial and demographic information generally presented on a multi-year basis.

This report includes all funds of the City. The City provides a full range of services which include law enforcement, fire protection, building and codes enforcement, construction and maintenance of streets, airport, recreation, and cultural operations. In addition to general government activities, the City provides water, wastewater, solid waste, and storm water utility services.

ECONOMIC CONDITION AND OUTLOOK

Fort Riley United States Military Post, adjacent to the City, remains the area’s top employer. The federal government has invested millions of dollars on service and infrastructure upgrades at Fort Riley. This investment positions the Fort well in the event a BRAC review. The opening of the new military hospital in the past four years has increased civilian workers on base. Deployments of troops does have a short-term impact on sales tax revenue, but to date this has been manageable. The City has been conservative in sales tax revenue forecasts and with that have been able to meet projections. As troops return from deployment there is an increase in sales tax revenue. This was very true in the fall of 2019 when troops returned to Fort Riley after being deployed. Sales tax receipts sky-rocketed and fortunately have continued to do so.

The City continues to support the military base through the Junction City Military Affairs Council, Kansas Military Affairs Commission, and participation in the Government Support Partnership task group.

Efforts continue in the area of Economic Development. Camso/Michelin established a plant to manufacture rubberized tracks for the agriculture industry. This plant has exceeded all projects for growth in the number of employees and appears growth of the plant and the number of employees will continue.

In conjunction with the Junction City Area Chamber of Commerce prospects for business and industry are being sought on an aggressive basis.

A new \$135 million dollar plus high school is currently being constructed and this improvement should help to draw more businesses and people to the community. The building is scheduled to be completed and opened by August of 2021.

At the beginning of the Covid-19 pandemic in March of 2020, City administrative staff had concerns of the possible economic to the City's potential revenue. We felt confident that due to past conservative budgeting practices we could survive any possible downswing in revenues without making any cuts in staffing. As time moved on the sales tax however sky-rocketed and local businesses thrived. The City's sale tax revenue for 2020 was \$1,303,194.40 or 12% more than in the previous year. This trend has continued into 2021 as sales tax receipts for the first five months of the year are \$899,629.54 or 19.7% more than the same time period in 2020.

HOUSING DEVELOPMENT

From 2006 through 2008 the City aggressively approved the creation of subdivisions for housing development to prepare for Fort Riley's expansion. The market crash in 2008 and a less than expected placement of soldiers and their families at Fort Riley led to the failure of more than half of the lots not being developed or sold, and ultimately the financial failure of the developments. This equated to approximately 1,000 existing empty lots that was in a state of flux; some ready for sale, some tied up in bankruptcy proceedings with FDIC, and many in foreclosure or tax sale proceedings. Geary County had Sheriff Tax sales on these lots in 2013, 2014, and 2015.

To deal with land that went through tax sale with no resale, the City adopted a resolution to form the Junction City Land Bank and the ownership of the land was transferred to the Land Bank. Then, a plan of action was developed to maintain and market the empty lots. In January 2015, the Junction City Land Bank took possession of 940 lots. The land bank has taken the necessary steps to clear title, resize, or restructure the subdivisions as needed to make these lots ready for development. This was an important step to continue housing development in Junction City with existing infrastructure. In 2015 the first lots were sold for development. Although housing construction has significantly reduced in 2016, the land bank is slowly selling lots to local developers for building new homes. The Land Bank continues to search for ways to market these lots and encourage more construction of residential units.

Recently sales of these lots are improving as the demand for houses is increasing and supply has decreased. The location of these lots near the new High School has been advantageous and demand is increasing.

The City is working diligently to improve the image of the community. This year changes were made in the department to increase the quality of construction in Junction City and to put more emphasis on code enforcement.

TRANSPORTATION

Many of the City's transportation improvement plans were shelved following its' financial crisis. However, the financial crisis did force the city to review all operations and it was determined that the contract service operation and management of its streets was not functioning well. Therefore, on June 23, 2012, the City took back the day-to-day operation and maintenance of streets, traffic control, building maintenance, water system, and wastewater system. The 2012 review of this take back determined the move was very successful.

The City is now providing basic street maintenance that had been absent for many years. All streets have been inventoried, evaluated, and programmed in a long-term maintenance program. The biggest challenge will be providing sufficient funding to meet the expensive maintenance and repair needs of the streets and bridges. Each year the city has increased the amount of funds allocated for street maintenance. Even though there is no lack of streets needing improvements, there continues to be an emphasis in aggressively addressing street issues.

The City has now completed several KLINK grant projects for street improvements, a KDOT Geometric Grant for a new stop light at 6th & Franklin and has participated in all of the new street improvements along US77/K18, which includes a new intersection and stop lights at Rucker Road and Golden Belt, a new diversion diamond interchange at I-70, a new interchange and bridge at K-18 and US77, and widening of US 77 through Junction City. The City utilized Federal Exchange Funds for street improvements on Goldenbelt Drive and other streets. A KDOT CCLIP Grant will be used to make repairs in 2020 on 18th Street and a Community Development Block Grant was awarded in 2019 for phase 1 of Spring Valley Road improvements. KDOT funding was secured for a roundabout on Highway 18 near the new High School and a BUILD Grant has been applied for to fund additional road improvements. A new one mile street known as Blue Jay Way has been constructed to serve the new High School and will add for future development in this area.

The City utilized KDOT Grant to establish a walking path along K-18 on the new K-18 and US 77 interchange as part of these US 77 improvements. Additional improvements in the walking trail infrastructure will be made in 2020 and plans are in the works for additional walking trails. Additional KDOT funds will be utilized for a street improvement on 18th Street this year.

GRANT AWARDS

The City continues to seek grant opportunities through a number of programs such as Community Development Block Grants and the Kansas Department of Transportation (KDOT). These programs have allowed for more public improvements. The City has also secured low interest loans through the Kansas Department of Health and Environment (KDHE) for water and wastewater improvements.

The Covid-19 Pandemic has allowed more grant funds to be available to the City. This includes funding for Police, EMS, Airport as well as the SPARKS and ARPA programs. The impact of these funds will be positive for a number of years.

FINANCIAL PICTURE

The City's assessed property valuation continues to be stable. The City's financial management has stabilized, and its recovery plan is on track. The City's bond rating improved from A- to A in 2013 and to A+ in 2014. The City took advantage of low interest rates and refinanced bonds that could be called for such purpose and refinanced its' Certificate of Participation loan. The City has been able to provide basic services such as fire and police protection with good statistical results and maintain its' quality of life services with dedicated employees working hard to maintain those services.

The City completed a water, wastewater, and storm water system independent analysis to determine the needs of each treatment facility and each utility system. A rate analysis of each utility was completed in 2014 with rate increases adopted for water, wastewater, and solid waste. The City was awarded an \$11 million-dollar KDHE Wastewater Revolving Loan for improvements at the two wastewater treatment plants and has applied for a \$12 million KDHE Water Revolving Loan for water plant improvements. Plans are being made for Phase 2 improvements to all three plants. A rate structure for water and wastewater was implemented in 2014 and provides funds for these projects. In addition, cash balances have increased in water and wastewater funds and other needs will be addressed. A storm water utility rate increase was made in 2018 to provide needed funds for storm water projects.

The City's residential solid waste service was also taken back from contract services in 2012. At the time of the take back the services were operating with a negative balance. By the end of 2013, the solid waste fund had a positive balance, and it continues to be an enterprise fund profit center. Cash balances in this fund have increased and new equipment can be purchased without adding to City debt.

DEBT MANAGEMENT

The City suffered a financial crisis in 2010 and 2011. The City developed a financial recovery plan, fully activated its' recovery plan in 2011 and 2012, and reached stability in 2013. However, due to its' high debt load the City must continue to be budget wisely and carefully monitor its' revenue sources to prevent any disruption in cash flows and debt management.

The City continues to meet all debt payments on time and continues to build cash reserves to protect its ability to make all payments in the future. The City is on track to meet its debt reduction goals financially and statutorily. The City has dedicated staff hours to meeting bond requirements for federal and state regulatory requirements.

Special assessment collections have continued to improve, which reduces the tax burden. The City continues to improve its' debt ratios and debt per capita.

In 2010, City voters passed a 1% sales tax for debt service. This sales tax ended on December 31, 2020, however voters have already approved the continuation of this sales tax to December 31, 2030. These funds are a key in addressing the repayment of the City debt. The recent increases in sales tax revenue also allow more flexibility in addressing the debt.

FINANCIAL INFORMATION

The City adopted a new fiscal policy in 2011, which is a comprehensive policy that provides proper guidelines for good fiscal management. Although the City suffered a fiscal crisis in 2010 and 2011, the City has now stabilized with growing cash balances and reserves. However, the City, like many cities across the United States, struggles to find revenue to adequately invest in capital improvements needed for aging infrastructure. Staff and the City Commission continues to review all options for new revenue sources. The City adopted Sunday liquor sales in April 2015 as one new revenue source. In 2019 a licensing fee has been implemented for non-city waste management firms operating in the City. The City Commission and staff continues to look for cost effective methods for providing services while maintaining high quality delivery of services.

The City employed consultants to develop a business plan for its water, wastewater and storm water utilities, which were completed in 2014 and 2015. This business plan was readdressed and adjusted in 2020 to provide the long-term capital plans with recommended rate structures to ensure that the City can make the needed improvements.

BUDGETARY CONTROLS

The City adopted new, stricter fiscal policies in 2011, which are utilized daily by staff. The purchasing policy is followed with purchase orders required for any purchase greater than \$999. The City uses purchase cards with a very strict system for receipt tracking and purchase review.

The budgets are reviewed monthly by staff, management, and the City Commission.

CASH MANAGEMENT

The City continues to build cash reserves to reinforce financial stability. In the past three years cash reserves have averaged more than \$28,000,000 as compared to December 31, 2010, of \$2,924,346. The City hired Columbia Capital Consultants at the end of 2013 to manage its investments. The City utilizes point of sale systems for all revenue generating stations, which provides a good cash management tool for protecting cash intake.

RISK MANAGEMENT

In 2013 the City changed general liability coverage from Traveler's Insurance to the Midwest Public Risk (a municipal risk pool) which expanded and improved coverage and lowered the insurance premium. The City continues to participate in the KERIT workers' compensation risk pool for

workers' compensation coverage. All City deposits were insured per standards and code or collateralized. Both companies provide a claims tracking and communications system that has improved claims management, which has improved financial losses.

The City of Junction City has stabilized Health Insurance costs and built a cash reserve to help to stabilize these cost in future years. The City is also seeing a decrease in worker's compensation costs due to various practices being employed by the City.

INDEPENDENT AUDIT

Kansas Statutes Annotated 75-1122 requires an annual audit of the books of account, financial records and transactions of all administrative departments of the City by independent certified public accountants selected by the City Commission. This requirement has been compiled with and the auditor's opinion has been included in this report.

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated services of the City employees. The City Commission and City Administration appreciate the hard work of the City's dedicated employees with regard to fiscal responsibility and transparency.

Respectively submitted,



Allen J. Dinkel
City Manager

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Commissioners
City of Junction City, Kansas
Junction City, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Junction City, 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 the financial statement based on our audit. We did not audit the financial statements of the Dorothy Bramlage Public Library (the Library), a discretely presented component unit of the **City of Junction City, Kansas**, which represents 100% of the assets and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and applicable provisions of the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is 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 opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Discretely Presented Component Unit	Adverse
Each Major Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Adverse Opinion on the Discretely Presented Component Unit

The financial statements of the Dorothy Bramlage Public Library, a discretely presented component unit of the **City of Junction City, Kansas**, are prepared to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis of Adverse Opinion on the Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the financial position of the Dorothy Bramlage Public Library, a discretely presented component unit of the **City of Junction City, Kansas**, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Library as of December 31, 2020, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the **City of Junction City, Kansas**, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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 management's discussion and analysis and the 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 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.

Supplementary and 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 statements and schedules under the supplementary information section in the accompanying table of contents and other information including the introductory and statistical sections, 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 schedules and statements listed under the supplementary information in the accompanying table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the information as noted above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2021, on our consideration of the **City of Junction City, Kansas**' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

July 6, 2021

CITY OF JUNCTION CITY, KANSAS
Management's Discussion and Analysis
(Unaudited)

December 31, 2020

As management of the City of Junction City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The City continues to lower the amount of debt owed by the City. Refinancing of General Obligation in 2016, 2020, and 2021 has offered a great savings in interest costs and will allow great financial savings to the City.
- The City continues to stabilize property taxes yet continue to provide services and take care of debt retirement.

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.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both government-wide financial statements distinguish functions for the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The government activities of the City include the general fund, special revenue funds, capital projects fund, and the debt service fund. The business-type activities of the City include Water and Sewer Utility, Solid Waste Utility, and Storm Water Utility.

Fund Financial Statements

A fund is a grouping or related account that are 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 business-type activity 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 government activities.

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, and debt service fund. Data from the governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds (special revenues funds and capital projects fund) is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for the various governmental funds that are required to have a budget. This is to demonstrate compliance with the annually adopted budget.

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and wastewater operation, storm water 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. The proprietary fund financial statements provide separate information for the water and wastewater fund, solid waste fund, and storm water fund.

Notes to the Basic Financial Statements

The notes to the basic financial statements begin on page 21. 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$87,234,677 at the close of 2020. The City's net position increased by \$11,004,370. The governmental activities increased by \$6,499,446. The business type activities increased by \$4,504,924.

City of Junction City
Government-Wide Financial Statements

	Governmental Activities		Business-Type Activities	
	2019	2020	2019	2020
Current Assets	\$ 47,381,657	\$ 52,198,167	\$ 20,507,100	\$ 21,202,935
Capital Assets	70,682,443	69,961,714	80,560,844	84,723,667
Deferred Outflows of Resources	2,701,116	4,829,472	118,896	344,463
Total Assets and Deferred Outflows	<u>\$ 120,765,216</u>	<u>\$ 126,989,353</u>	<u>\$ 101,186,840</u>	<u>\$ 106,271,065</u>
Current Liabilities	\$ 12,450,622	\$ 11,586,367	\$ 2,022,724	\$ 2,696,687
Long-Term Liabilities	97,621,167	94,163,064	24,394,469	24,327,437
Deferred Inflows of Resources	9,156,404	13,203,453	76,363	48,733
Total Liabilities and Deferred Inflows	<u>\$ 119,228,193</u>	<u>\$ 118,952,884</u>	<u>\$ 26,493,556</u>	<u>\$ 27,072,857</u>
Net Position				
Net Investment in Capital Assets	\$ [10,002,423]	\$ [4,240,100]	\$ 55,971,316	\$ 60,116,146
Restricted	17,469,658	16,972,073	-	-
Unrestricted	<u>(5,930,212)</u>	<u>(4,695,504)</u>	<u>18,721,968</u>	<u>19,082,062</u>
Total Net Position	<u>\$ 1,537,023</u>	<u>\$ 8,036,469</u>	<u>\$ 74,693,284</u>	<u>\$ 79,198,208</u>

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

A portion of the City's net position, \$16,972,073, represents resources that are subject to external restrictions on how they may be used. There was a decrease of \$497,585 in restricted net assets reported in connection with the City's governmental activities.

City of Junction City
Changes in Net Position

	Governmental Activities		Business-Type Activities	
	2019	2020	2019	2020
Revenues				
Program Revenues				
Charges for Services	\$ 3,662,968	3,514,456	14,680,823	15,366,232
Operating Grants and Contributions	2,537,153	5,576,117	-	-
Capital Grants and Contributions	617,458	567,565	-	-
General Revenues				
Property Taxes	9,475,876	9,387,669	-	-
Sales Taxes	10,822,585	12,141,567	-	-
Franchise Taxes	1,750,282	1,803,278	-	-
Other	2,862,832	3,538,536	695,156	881,307
Total Revenue	<u>31,729,154</u>	<u>36,529,188</u>	<u>15,375,979</u>	<u>16,247,539</u>
Expenses				
General Government	2,985,520	4,367,013	-	-
Public Safety	11,875,862	11,094,025	-	-
Public Works	6,310,351	6,038,726	-	-
Culture and Recreation	2,440,722	2,292,080	-	-
Economic Development	1,372,758	1,049,502	-	-
Public Health and Sanitation	3,576,872	3,339,863	-	-
Interest on Long-term Debt	3,732,873	3,750,985	-	-

Water	-	-	3,299,778	3,483,605
Sewer	-	-	4,616,295	4,664,618
Stormwater	-	-	462,706	493,853
Sanitation	-	-	1,166,632	1,198,087
Total Expenses	<u>32,294,958</u>	<u>31,932,194</u>	<u>9,545,411</u>	<u>9,840,163</u>
Change in Net Position				
Before Transfers	[565,804]	4,596,994	5,830,568	6,407,376
Transfers	<u>2,030,614</u>	<u>1,902,452</u>	<u>[2,030,614]</u>	<u>[1,902,452]</u>
Change in Net Position	1,464,810	6,499,446	3,799,954	4,504,924
Net Position, Beginning of Year	<u>72,213</u>	<u>1,537,023</u>	<u>70,893,330</u>	<u>74,693,284</u>
Net Position, End of Year	<u>\$ 1,537,023</u>	<u>8,036,469</u>	<u>74,693,284</u>	<u>79,198,208</u>

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved 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 and 2019, unreserved fund balance of the general fund was \$5,352,244 and \$3,946,045, respectively.

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 City split the Water/Wastewater Fund in 2017 to a Water Fund and a Sewer Fund.

In 2020 and 2019, unrestricted fund balance of the Water Fund amounted to \$7,693,043 and \$8,338,231, the Sewer Fund amounted to \$5,685,357 and \$5,634,546, and the Stormwater Fund amounted to \$1,845,066 and \$1,309,255, respectively. In 2020 and 2019, the non-major proprietary fund balance for Solid Waste Fund amounted to \$3,858,596 and \$3,439,936, respectively. The total change in net position from 2019 to 2020 for the water, sewer and stormwater funds was an increase of \$2,280,005, \$1,514,826, and \$311,446, respectively. The nonmajor proprietary fund had an increase of \$398,647.

General Fund Budgetary Highlights

The City continues to be impacted by the Fort Riley, the adjacent military installation, home of the First Division of the Big Red One, which reached 'full nest' in 2012, but threatens to be decreased by federal reduction in forces. Military actions has and may further change due to recent elections and a Republican controlled federal government. More troops are being sent over seas, which reduces city population, which impact city revenues with a decrease in sales tax.

The City's revenues have remained stable overall for the last three years. Sales tax revenue in 2020 was \$12,141,567, which was close to steady from the prior year. Franchise fees remain stable. The tax mill value is also stable.

Residential construction grew rapidly from 2006-2009, and from 2010 to 2012 single family new home construction averaged 116 per year, in addition to 19 multiplex projects. However, in 2013 single family home construction dropped to 47 new homes and 1 duplex project; in 2014 there were 20 single family

home construction projects and 1 duplex project; in 2015 there were 32 single family home construction projects and no duplex project; in 2017 there was only 12 single family homes constructed, in 2018 there were 13 single family homes constructed, 17 single family homes in 2019, and 2020 there were 42 new homes constructed. This was offset with an increase in residential remodel projects that had averaged 280 projects per year to 386 in 2015, 427 in 2016, 348 in 2017, 349 in 2018, 735 in 2019, and 823 in 2020. The total number building permits issued in 2020 was 999 as compared to a three-year average of 1,042. The City did form the Junction City Land Bank in 2014 and accepted ownership of 940 lots that had not sold at tax sales to bring developable lots back into the market and accepted an additional 159 lots in 2018.

The COVID-19 pandemic started to show an impact in our City in early 2020; however, local shopping increased which resulted in an upward tick for our sales tax revenues. We know at some point the growth will slow down and level off, so we continue to spend responsibly and hold budgeted revenues steady.

The community voted to renew the 1% sales tax for debt service for another ten years which started in 2020. This gives us more flexibility in our general fund for other projects.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounts to \$154,685,381 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land, buildings, streets, water and sewer lines, storm sewers, equipment and improvements. See detailed capital asset information in Note 3 of the notes to the financial statements.

	Governmental Activities		Business-Type Activities	
	2019	2020	2019	2020
Construction in Progress	\$ 98,302	\$ 1,938,294	\$ 21,475,948	\$ 26,885,031
Land	14,007,622	14,007,622	442,563	442,563
Buildings	21,030,536	21,030,536	25,219,140	25,219,140
Infrastructure	97,620,013	98,505,690	80,040,352	80,801,248
Machinery and Equipment	17,980,400	18,556,259	8,839,102	8,875,981
Less Accumulated Depreciation	[80,054,430]	[84,076,687]	[55,456,261]	[57,500,296]
Total Capital Assets, Net	<u>\$ 70,682,443</u>	<u>\$ 69,961,714</u>	<u>\$ 80,560,844</u>	<u>\$ 84,723,667</u>

Long-Term Debt

At the end of 2020, the City had total bonded debt outstanding of \$71,676,936 backed by full faith and credit of the city, no temporary notes, and \$25,483,228 of State of Kansas Revolving Loan fund debt. In 2010 and 2011, the City experienced a cash flow crisis which had to be addressed to make the second half bond payments in 2011. The crisis was averted by the implementation of several immediate cutbacks as well as significant increases in revenues. Ultimately, a *Fiscal Transformation Plan* was developed to ensure complete recovery. Some of the actions taken to respond and recover included the following:

1. Debt restructuring to improve cash flow position.
2. Increase in property taxes by 2.068 mills in 2011 and subsequently reduced the next year and remained steady as follows: 2010-48.282; 2011-50.35; 2012-47.841; 2013-47.938; 2014-47.666; 2015-47.667; 2016-48.089; and 2017-48.066.
3. Requested and received by a vote of the citizens, a one cent sales tax restricted for debt payments. This was with a 10-year sunset.

4. Worked with Standards & Poor's to retain an A bond rating and since improved the bond rating; 2010 – A-, 2012 – A, and 2014 – A+.
5. Multiple community meetings and forums to engage public in discussions of organizational structure, prioritization of services, and education.
6. Kept open communications with Fort Riley, which is the cities' largest employer.
7. Worked with legislative delegations to extend debt limit revisions for Junction City and was successful in 2012 legislature. We also requested assistance from congressional delegates to lessen the local burden created by Fort Riley.
8. A complete review of all contract services was done to ensure contracts were viable and actions were taken to revise or cancel if contracts were found insufficient. This has led to cancellation of contract for services for operating public works through a private contractor. Contract errors that were found have been corrected.
9. A complete city staff organization plan was analyzed, and changes made to develop efficiencies and eliminated services no longer in demand or deemed a high priority.
10. Administration and franchise fees were established for all utility funds.
11. The policy on Special Assessment practices was changed to ensure that a project developer is responsible for the cost of development.
12. Economic development debt was halted and policy changes to be changed for future projects. Spirit of '76 transactions were reorganized, and controls put in place to reduce city liability.
13. All organizational expenditures were analyzed and limited to operational priorities.
14. The City accounting and fund management practices revised. A new Fiscal Policy was adopted, and multiple checks and balances implemented. The City hired a new audit firm and continues to work with auditors to improve accounting system to meet GAAP and GASB standards.
15. All debt payments have been made, in full and on time, since the 2010 financial crisis.

More detailed information about the City's long-term debt is presented in Note 11 to the basic financial statements.

City of Junction City
Outstanding Debt
General Obligation, Revenue and State of Kansas Revolving Loans

	Governmental Activities		Business-Type Activities	
	2019	2020	2019	2020
General Obligation Bonds	\$ 66,440,806	\$ 56,469,977	\$ 4,404,886	\$ 4,160,295
Special Assessment Debt	12,791,733	11,046,664	-	-
State of KS Revolving Loans	7,598,780	6,816,235	19,803,150	18,666,993
Certificates of Participation	785,000	525,000	-	-
Capital Lease Obligations	1,763,227	1,868,272	381,492	1,780,233
Total	\$ 89,379,546	\$ 76,726,148	\$ 24,589,528	\$ 24,607,521

The City's total debt decreased by a net amount of \$12,635,405 during 2020.

The State of Kansas statutes limit the amount of general obligation debt a government entity may issue up to 40 percent of its total assessed valuation. Certain types of debt do not count in the State of Kansas calculation. Exemptions exist for water and sewer infrastructure projects.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the City Manager's Office, 700 N. Jefferson, Junction City, Kansas or by email at allen.dinkel@jcks.com.

CITY OF JUNCTION CITY, KANSAS

Statement of Net Position

December 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total Primary Government	Dorothy Bramlage Public Library
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>				
Assets				
Cash and Investments	\$ 9,360,121	18,414,932	27,775,053	874,206
Receivables, Net of Allowance for Uncollectible				
Accounts	2,566,239	2,736,301	5,302,540	-
Taxes	14,920,683	-	14,920,683	-
Special Assessments	17,026,118	-	17,026,118	-
Interest	23,114	51,702	74,816	-
Prepaid Expenses	105,992	-	105,992	-
Assets Held for Sale	8,195,900	-	8,195,900	-
Capital Assets, Nondepreciable				
Land	14,007,622	442,563	14,450,185	-
Construction in Progress	1,938,294	26,885,031	28,823,325	-
Capital Assets, Depreciable	138,092,485	114,896,369	252,988,854	-
Less: Accumulated Depreciation	(84,076,687)	(57,500,296)	(141,576,983)	-
Total Assets	122,159,881	105,926,602	228,086,483	874,206
Deferred Outflows of Resources				
Pension Liability	4,491,290	295,572	4,786,862	-
KPERS Other Postemployment Benefits Liability	29,110	-	29,110	-
Other Postemployment Benefits Liability	30,022	-	30,022	-
Unamortized Loss on Refunding	279,050	48,891	327,941	-
Total Deferred Outflows of Resources	4,829,472	344,463	5,173,935	-
Total Assets and Deferred Outflows of Resources	126,989,353	106,271,065	233,260,418	874,206
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>				
Liabilities				
Accounts Payable	1,556,712	537,478	2,094,190	-
Accrued Liabilities	195,826	12,280	208,106	-
Interest Payable	853,244	262,951	1,116,195	-
Court Bonds Payable	159,965	-	159,965	-
Meter Deposits Payable	-	481,143	481,143	-
Unearned Grant Revenue	107,368	-	107,368	-
Noncurrent Liabilities				
Due Within One Year	8,713,252	1,402,835	10,116,087	-
Due in More Than One Year	94,163,064	24,327,437	118,490,501	-
Total Liabilities	105,749,431	27,024,124	132,773,555	-
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	12,627,541	-	12,627,541	-
KPERS Other Postemployment Benefits Liability	29,826	-	29,826	-
Other Postemployment Benefits Liability	14,459	-	14,459	-
Pension Liability	531,627	48,733	580,360	-
Total Deferred Inflows of Resources	13,203,453	48,733	13,252,186	-
Total Liabilities and Deferred Inflows of Resources	118,952,884	27,072,857	146,025,741	-
<u>NET POSITION</u>				
Net Investment in Capital Assets	(4,240,100)	60,116,146	55,876,046	-
Restricted for Expendable				
Revolving Funds	231,782	-	231,782	-
Equipment	567,417	-	567,417	-
Debt Service	16,172,874	-	16,172,874	-
Unrestricted	(4,695,504)	19,082,062	14,386,558	874,206
Total Net Position	\$ 8,036,469	79,198,208	87,234,677	874,206

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

CITY OF JUNCTION CITY, KANSAS

Balance Sheet
Governmental Funds
December 31, 2020

	<u>General</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Land Bank</u>	<u>Spirit of '76</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>							
Assets							
Cash and Investments	\$ 2,192,737	458,990	2,106,582	232,734	2,956	4,366,122	9,360,121
Receivables, Net							
Accounts	1,049,881	-	-	-	-	1,516,358	2,566,239
Taxes	11,202,584	-	2,461,919	-	-	1,256,180	14,920,683
Special Assessments	-	-	17,026,118	-	-	-	17,026,118
Due From Other Funds	1,211,376	-	-	-	-	-	1,211,376
Accrued Interest	11,592	1,267	5,307	-	-	4,948	23,114
Total Assets	\$ 15,668,170	460,257	21,599,926	232,734	2,956	7,143,608	45,107,651
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>							
Liabilities							
Accounts Payable	\$ 1,046,613	-	-	2,987	-	507,112	1,556,712
Court Bonds Payable	159,965	-	-	-	-	-	159,965
Accrued Liabilities	195,178	-	-	-	-	648	195,826
Due to Other Funds	-	-	-	-	-	1,211,376	1,211,376
Deferred Grant Revenue	-	-	-	-	-	107,368	107,368
Total Liabilities	1,401,756	-	-	2,987	-	1,826,504	3,231,247
Deferred Inflows of Resources							
Unavailable Revenue - Property Taxes	8,914,170	-	2,458,516	-	-	1,254,855	12,627,541
Unavailable Revenue - Special Assessments	-	-	17,026,118	-	-	-	17,026,118
Total Deferred Inflows of Resources	8,914,170	-	19,484,634	-	-	1,254,855	29,653,659
Total Liabilities and Deferred Inflows of Resources	10,315,926	-	19,484,634	2,987	-	3,081,359	32,884,906
Fund Balance							
Restricted	1,482,152	-	2,115,292	-	-	2,734,460	6,331,904
Committed	-	-	-	229,747	2,956	1,320,464	1,553,167
Assigned	-	460,257	-	-	-	7,325	467,582
Unassigned	3,870,092	-	-	-	-	-	3,870,092
Total Fund Balance	5,352,244	460,257	2,115,292	229,747	2,956	4,062,249	12,222,745
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 15,668,170	460,257	21,599,926	232,734	2,956	7,143,608	45,107,651

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

CITY OF JUNCTION CITY, KANSAS
Reconciliation of the Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2020

Total Governmental Fund Balances	\$	12,222,745
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
The cost of capital assets is	154,038,401	
Accumulated depreciation is	<u>(84,076,687)</u>	69,961,714
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
		25,222,018
Pension and OPEB contributions are reported as an expense in the funds and as a deferred outflow of resources in the governmental activities in the statement of net position.		
		4,829,472
Pension and OPEB 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.		
		(575,912)
The following assets and liabilities are not due and payable in the current period and therefore are not reported as assets and liabilities in the funds.		
Prepaid expenses	105,992	
Compensated absences	(907,460)	
Net pension liability	(16,828,063)	
Net OPEB obligation	(418,572)	
Net KPERS OPEB obligation	(118,175)	
Loans payable	(6,816,235)	
General obligation bonds payable	(62,141,543)	
Special assessment bonds payable	(11,046,664)	
Spirit loans payable	(2,206,332)	
Certificates of participation payable	(525,000)	
Capital lease payable	(1,868,272)	
Accrued interest on the bonds	<u>(853,244)</u>	<u>(103,623,568)</u>
Net Position of Governmental Activities	\$	<u>8,036,469</u>

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

CITY OF JUNCTION CITY, KANSAS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	<u>General</u>	<u>Capital Improvement</u>	<u>Debt Service</u>	<u>Land Bank</u>	<u>Spirit of '76</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues							
Taxes							
Property	\$ 4,336,496	600	3,293,791	-	-	1,756,782	9,387,669
Sales	7,533,649	-	4,607,918	-	-	-	12,141,567
Franchise	1,803,278	-	-	-	-	-	1,803,278
In Lieu of Taxes	28,798	-	-	-	-	-	28,798
Charges for Services	2,671,503	-	-	-	-	-	2,671,503
Intergovernmental	1,618,854	-	-	-	343,851	4,180,977	6,143,682
Licenses and Permits	268,162	-	-	-	-	-	268,162
Fines and Fees	574,791	-	-	-	-	-	574,791
Special Assessments	3,366	-	2,353,745	-	-	-	2,357,111
Use of Money and Property	147,056	6,238	29,327	-	-	492,241	674,862
Miscellaneous	1,220,268	-	127,726	70,100	-	828,701	2,246,795
Total Revenues	<u>20,206,221</u>	<u>6,838</u>	<u>10,412,507</u>	<u>70,100</u>	<u>343,851</u>	<u>7,258,701</u>	<u>38,298,218</u>
Expenditures							
General Government	2,266,486	-	-	14,743	-	3,908,661	6,189,890
Public Safety	8,855,203	-	-	-	-	1,069,867	9,925,070
Public Works	2,997,585	60,400	-	-	-	1,144,504	4,202,489
Public Health and Sanitation	3,137,964	-	-	-	-	-	3,137,964
Culture and Recreation	2,282,149	-	-	-	-	4,045	2,286,194
Economic Development	445,828	-	-	-	-	368,699	814,527
Miscellaneous	-	-	177,321	-	-	-	177,321
Debt Service							
Principal	491,333	-	32,553,916	-	234,975	494,975	33,775,199
Interest and Other Charges	47,180	-	3,471,534	-	108,865	123,406	3,750,985
Total Expenditures	<u>20,523,728</u>	<u>60,400</u>	<u>36,202,771</u>	<u>14,743</u>	<u>343,840</u>	<u>7,114,157</u>	<u>64,259,639</u>
Excess (Deficit) of Revenues Over Expenditures	<u>(317,507)</u>	<u>(53,562)</u>	<u>(25,790,264)</u>	<u>55,357</u>	<u>11</u>	<u>144,544</u>	<u>(25,961,421)</u>
Other Financing Sources (Uses)							
Bond Proceeds	-	-	25,862,685	-	-	-	25,862,685
Transfers In	1,130,000	139,000	1,100,000	-	-	11,000	2,380,000
Transfers Out	(150,000)	-	-	-	-	(300,000)	(450,000)
Net Other Financing Sources (Uses)	<u>980,000</u>	<u>139,000</u>	<u>26,962,685</u>	<u>-</u>	<u>-</u>	<u>(289,000)</u>	<u>27,792,685</u>
Net Change in Fund Balance	662,493	85,438	1,172,421	55,357	11	(144,456)	1,831,264
Fund Balance - Beginning of Year	4,689,751	374,819	942,871	174,390	2,945	4,206,705	10,391,481
Fund Balance - End of Year	<u>\$ 5,352,244</u>	<u>460,257</u>	<u>2,115,292</u>	<u>229,747</u>	<u>2,956</u>	<u>4,062,249</u>	<u>12,222,745</u>

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

CITY OF JUNCTION CITY, KANSAS
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in
 Fund Balances to the Governmental Activities in the Statement of Activities
 For the Year Ended December 31, 2020

Total Net Change in Fund Balances - Governmental Funds	\$	1,831,264
--	----	-----------

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	2,887,899	
Depreciation expense	<u>(4,107,408)</u>	(1,219,509)

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 decreased.

231,303

Revenues for long-term special assessment receivables are recorded in the statement of activities that do not provide current financial resources are not recorded in the governmental funds.

(1,112,426)

Some expenses reported in the statement of activities, such as compensated absences and other post employment benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences		381,778
Prepaid expense		(29,927)
Net OPEB liability		(29,719)
Net KPERS OPEB liability		(2,690)

Long-term debt proceeds are other financing sources in the governmental funds, but they increase long-term liabilities in the statement of net position and do not affect the statement of activities. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

General obligation debt premiums and discounts		(2,341,377)
Capital lease proceeds		(636,422)

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

(1,046,486)

Repayment of bond principal and amortization of bond premium is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

General obligation debt		6,640,640
Special assessment debt		1,745,069
Spirit loan		234,976
Loans		782,545
Capital leases		531,377
Certificates of participation		260,000
Unamortized loss on refunding		<u>279,050</u>

Change in Net Position of Governmental Activities	\$	<u>6,499,446</u>
--	-----------	-------------------------

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

CITY OF JUNCTION CITY, KANSAS

Statement of Net Position

Proprietary Funds

December 31, 2020

	Business-Type Activities				Total
	Water	Sewer	Stormwater	Nonmajor Enterprise Funds	
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>					
Current Assets					
Cash and Investments	\$ 7,841,950	5,022,158	1,712,127	3,838,697	18,414,932
Receivables, Net of Allowances for Uncollectible					
Accounts	970,201	1,246,042	211,743	308,315	2,736,301
Accrued Interest	21,683	15,048	4,618	10,353	51,702
Total Current Assets	8,833,834	6,283,248	1,928,488	4,157,365	21,202,935
Noncurrent Assets					
Capital Assets					
Nondepreciable Capital Assets					
Land	428,683	13,880	-	-	442,563
Construction in Progress	14,421,370	12,463,661	-	-	26,885,031
Depreciable Capital Assets					
Capital Assets	44,680,909	55,904,607	12,953,947	1,356,906	114,896,369
Accumulated Depreciation	(23,717,782)	(29,632,754)	(2,955,331)	(1,194,429)	(57,500,296)
Total Noncurrent Assets	35,813,180	38,749,394	9,998,616	162,477	84,723,667
Total Assets	44,647,014	45,032,642	11,927,104	4,319,842	105,926,602
Deferred Outflows of Resources					
Pension Liability	86,876	98,365	20,955	89,376	295,572
Unamortized Loss on Refunding	24,750	24,141	-	-	48,891
Total Deferred Outflows of Resources	111,626	122,506	20,955	89,376	344,463
Total Assets and Deferred Outflows of Resources	44,758,640	45,155,148	11,948,059	4,409,218	106,271,065
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>					
Current Liabilities					
Accounts Payable	296,863	200,680	23,263	16,672	537,478
Accrued Liabilities	3,725	3,861	687	4,007	12,280
Interest Payable	125,448	137,503	-	-	262,951
Meter Deposits Payable	481,143	-	-	-	481,143
Current Portion of Loans Payable	62,734	539,062	-	-	601,796
Current Portion of Capital Lease Payable	355,389	15,218	48,907	49,542	469,056
Current Portion of General Obligation Bonds Payable	133,793	198,190	-	-	331,983
Total Current Liabilities	1,459,095	1,094,514	72,857	70,221	2,696,687
Noncurrent Liabilities					
Net Pension Liability	319,107	361,306	76,972	328,287	1,085,672
Loans Payable	7,268,398	10,796,799	-	-	18,065,197
Capital Lease Payable	1,194,988	15,579	100,610	-	1,311,177
General Obligation Bonds Payable	1,530,325	2,297,987	-	-	3,828,312
Compensated Absences Payable	11,807	829	-	24,443	37,079
Total Noncurrent Liabilities	10,324,625	13,472,500	177,582	352,730	24,327,437
Total Liabilities	11,783,720	14,567,014	250,439	422,951	27,024,124
Deferred Inflows of Resources					
Pension Liability	14,324	16,218	3,455	14,736	48,733
Total Liabilities and Deferred Inflows of Resources	11,798,044	14,583,232	253,894	437,687	27,072,857
<u>NET POSITION</u>					
Net Position					
Net Investment in Capital Assets	25,267,553	24,886,559	9,849,099	112,935	60,116,146
Unrestricted	7,693,043	5,685,357	1,845,066	3,858,596	19,082,062
Total Net Position	\$ 32,960,596	30,571,916	11,694,165	3,971,531	79,198,208

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

CITY OF JUNCTION CITY, KANSAS
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Business-Type Activities				Total
	Water	Sewer	Stormwater	Nonmajor Enterprise Funds	
Operating Revenues					
Charges for Services	\$ 6,044,835	6,539,606	1,080,559	1,701,232	15,366,232
Miscellaneous	330,336	304,771	1,196	6,480	642,783
Total Operating Revenues	<u>6,375,171</u>	<u>6,844,377</u>	<u>1,081,755</u>	<u>1,707,712</u>	16,009,015
Operating Expenses					
Personnel Services	418,946	524,085	104,023	508,916	1,555,970
Contractual Services	1,922,430	2,765,437	74,961	468,035	5,230,863
Commodities	99,854	46,208	38,059	108,087	292,208
Depreciation and Amortization	751,377	911,509	270,326	110,825	2,044,037
Total Operating Expense	<u>3,192,607</u>	<u>4,247,239</u>	<u>487,369</u>	<u>1,195,863</u>	9,123,078
Net Operating Income	<u>3,182,564</u>	<u>2,597,138</u>	<u>594,386</u>	<u>511,849</u>	6,885,937
Nonoperating Revenues (Expenses)					
Interest Income	95,891	70,067	23,544	49,022	238,524
Interest Expense	(284,346)	(407,402)	(6,484)	(2,224)	(700,456)
Cost of Issuance	(4,011)	(6,016)	-	-	(10,027)
Underwriter's Discount	(2,641)	(3,961)	-	-	(6,602)
Net Nonoperating Revenues (Expenses)	<u>(195,107)</u>	<u>(347,312)</u>	<u>17,060</u>	<u>46,798</u>	(478,561)
Net Income Before Capital Contributions and Transfers	<u>2,987,457</u>	<u>2,249,826</u>	<u>611,446</u>	<u>558,647</u>	6,407,376
Contributed Capital	27,548	-	-	-	27,548
Transfers Out	(735,000)	(735,000)	(300,000)	(160,000)	(1,930,000)
Net Capital Contributions and Transfers	<u>(707,452)</u>	<u>(735,000)</u>	<u>(300,000)</u>	<u>(160,000)</u>	(1,902,452)
Change in Net Position	2,280,005	1,514,826	311,446	398,647	4,504,924
Net Position - Beginning of Year	30,680,591	29,057,090	11,382,719	3,572,884	74,693,284
Net Position - End of Year	<u>\$ 32,960,596</u>	<u>30,571,916</u>	<u>11,694,165</u>	<u>3,971,531</u>	79,198,208

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

CITY OF JUNCTION CITY, KANSAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020

	Business-Type Activities				Total
	Water	Sewer	Stormwater	Nonmajor Enterprise Funds	
Cash Flows From Operating Activities					
Cash Received From Customers and Users	\$ 5,931,721	6,270,727	1,055,943	1,664,390	14,922,781
Cash Paid to Suppliers of Goods and Services	(1,912,221)	(2,701,152)	(95,551)	(614,129)	(5,323,053)
Cash Paid to Employees	(475,481)	(536,689)	(108,003)	(471,621)	(1,591,794)
Other Operating Receipts	330,336	304,771	1,196	6,480	642,783
Net Cash Provided by Operating Activities	<u>3,874,355</u>	<u>3,337,657</u>	<u>853,585</u>	<u>585,120</u>	<u>8,650,717</u>
Cash Flows From Investing Activities					
Interest Received	115,329	80,036	24,562	55,065	274,992
Cash Flows From Capital and Related Financing Activities					
Purchase and Construction of Capital Assets	(4,975,919)	(1,203,391)	-	-	(6,179,310)
Principal Payments - Capital Lease	-	(14,864)	(45,961)	(90,812)	(151,637)
Principal Payments - General Obligation Bonds	(91,886)	(152,705)	-	-	(244,591)
Interest Payments	(204,575)	(349,985)	(6,484)	(2,224)	(563,268)
Principal Payments - Loans Payable	(131,591)	(1,004,565)	-	-	(1,136,156)
Bond Refunding	(6,652)	(9,977)	-	-	(16,629)
Proceeds - Capital Lease	1,550,377	-	-	-	1,550,377
Net Cash Used for Capital and Related Financing Activities	<u>(3,860,246)</u>	<u>(2,735,487)</u>	<u>(52,445)</u>	<u>(93,036)</u>	<u>(6,741,214)</u>
Cash Flows From Noncapital Financing Activities					
Transfers Out	(735,000)	(735,000)	(300,000)	(160,000)	(1,930,000)
Net Change in Cash and Investments	(605,562)	(52,794)	525,702	387,149	254,495
Cash and Investments - Beginning of Year	<u>8,447,512</u>	<u>5,074,952</u>	<u>1,186,425</u>	<u>3,451,548</u>	<u>18,160,437</u>
Cash and Investments - End of Year	<u>\$ 7,841,950</u>	<u>5,022,158</u>	<u>1,712,127</u>	<u>3,838,697</u>	<u>18,414,932</u>

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

CITY OF JUNCTION CITY, KANSAS
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended December 31, 2020

	Business-Type Activities				Total
	Water	Sewer	Stormwater	Nonmajor Enterprise Funds	
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities					
Net Operating Income	\$ 3,182,564	2,597,138	594,386	511,849	6,885,937
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities					
Depreciation and Bond Amortization Expense	751,377	911,509	270,326	110,825	2,044,037
(Increase) Decrease in Accounts Receivable	(140,844)	(275,510)	(24,616)	(36,842)	(477,812)
(Increase) Decrease in Deferred Outflows	(47,799)	(60,266)	(11,659)	(56,952)	(176,676)
Increase (Decrease) in Meter Deposits Payable	27,730	6,631	-	-	34,361
Increase (Decrease) in Accounts Payable	123,263	124,877	21,325	(25,616)	243,849
Increase (Decrease) in Accrued Liabilities	(13,200)	(14,384)	(3,856)	(6,089)	(37,529)
Increase (Decrease) in Accrued Compensated Absences	(11,599)	(7,554)	-	4,970	(14,183)
Increase (Decrease) in Net Pension Liability	38,387	87,610	10,194	95,366	231,557
Increase (Decrease) in Deferred Inflows	(35,524)	(32,394)	(2,515)	(12,391)	(82,824)
Net Cash Provided by Operating Activities	\$ 3,874,355	3,337,657	853,585	585,120	8,650,717

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

CITY OF JUNCTION CITY, KANSAS
Statement of Fiduciary Net Position
Combined Fiduciary Funds
December 31, 2020

	<u>ASSETS</u>		<u>Custodial Funds</u>
Cash		\$	<u>5,136</u>
	<u>LIABILITIES</u>		
Due To Others		\$	<u>5,136</u>

CITY OF JUNCTION CITY, KANSAS
Statement of Changes in Fiduciary Net Position
Combined Fiduciary Funds
For the Year Ended December 31, 2020

			<u>Custodial Funds</u>
Revenues	\$		-
Expenditures			-
Excess (Deficit) of Revenues Over Expenditures			-
Fund Balance - Beginning of Year			-
Fund Balance - End of Year	\$		<u>-</u>

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

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

City of Junction City, Kansas (the City) was incorporated in 1859 and became a City of the first class on January 1, 1962. The City operates under a City Commission–Manager form of government. The accompanying basic financial statements present the City (the primary government) and its component units, Dorothy Bramlage Public Library and Spirit of '76, entities for which the City is considered to be financially accountable. The Public Library is a discretely presented component unit that is reported in a separate column in the government-wide financial statements to emphasize that the Public Library is legally separate from the City. Spirit of '76 is a blended component unit that is reported as a governmental fund of the City to emphasize that Spirit of '76 is part of the City.

Discretely Presented Component Unit

The Dorothy Bramlage Public Library (the Library) is operated by a Library Board which is appointed by the City Commission. The City levies and collects a special library tax to subsidize the Library's operations. The Library's mill levy can be capped by charter ordinance of the City Commission. Bond issuances must also be approved by the City. Separately issued financial statements for the Library are available at the Library.

Blended Component Unit

Spirit of '76, a Kansas not-for-profit 501(c)(4) corporation, is operated by an eleven-member Board appointed by the Mayor and the Chairman of the Board of County Commissioners. The City has issued several series of Industrial Revenue Bonds (IRB's) for economic development projects within the City for which Spirit of '76 is the tenant under separate financing leases. In relation to these IRB's the City and Spirit of '76 have entered into economic development grant agreements whereby the City agrees to provide Spirit with an economic development grant in an amount necessary for Spirit of '76 to make basic rental payments required by the leases. Spirit of '76 is presented as a governmental fund type. Separately issued financial statements for Spirit of '76 are not available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the primary government and its component units. 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. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water/sewer and stormwater funds are charges to customers for sales and services. Operating expenses for the water/sewer and stormwater 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.

Fiduciary funds are used to account for assets held on behalf of outside parties. The City uses custodial funds to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 90-day availability period is used for revenue recognition for all governmental fund revenues except property taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by deferred revenue accounts.

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

The City reports the following major governmental funds:

General Fund - The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. This fund accounts for the general operating transactions of the City including public safety, public works, parks, recreation, and administration.

Capital Improvement Fund - The capital improvement fund was established to provide a financing mechanism for the repair, restoration and rehabilitation of existing public facilities.

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

Land Bank Fund - The land bank fund accounts for proceeds received from the sale of land bank properties.

Spirit of '76 Fund - The Spirit of '76 fund accounts for several economic development projects of the City.

The City reports the following major proprietary funds:

Water Fund - The water fund accounts for the operation and maintenance activities of the City's water distribution systems.

Sewer Fund - The sewer fund accounts for the operation and maintenance activities of the City's wastewater collection and treatment systems.

Stormwater Fund - The stormwater fund accounts for the operation and maintenance activities of the City's stormwater collection and treatment systems.

Statement of Cash Flows

For purposes of the statement of cash flows, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade accounts receivable are shown net of an allowance for uncollectible. Management records a trade accounts receivable allowance based on percentages of collection estimated from the aging of the accounts receivable.

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Property Taxes and Receivable

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

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

Kansas statutes require that projects financed in part by special assessments to be paid in installments must be financed through the issuance of general obligation bonds or temporary notes which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as revenue in the appropriate capital project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the Debt Service Fund. Further, Kansas statutes require levying additional general and ad valorem property taxes in the City's Debt Service Fund to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the City's Debt Service Fund. Special assessments as levied over a 15 to 20-year period, and annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. On December 31st, the special assessment taxes levied are a lien on the property are recorded as special assessments receivable in the Debt Service Fund with a corresponding amount recorded as a deferred inflow of resources.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, sidewalks and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual cost greater than \$5,000 an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Buildings and systems	50 years
Improvements	7 - 50 years
Machinery and equipment	3 - 15 years
Infrastructure	15 - 50 years

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond the date of this report are recorded as prepaid expenses.

Compensated Absences

Under the terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. Employees are allowed to accumulate vacation leave not to exceed 240 hours. Fire department employees may accumulate up to 480 hours. The policy prohibits payment for vacation in lieu of time off. Upon termination or retirement, vacation is paid to employees up to the maximum accumulations noted above.

All regular full-time employees employed by the City on or before December 31, 1994 who have an accumulation of more than 1,040 sick leave hours, or more than 1,452 sick leave hours for Fire department shift captains, may accumulate up to the accrued balance of the sick leave hours as of December 31, 1994 which then will become their accumulated maximum. All regular full-time employees employed by the City after December 31, 1994 may accumulate up to 1,040 sick leave hours, with no maximum sick leave hours for Fire department shift captains. Upon retirement from the City, employees are paid one quarter of their accumulated sick leave up to a maximum amount of 240 hours for employees and 480 hours for fire department shift captains. To be eligible for the sick leave payout, the retiring employee must be eligible to receive retirement benefits for service with the City through the Kansas Public Employees Retirement System (KPERs) or Kansas Police and Firemen's Retirement System (KP&F).

All vacation pay is accrued when incurred and the varying amounts of accumulated sick leave are accrued upon employees becoming KPERs or KP&F retirement eligible in the government-wide and proprietary financial statements. In the governmental fund financial statements, a liability is accrued when it has matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. Bond premiums and discounts 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.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. This separate financial statement element, *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 a collective deferred outflow of resources related to pensions, OPEB and unamortized loss on refunding of debt, which is described in more detail in Note 4 – Defined Benefit Pension Plan, Note 5 – Other Post Employment Healthcare Benefits and Note 6 – Other Post Employment Benefits (KPERs).

In addition to liabilities, the statement of net position may 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 governmental funds report unavailable revenues from two

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred revenues are reported in both the government-wide statement of net position and the governmental funds balance sheet for property tax receivable. Property taxes are not recognized as revenue until the period for which they are levied. Additionally, the City reports collective deferred inflow of resources related to pensions and OPEB, which is described in more detail in Note 4 – Defined Benefit Pension Plan, Note 5 – Other Post Employment Healthcare Benefits and Note 6 - Other Post Employment Benefits (KPERs).

Net Position and Fund Balance

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

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

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

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

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

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds					Other Governmental Funds	Total Governmental Funds
	General	Capital Improvement	Debt Service	Land Bank	Spirit of '76		
Fund Balances							
Restricted for							
Economic Development	\$ -	-	-	-	-	884,521	884,521
Public Works	-	-	-	-	-	432,410	432,410
Public Safety	-	-	-	-	-	891,274	891,274
Debt Service	-	-	2,115,292	-	-	567,015	2,682,307
Encumbrances	1,482,152	-	-	-	-	-	1,482,152
Committed for							
Employee Benefits	-	-	-	-	-	1,292,774	1,292,774
Economic Development	-	-	-	-	2,956	-	2,956
Capital Improvements	-	-	-	229,747	-	-	229,747
Culture and Recreation	-	-	-	-	-	27,690	27,690
Assigned for							
Capital Improvements	-	460,257	-	-	-	7,325	467,582
Unassigned	3,870,092	-	-	-	-	-	3,870,092
Total Fund Balances	\$ 5,352,244	460,257	2,115,292	229,747	2,956	4,103,009	12,263,505

Concentrations of Credit Risk

Loans are extended and secured with a lien on the property and a personal guaranty to local industries under the revolving loan program. Unsecured credit is extended to customers for water and sewer fees and charges for services. Intergovernmental receivables include unsecured amounts due from federal, state and county agencies for various grant programs. Credit is extended to citizens for special assessments levied by the City for capital improvements. These assessments are secured by liens on the related properties.

Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were budget amendments in the Rural Housing Incentive District, Federal Equitable Sharing Fund, and the General Fund 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

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

individual funds. Budget comparison statements are presented for each governmental fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, fiduciary funds and the following special revenue funds: Spirit of '76 Fund, Sundown Salute Fund, Grants Fund, Special Projects Fund, PSAP 911 Fund, and Federal Funds Exchange Fund.

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

Adoption of New Governmental Accounting Standards Board Statements

During the year, the City adopted GASB Statement No. 84, *Fiduciary Activities*. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities, with the focus of the criteria on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund.

During the year, the City adopted GASB Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placement. This Statement clarifies which liabilities governments should include in their notes disclosures related to debt. This Statement defines debt that must be disclosed in the notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Governments must also disclose amounts of unused lines of credit, assets pledged as collateral for debt, and the terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses. Within the notes, governments should separate information regarding direct borrowing and direct placements of debt from other debt.

During the year, the City adopted GASB Statement No. 90, *Majority Equity Interests*. This Statement defines majority equity interest and specifies that a majority equity interest in a legally separate entity should be reported as an investment and measured using the equity method, if the government's holding of the equity interest meets the definition of an investment. All other holdings of a majority equity interest in a legally separate entity should be reported as a component unit.

Pending Governmental Accounting Standards Board Statements

At December 31, 2020, the Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the City. The Statements that might impact the City are as follows:

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for periods beginning after June 15, 2021, as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

GASB Statement No. 91, *Conduit Debt Obligations*, eliminates diversity in practice associated with government issuers' financial reporting of conduit debt obligations. The Statement achieves that objective by classifying 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 requirements for this statement are effective for periods beginning after December 15, 2021, as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

NOTE 2 – DEPOSITS AND INVESTMENTS

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

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

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

As of December 31, 2020, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (Less Than 1 Year)	Moody Rating
U.S. Agency Securities	\$ 7,482,215	7,482,215	Aaa
Treasury Bonds	499,999	499,999	Aaa
Treasury Notes	4,458,097	4,458,097	Aaa

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (GAAP). 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; and Level 3 inputs are significant unobservable inputs. The U.S. Agency Securities are valued using quoted matrix pricing models (Level 2 inputs).

Several of the above investments are measured at the net asset value, have an ongoing redemption frequency and liquidity fees or redemption gates are not imposed on any of the investments.

Concentration of credit risk. Kansas 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.

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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. Kansas statutes require the City’s deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated “peak periods” when required coverage is 50%. The City did not use “peak periods” during 2020. All deposits were legally secured at December 31, 2020.

At December 31, 2020, The City’s and Fiduciary’s carrying amount of deposits were \$27,775,053 and \$5,136, respectively. The bank balance was \$27,871,328. The bank balance was held by four banks, resulting in a concentration of credit risk. Of the bank balance, \$512,494 was covered by federal depository insurance, \$4,868,523 was secured by letters of credit in the City’s name, and \$22,490,311 was collateralized with securities held by the pledging financial institutions’ agents in the City’s name.

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

NOTE 3 – CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 14,007,622	-	-	14,007,622
Equipment Not in Use	465,910	-	465,910	-
Construction in Progress	98,302	1,957,043	117,051	1,938,294
Total Capital Assets Not Being Depreciated	14,571,834	1,957,043	582,961	15,945,916
Capital Assets Being Depreciated				
Buildings and Improvements	21,030,536	-	-	21,030,536
Infrastructure	97,620,013	885,677	-	98,505,690
Machinery and Equipment	17,514,490	1,126,920	85,151	18,556,259
Total Capital Assets Being Depreciated	136,165,039	2,012,597	85,151	138,092,485
Less Accumulated Depreciation for				
Buildings and Improvements	11,636,182	413,210	-	12,049,392
Infrastructure	55,786,123	2,440,299	-	58,226,422
Machinery and Equipment	12,632,125	1,253,899	85,151	13,800,873
Total Accumulated Depreciation	80,054,430	4,107,408	85,151	84,076,687
Total Capital Assets Being Depreciated, Net	56,110,609	(2,094,811)	-	54,015,798
Governmental Activities Capital Assets, Net	\$ 70,682,443	(137,768)	582,961	69,961,714

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 442,563	-	-	442,563
Construction in Progress	21,475,948	5,591,603	182,520	26,885,031
Total Capital Assets Not Being Depreciated	21,918,511	5,591,603	182,520	27,327,594
Capital Assets Being Depreciated				
Buildings and Improvements	25,219,140	-	-	25,219,140
Machinery and Equipment	8,869,481	6,500	-	8,875,981
Infrastructure	80,009,973	791,275	-	80,801,248
Total Capital Assets Being Depreciated	114,098,594	797,775	-	114,896,369
Less Accumulated Depreciation for				
Buildings and Improvements	10,769,442	416,459	-	11,185,901
Machinery and Equipment	6,826,173	275,442	-	7,101,615
Infrastructure	37,860,646	1,352,135	-	39,212,781
Total Accumulated Depreciation	55,456,261	2,044,036	-	57,500,296
Total Capital Assets Being Depreciated, Net	58,642,333	(1,246,261)	-	57,396,073
Business-type Activities Capital Assets, Net	\$ 80,560,844	4,345,342	182,520	84,723,667

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

Governmental Activities		Business-type Activities	
General government	\$ 508,555	Water	\$ 751,377
Public safety	848,002	Sewer	911,509
Public works	2,574,185	Stormwater	270,326
Parks and recreation	176,666	Nonmajor	110,825
Total	\$ 4,107,408	Total	\$ 2,044,037

NOTE 4 – DEFINED BENEFIT PENSION PLAN

Plan Description

City of Junction City, Kansas participates in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERs), a body corporate and an instrumentality of the State of Kansas. KPERs provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

Those employees participating in the Pension Plan for the City are included in the Local employees and Police and Firemen group.

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

Benefits

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

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

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

The 2012 Legislature made changes affecting new hires, current members and employers. A new cash balance retirement plan (KPERS 3) was created for new hires starting after January 1, 2015. Normal retirement age for KPERS 3 is 65 with 5 years of service or 60 with 30 years of service. Early retirement is available at age 55 with 10 years of service with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

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

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.

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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 rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory employer capped contribution rate for local government employees are both 8.61%. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory employer capped contribution rate for police and firemen employees are both 21.93%. The member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2020 was 6.00% for local government employees and 7.15% for police and firemen.

Contributions to the pension plan for the City were \$349,922 for local government and \$1,458,530 for police and firemen for the year ended December 31, 2020.

Employer Allocations

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

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

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of December 31, 2020 were based on the ratio of each employer's contributions to the total employer and nonemployer contributions of the group for the fiscal year ended June 30, 2020.

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

Net Pension Liability

Net pension liability activity for the year ended December 31, 2020 was as follows:

	Local Government	Police and Firemen
Net Pension Liability	\$3,575,263	\$14,338,472
Measurement Date	June 30, 2020	June 30, 2020
Valuation Date	December 31, 2019	December 31, 2019
City's Proportion	0.206%	1.163%
Change in Proportion	0.060%	0.004%

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Actuarial Assumptions

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

Actuarial Cost Method	Entry age normal
Price inflation	2.75%
Salary increase	3.25 to 11.75%, including inflation
Investment rate of return net of investment expense, 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. Different adjustments apply to pre-retirement versus post-retirement mortality tables.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted for the three year period January 1, 2016 through December 31, 2018. The experience study is dated January 7, 2020.

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The local groups do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap was 1.2%.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Local Employees	\$ 5,031,825	\$ 3,575,263	\$ 2,350,673
Police and Firemen	19,624,956	14,338,472	9,923,502

Pension Expense

For the year ended December 31, 2020, the City recognized pension expense of \$2,894,143, 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 for local employees and police and firemen:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 478,800	45,964
Net differences between projected and actual earnings on investments	1,810,469	-
Changes in assumptions	1,207,899	-
Changes in proportion	336,119	534,396
City contributions subsequent to measurement date	953,575	-
Total	\$ 4,786,862	580,360

The \$953,575 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending		
2021	\$	792,522
2022		940,123
2023		783,307
2024		705,563
2025		31,412
Thereafter		-

NOTE 5 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

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

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Funding Policy

The City provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100 percent of the composite premium cost of active employees to maintain coverage. The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the General Fund. In 2020, the City did not contribute to the plan. As of the January 1, 2019 census, the following employees were covered by the benefit terms:

Active Employees	155
Retirees and Covered Spouses	7
Total	<u><u>162</u></u>

Total OPEB Liability

At December 31, 2020, the total OPEB liability was \$418,572. The OPEB liability was measured as of December 31, 2020 and was determined by an actuarial valuation performed as of January 1, 2019 using the participant census as of January 1, 2019.

Actuarial Assumptions

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

Valuation Date	January 1, 2019
Actuarial Cost Method	Individual Entry Age Normal as a level % of payroll
Inflation	2.50%
Salary Increases	3.50%
Discount Rate	3.64%
Healthcare Cost Trend Rates	Medical & Pharmacy: 8% decreasing 1% per year to an ultimate rate of 4.5% Dental: 4.5%
Retiree's Share of Benefit Related Costs	100% of premium equivalent rates

The discount rate was based on an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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.

Changes in the total OPEB liability are as follows:

Total OPEB Liability – Beginning of Year	\$ <u>363,048</u>
Service Cost	10,324
Interest Cost	12,260
Net Benefits Paid by Employer	5,374
Ad Hoc Postemployment Benefit Changes	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	<u>27,566</u>
Net Changes	<u>55,524</u>
Total OPEB Liability – End of Year	\$ <u>418,572</u>

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Sensitivity of the City's OPEB Liability to Changes in the Discount Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.26%) or one percentage point higher (4.26%) than the current discount rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB Liability	\$ 441,621	418,572	397,527

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Health Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 384,682	418,572	458,799

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the City recognized OPEB expense of \$24,345. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	13,459
Changes in assumptions	30,022	1,000
Total	\$ 30,022	14,459

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

Year Ending	
2021	\$ 1,761
2022	1,761
2023	1,761
2024	1,761
2025	1,761
Thereafter	6,758

NOTE 6 – OTHER POSTEMPLOYMENT BENEFITS (KPERs)

Plan Description

The City participates in a single-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERs). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERs members, as provided by K.S.A. 74-4925. The Plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Benefits

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

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

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

Employees Covered by Benefit Terms

At June 30, 2020, the measurement date, the following employees were covered by the benefit terms:

Active Employees	97
Disabled Employees	1
Total	98

Total OPEB Liability

The City's total KPERS OPEB liability of \$118,175 reported as of December 31, 2020, was measured as of June 30, 2020, and was determined by an actuarial valuation as of December 31, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise noted:

Price Inflation	2.75%
Payroll Growth	3.00%
Salary Increases, Including Inflation	3.5% to 10%
Discount Rate	2.21%
Actuarial Cost Method	Entry Age Normal

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The discount rate was based on the bond buyer general obligation 20-bond municipal index. The discount rate increased from 3.58% in 2017 to 3.87% in 2018, then decreased to 3.50% in 2019 and to 2.21% in 2020.

Mortality rates were based on the RP 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2020.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2016 through December 31, 2018. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2019 KPERS pension valuation.

Changes in the Total OPEB Liability

The following table shows the changes of the City's total OPEB liability:

Total OPEB Liability – Beginning of Year	\$	<u>110,735</u>
Service Cost		11,975
Interest Cost		4,144
Effect on Economic/Demographic Gains or Losses		(7,610)
Effect of Assumptions Changes or Inputs		7,643
Benefit Payments		<u>(8,712)</u>
Net Changes		<u>7,440</u>
Total OPEB Liability – End of Year	\$	<u>118,175</u>

Sensitivity of the Total KPERS OPEB Liability to Changes in the Discount Rate

The following presented the total KPERS OPEB liability of the City, as well as what the City's total KPERS OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	<u>1% Decrease</u> <u>(1.21%)</u>	<u>Discount</u> <u>Rate (2.21%)</u>	<u>1% Increase</u> <u>(3.21%)</u>
Total OPEB Liability	\$ 122,323	118,175	113,707

Sensitivity of the Total KPERS OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total KPERS OPEB liability of the City, as well as what the City's total KPERS OPEB liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates:

	<u>1% Decrease</u>	<u>Health Cost</u> <u>Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 118,175	118,175	118,175

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the City recognized OPEB expense of \$13,036. The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	26,865
Changes in assumptions	8,096	2,961
Contributions subsequent to measurement date	21,014	-
Total	\$ 29,110	29,826

\$21,014 was reported as deferred outflows of resources related to OPEB resulting from City contributions respectively, subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	
2021	\$ (3,083)
2022	(3,083)
2023	(3,083)
2024	(3,083)
2025	(3,083)
Thereafter	(6,315)

NOTE 7 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Litigation

There are a number of claims and/or lawsuits to which the City is a party as a result of the ordinary course of City activities. The City management and legal counsel anticipate that the potential claims against the City not covered by insurance; if any, resulting from such matters would not materially affect the financial position of the City.

Industrial Revenue Bonds

The City has issued industrial revenue bonds to finance the purchase of land and construction of facilities leased to local businesses. The lease agreements provide for rentals sufficient to service the related bonds. The debt service on these issues is paid solely from lease agreements; these issues do not constitute a debt of the City. The lessees have the option of purchasing the leased properties at any time during the lease periods for amounts sufficient to retire the related outstanding bonds. At the end of the lease periods, which conform to bond maturity schedules, the lessees may either purchase the property for a nominal amount or renew the leases annually at nominal amounts. As of December 31, 2020, industrial revenue bonds of \$7,110,905 are outstanding.

The City has issued several series of industrial revenue bonds (IRB's) for economic development projects within the City for which Spirit of '76, Inc, a Kansas not-for-profit 501(c)(41) corporation, is the tenant under separate financing leases that provide for basic rental payments in amounts sufficient to

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

pay debt service on the IRB's. For each of the projects, Spirit of '76 has entered into a sublease agreement with an entity that occupies and operates the project. The entities occupying and operating the projects are Capgemini, Inc. and the Junction City Opera House. The City has guaranteed IRB's in the form of grant payments with outstanding balances as of December 31, 2020, of \$2,206,332 and is recorded as Spirit loans payable in the government-wide statements of the City, as Spirit of '76 is blended with the City financial statements.

In relation to these IRB's the City and Spirit of '76 have entered into economic development grant agreements whereby the City agrees to provide Spirit with an economic development grant in an amount necessary for Spirit of '76 to make the basic rental payments required by the leases. Pursuant to its home rule powers, the City has adopted an ordinance authorizing the issuance of general obligation bonds in amounts necessary to fulfill the City's obligations under each of the grant agreements, thus making the City's obligations to Spirit of '76 pursuant to the grant agreements binding obligations not subject to appropriation. The City does not intend to issue such general obligation bonds, but to make the payments on the dates necessary for Spirit of '76 to make the basic rent payments.

NOTE 9 – ENCUMBRANCES

Encumbrances included in fund balances as of December 31, 2020 are reported in the accompanying table:

Fund	Encumbrances
Major Funds	
General Fund	\$ 1,482,152
Water Fund	23,876
Sewer Fund	2,048,582
Nonmajor Governmental Funds	902,072
Total Reporting Entity	\$ 4,456,682

NOTE 10 – BOND REFUNDING DEBT DEFEASANCE

On August 13, 2020, the City issued Series 2020-A General Obligation Refunding bonds of \$19,290,000 (par value) with an interest rate of 3.00%. The bond proceeds were used to current refund \$240,000 of Series DP General Obligation bonds and \$20,665,000 of Series DW General Obligation bonds. The Series 2020-A bonds were issued at a premium of \$2,372,277, and after paying issuance costs of \$152,958 and underwriter's discount of \$155,311, the net proceeds were \$449,008. The current refunding met the requirements of a debt defeasance and the term bonds in the amount of \$20,905,000 were called on August 14, 2020 and September 1, 2020. The Series 2020-A bonds mature on September 1, 2031 and will be subject to optional redemption and payment prior to their stated maturity. The City completed the refunding to reduce its total debt service requirements and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,983,479.

On August 13, 2020, the City issued Series 2020-B General Obligation Refunding bonds of \$5,035,000 (par value) with interest rates of 1.20% to 2.10%. The bond proceeds were used to current refund \$3,820,000 of Series DX General Obligation bonds and advance refund \$1,080,000 of Series 2011B and C General Obligation bonds. The Series 2020-B bonds were issued at a premium of \$157,792, and after paying issuance costs of \$54,268 and underwriter's discount of \$35,195, the net proceeds were \$1,283,329. The current refunding met the requirements of a debt defeasance and the term bonds in the amount of \$3,820,000 were called on September 1, 2020. The advance refunding net proceeds were used to purchase U.S. Government Securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds in the amount of

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

\$1,080,000 will be called on September 1, 2021. The Series 2020-B bonds mature on September 1, 2036 and will be subject to optional redemption and payment prior to their stated maturity. The City completed the refunding to reduce its total debt service requirements and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,470,532.

NOTE 11 – LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds payable at December 31, 2020 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Outstanding December 31, 2020
Governmental Activities				
Series 2008-DS	4.125%	\$ 382,000	9/15/2028	\$ 190,476
Series 2008-DT	5.25%	1,995,000	9/1/2024	691,184
Series 2011A	4.50% to 5.00%	4,017,074	9/1/2034	2,500,000
Series 2011C	5.00% to 5.75%	410,000	9/1/2026	55,000
Series 2013A	2.00% to 3.00%	8,247,988	9/1/2024	2,780,000
Series 2015A	2.25% to 3.00%	3,815,000	9/1/2025	2,035,000
Series 2016A	2.125% to 5.00%	35,407,217	9/1/2029	29,949,319
Series 2016B	2.00% to 3.00%	7,460,000	9/1/2028	5,930,000
Series 2020A	3.00%	8,937,306	9/1/2031	8,937,306
Series 2020B	1.20% to 2.10%	3,401,691	9/1/2031	3,401,692
Total Governmental Activities				<u>56,469,977</u>
Business-Type Activities				
Series 2016A	2.125% to 5.00%	3,552,784	9/1/2029	2,915,691
Series 2020A	3.00%	34,339	9/1/2031	34,339
Series 2020B	1.20% to 2.10%	905,000	9/1/2036	905,000
Total Business-Type Activities				<u>3,855,030</u>
Total General Obligation Bonds Payable				<u>\$ 60,325,007</u>

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

Year Ending December 31,	Governmental Activities	Business-Type Activities	Total
2021	\$ 8,142,149	460,603	8,602,752
2022	8,105,648	461,194	8,566,842
2023	8,014,316	461,870	8,476,186
2024	7,637,653	461,651	8,099,304
2025	7,141,863	461,267	7,603,130
2026-2030	23,934,555	1,300,366	25,234,921
2031-2035	3,127,800	567,370	3,695,170
2036	-	372,663	372,663
Total Principal and Interest	66,103,984	4,546,984	70,650,968
Less Total Interest	9,634,007	691,954	10,325,961
Total Principal	\$ 56,469,977	3,855,030	60,325,007

Special Assessment Bonds

The City's special assessment debt was issued to provide funds for the construction of infrastructure in new commercial and residential developments. These bonds will be repaid from amounts levied against the property owners benefitted by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time the debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received.

Special assessment bonds at December 31, 2020 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Outstanding December 31, 2020
Governmental Activities				
Series 2020A	3.00%	\$ 10,318,355	9/1/2031	\$ 10,318,355
Series 2020B	1.20% to 2.10%	728,309	9/1/2031	728,309
				\$ 11,046,664

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Annual debt service requirements to maturity for special assessment bonds are as follows:

		Governmental Activities	
		Principal	Interest
2021	\$	884,068	338,808
2022		925,737	296,737
2023		956,455	269,587
2024		981,760	241,526
2025		1,013,421	212,714
2026-2030		5,516,111	600,642
2031		769,112	21,977
Total Special Assessments	\$	<u>11,046,664</u>	<u>1,981,991</u>

Capital Leases – Direct Borrowing

The City has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The following is a schedule of future minimum lease payments for capital leases as of December 31, 2020:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 551,723	40,320	469,056	18,815
2022	494,432	25,871	354,339	26,460
2023	484,105	14,052	347,405	18,697
2024	292,343	4,833	301,672	10,732
2025	45,669	430	307,761	4,643
Total	\$ <u>1,868,272</u>	<u>85,506</u>	<u>1,780,233</u>	<u>79,347</u>

Revolving Loans Payable – Direct Borrowing

The City has engaged in loans with the Kansas Public Water Supply Revolving Fund, the Kansas Water Pollution Control Revolving Fund, and the Kansas Department of Transportation. The following displays annual debt service requirements to maturity for the loans outstanding at December 31, 2020:

Year Ending	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
December 31,				
2021	\$ 813,344	271,676	601,796	69,626
2022	845,618	239,402	384,645	52,385
2023	879,178	205,842	368,688	41,919
2024	914,074	170,946	378,901	31,755
2025	950,361	134,660	389,399	21,307
2026 - 2030	2,413,660	174,274	467,330	15,927
Total	\$ <u>6,816,235</u>	<u>1,196,800</u>	<u>2,590,759</u>	<u>232,919</u>

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The amortization schedules for two revolving loans have not been finalized as of December 31, 2020, and therefore, have not been included in the future annual debt service requirements above. The outstanding balance as of December 31, 2020 on these loans is \$16,076,234.

Certificates of Participation

The City issued Series 2015 Certificates of Participation in the amount of \$1,795,000 on September 9, 2015 to refund series 2007 Certificates of Participation. The interest rate on the certificates is 0.35% to 2.00% and has a final maturity of December 31, 2022.

Future maturities of the certificates of participation are as follows:

		Governmental Activities	
		Principal	Interest
2021	\$	260,000	9,590
2022		265,000	5,300
		\$ 525,000	14,890

Changes in long-term debt outstanding are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 63,110,617	12,338,998	18,979,638	56,469,977	6,204,117
Less: Unamortized Bond Discount	(303,857)	-	(303,857)	-	-
Plus: Unamortized Bond Premium	3,634,046	2,497,484	459,964	5,671,566	-
Special Assessment Debt with City Commitment	12,791,733	11,046,663	12,791,732	11,046,664	884,068
KDOT Loans Payable - Direct Borrowing	7,598,780	-	782,545	6,816,235	813,344
Spirit Loans Payable	2,441,308	-	234,976	2,206,332	-
Certificates of Participation	785,000	-	260,000	525,000	260,000
Capital Leases Payable - Direct Borrowing	1,763,227	636,422	531,377	1,868,272	551,723
Compensated Absences	1,289,238	-	381,778	907,460	-
Net Pension Liability	13,665,827	3,162,236	-	16,828,063	-
Total OPEB Liability	363,048	55,524	-	418,572	-
Total OPEB Liability - KPERS	110,735	7,440	-	118,175	-
Total Long-Term Debt	\$ 107,249,702	29,744,767	34,118,153	102,876,316	8,713,252
Business-Type Activities					
General Obligation Bonds	\$ 4,085,591	939,339	1,169,900	3,855,030	331,983
Plus: Unamortized Bond Premium	319,295	32,585	46,615	305,265	-
KDHE Loans Payable - Direct Borrowing	19,803,150	594,089	1,730,246	18,666,993	601,796
Capital Leases Payable - Direct Borrowing	381,492	1,550,377	151,636	1,780,233	469,056
Compensated Absences	51,262	-	14,183	37,079	-
Net Pension Liability	854,115	231,557	-	1,085,672	-
Total Long-Term Debt	\$ 25,494,905	3,347,947	3,112,580	25,730,272	1,402,835

For the governmental activities, compensated absences are generally liquidated by the general fund.

NOTE 12 – SPECIAL ASSESSMENTS

Kansas statutes require special benefit district projects financed in part by special assessments to be financed through the issuance of general obligation bonds that are secured by the full faith and credit of the City. Further, state statutes permit levying additional general ad valorem taxes in the City's debt service fund

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

to finance delinquent special assessments receivable. Accordingly, special assessments receivable are accounted for within the City's debt service fund. Special assessments are levied over the repayment period of the bonds and the annual installments are due and payable with annual ad valorem taxes. At December 31, 2020, the special assessment taxes levied are a lien on the property and are recorded as a special assessment receivable in the debt service fund with a corresponding amount recorded as deferred revenue. Special assessments receivable, net of allowance at December 31, 2020 was \$17,026,118.

NOTE 13 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis as authorized by Kansas statutes. The City's operating transfers and statutory authority for the year ended December 31, 2020 were as follows:

<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>	<u>Regulatory Authority</u>
General	Capital Improvements	\$ 139,000	K.S.A. 12-1,118
Sewer	General	485,000	K.S.A. 12-825d
Water	General	485,000	K.S.A. 12-825d
Sanitation	General	160,000	K.S.A. 12-825d
Sewer	Debt Service	250,000	K.S.A. 12-825d
Water	Debt Service	250,000	K.S.A. 12-825d
Stormwater	Debt Service	300,000	K.S.A. 12-825d
Special Highway	Debt Service	300,000	Bond agreement
General	Special Highway	11,000	K.S.A. 68-590

In the governmental fund financial statements, total transfers in of \$1,930,000 tie to the total transfers out of \$1,930,000 from the proprietary funds.

NOTE 14 – TAX ABATEMENTS

Neighborhood Revitalization Areas. The City has an established neighborhood revitalization plan as of December 31, 2020. NRAs are established under K.S.A. 12-17,114 and are 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 of the incremental increase in property taxes resulting from improvements back to the property owner. To qualify for an NRA rebate, property owners must submit an application to be reviewed by City staff and approved by the City Commission. Applicants must also provide verification that they are current on all real or personal property taxes.

The percentage of the increase in property taxes rebated back to the property owners depends on the type and location of the property. Commercial and industrial properties receive a 95% rebate for a maximum of 10 years. Multi-family residential properties receive a 95% rebate for a maximum of five years. Single-family residential properties receive a 95% rebate for the first two years, 75% rebate in year three, 50% rebate in year four and 25% rebate in the fifth and final year.

During the year ended December 31, 2020, the City paid \$98,438 to various property owners under the Neighborhood Revitalization Program.

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

CITY OF JUNCTION CITY, KANSAS
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

NOTE 15 – LAND HELD FOR SALE

During 2015, the City took possession of 942 lots of land that failed to sell at tax-foreclosure auctions. These lots include infrastructure improvements (streets, water and sewer lines, etc.) paid for by special assessments levied by the City. In 2018, the City took possession of an additional 159 lots. These lots were then placed in the City's Land Bank and will be listed for sale. Kansas statutes allow the re-amortization of the special assessments levied on each property over a twenty-year period starting when a lot is sold. Proceeds from the sale of the properties will be used to retire the outstanding special assessment bonds, as authorized by Kansas statutes. At December 31, 2020, the value of the land held for sale totaled \$8,195,900.

NOTE 16 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

The City exceeded its budget authority by \$36,331 in the Federal Equitable Sharing Fund, which is a violation of K.S.A. 79-2935.

NOTE 17 – CRF AND 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 Security (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 \$1,047,283 during 2020. The City is encouraged to share the CRF with school districts and local businesses within the City. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. The goals are to be fair, impactful and timely. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at <https://covid.ks.gov/>.

NOTE 18 – RISKS AND UNCERTAINTIES

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

CITY OF JUNCTION CITY, KANSAS

Required Supplementary Information

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
General Fund
For the Year Ended December 31, 2020

	Actual	Budgeted Amounts		Variance
		Original	Final	Over (Under)
Revenues				
Taxes	\$ 13,083,623	13,035,416	14,035,416	(951,793)
Charges for Services	2,671,503	4,233,813	5,886,813	(3,215,310)
Special Assessments	3,366	-	-	3,366
Intergovernmental	1,618,854	777,000	777,000	841,854
Licenses and Permits	268,162	245,000	245,000	23,162
Fines and Fees	574,791	625,000	625,000	(50,209)
Use of Money and Property	155,523	35,000	35,000	120,523
Prior Year Cancelled Encumbrance	557,909	-	-	557,909
Miscellaneous	1,220,269	417,000	417,000	803,269
Total Revenues	20,154,000	19,368,229	22,021,229	(1,867,229)
Expenditures				
Administration	1,485,596	638,602	1,638,602	(153,006)
Building Maintenance	227,433	202,847	202,847	24,586
Information Systems	643,731	352,996	352,996	290,735
Airport	81,625	131,800	131,800	(50,175)
Court	413,005	369,706	369,706	43,299
Legal	199,907	436,722	436,722	(236,815)
Ambulance	3,299,719	3,526,474	3,526,474	(226,755)
Animal Shelter	106,342	183,074	183,074	(76,732)
Planning and Development	403,256	476,457	476,457	(73,201)
County Inspection	26,065	30,000	30,000	(3,935)
Police	5,708,211	6,621,210	6,621,210	(912,999)
Fire	2,674,326	2,803,044	2,803,044	(128,718)
Parks	1,250,788	855,906	855,906	394,882
Recreation	951,385	813,941	813,941	137,444
Spin City	111,224	218,162	218,162	(106,938)
Streets	3,424,551	3,194,032	3,194,032	230,519
Engineering	1,868	-	-	1,868
Opera House	164,116	172,000	172,000	(7,884)
Swimming Pool	108,423	211,869	211,869	(103,446)
Miscellaneous	-	615,000	615,000	(615,000)
Debt Service				
Principal	491,333	-	-	491,333
Interest and Other Charges	47,180	-	-	47,180
Total Expenditures	21,820,084	21,853,842	22,853,842	(1,033,758)
Excess (Deficit) of Revenues Over (Under) Expenditures	\$ (1,666,084)	(2,485,613)	(832,613)	(833,471)

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

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
General Fund (Continued)
For the Year Ended December 31, 2020

	Actual	Budgeted Amounts		Variance Over (Under)
		Original	Final	
Other Financing Sources (Uses)				
Transfer In	\$ 1,130,000	1,130,000	1,130,000	-
Transfer Out	(150,000)	(150,000)	(150,000)	-
Net Other Financing Sources (Uses)	980,000	980,000	980,000	-
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(686,084)	(1,505,613)	147,387	(833,471)
Budgetary Basis Fund Balance - Beginning of Year	1,206,289			
Budgetary Basis Fund Balance - End of Year	520,205			
GAAP Adjustments				
Encumbrances	1,482,152			
Accounts Receivable	1,049,881			
Taxes Receivable	2,288,414			
Accrued Interest Receivable	11,592			
Fund Balance - End of Year	\$ 5,352,244			

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

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
Capital Improvement Fund
For the Year Ended December 31, 2020

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance Over (Under)
		<u>Original</u>	<u>Final</u>	
Revenues				
Taxes	\$ 600	-	-	600
Use of Money and Property	<u>6,743</u>	<u>-</u>	<u>-</u>	<u>6,743</u>
Total Revenues	7,343	-	-	7,343
Expenditures				
Contractual	<u>60,400</u>	<u>160,000</u>	<u>160,000</u>	<u>(99,600)</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	(53,057)	(160,000)	(160,000)	106,943
Other Financing Sources				
Transfers In	<u>139,000</u>	<u>150,000</u>	<u>150,000</u>	<u>(11,000)</u>
Excess Revenues and Other Financing Sources Over (Under) Expenditures	85,943	<u>(10,000)</u>	<u>(10,000)</u>	<u>95,943</u>
Budgetary Basis Fund Balance - Beginning of Year	<u>373,047</u>			
Budgetary Basis Fund Balance - End of Year	458,990			
GAAP Adjustments				
Accrued Interest Receivable	<u>1,267</u>			
Fund Balance - End of Year	\$ <u><u>460,257</u></u>			

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

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
Land Bank Fund
For the Year Ended December 31, 2020

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Variance Over (Under)</u>
		<u>Original</u>	<u>Final</u>	
Revenues				
Intergovernmental	\$ 70,100	-	-	70,100
Expenditures				
Contractual	<u>14,743</u>	<u>250,000</u>	<u>250,000</u>	<u>(235,257)</u>
Excess Revenues Over (Under) Expenditures	55,357	<u>(250,000)</u>	<u>(250,000)</u>	<u>305,357</u>
Fund Balance - Beginning of Year	<u>174,390</u>			
Fund Balance - End of Year	\$ <u>229,747</u>			

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

CITY OF JUNCTION CITY, KANSAS
 Required Supplementary Information
 December 31, 2020

KPERS PENSION PLAN

**Schedule of the City's Proportionate Share of the Collective Net Pension Liability
 Last Six Fiscal Years***

Fiscal Year-End Measurement Date	December 31, 2020 June 30, 2020	December 31, 2019 June 30, 2019	December 31, 2018 June 30, 2018	December 31, 2017 June 30, 2017	December 31, 2016 June 30, 2016	December 31, 2015 June 30, 2015
KPERS						
City's proportion of the net pension liability	0.206%	0.200%	0.211%	0.205%	0.210%	0.217%
City's proportionate share of the net pension liability	\$ 3,575,263	\$ 2,795,639	\$ 2,934,890	\$ 2,968,813	\$ 3,249,381	\$ 2,853,521
City's covered-employee payroll	\$ 3,885,874	\$ 3,672,092	\$ 3,673,329	\$ 3,661,174	\$ 3,654,639	\$ 3,570,008
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	92.01%	76.13%	79.90%	81.09%	88.91%	79.93%
Plan fiduciary net position as a percentage of the total pension liability	64.81%	75.02%	74.22%	72.15%	68.55%	71.98%
KP&F						
City's proportion of the net pension liability	1.163%	1.158%	1.218%	1.158%	1.207%	1.233%
City's proportionate share of the net pension liability	\$ 14,338,472	\$ 11,724,303	\$ 11,717,817	\$ 10,861,684	\$ 11,209,981	\$ 8,951,992
City's covered-employee payroll	\$ 6,384,551	\$ 6,228,404	\$ 6,235,516	\$ 5,955,667	\$ 5,686,971	\$ 5,367,327
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	224.58%	188.24%	187.92%	182.38%	197.12%	166.79%
Plan fiduciary net position as a percentage of the total pension liability	66.81%	71.22%	71.53%	70.99%	69.30%	74.60%

* The amounts presented for each fiscal year were determined as of December 31st. GASB No. 68 requires presentation of ten years. Until a full 10 year trend is compiled, the City will present information for those years for which information is available.

Changes of assumptions and other inputs

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

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
 Required Supplementary Information
 December 31, 2020

KPERS PENSION PLAN

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
KPERS						
Contractually required contribution	\$ 340,751	319,579	308,192	309,735	329,651	346,460
Contributions in relation to the contractually required contribution	<u>340,751</u>	<u>319,579</u>	<u>308,192</u>	<u>309,735</u>	<u>329,651</u>	<u>346,460</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	3,885,874	3,672,092	3,673,329	3,661,174	3,590,968	3,654,639
Contributions as a percentage of covered payroll	8.77%	8.70%	8.39%	8.46%	9.18%	9.48%
KP&F						
Contractually required contribution	\$ 1,407,286	1,309,322	1,252,715	1,133,364	1,181,953	1,214,737
Contributions in relation to the contractually required contribution	<u>1,407,286</u>	<u>1,309,322</u>	<u>1,252,715</u>	<u>1,133,364</u>	<u>1,181,953</u>	<u>1,214,737</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 6,384,551	\$ 6,228,404	\$ 6,235,516	\$ 5,955,667	\$ 5,788,214	\$ 5,686,971
Contributions as a percentage of covered payroll	22.04%	21.02%	20.09%	19.03%	20.42%	21.36%

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

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
 Required Supplementary Information
 December 31, 2020

OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS

Schedule of Changes in the City's Total Other
 Post-Employment Benefits and Related Ratios
 Last Four Fiscal Years*

Total OPEB Liability	2020	2019	2018	2017
Service Cost	\$ 10,324	9,263	5,684	4,986
Interest Cost	12,260	12,342	11,265	11,897
Differences Between Expected and Actual Experience	-	(16,579)	-	-
Changes in Assumptions	27,566	(1,232)	-	8,425
Employer Contributions (Benefit Payments)	5,374	8,012	(35,494)	45,896
Net Changes in Total OPEB Liability	55,524	11,806	(18,545)	71,204
Total OPEB Liability - Beginning of Year	363,048	351,242	369,787	298,583
Total OPEB Liability - End of Year	\$ 418,572	363,048	351,242	369,787
Covered Payroll	\$ 11,232,627	7,649,954	6,640,607	6,416,045
Total OPEB Liability as a Percentage of Covered Payroll	3.73%	4.75%	5.29%	5.76%

Notes to Schedule

Changes of assumptions and other inputs

Changes in assumptions and other inputs reflect a change in the discount rate from 3.70% in 2017, 3.20% in 2018, 3.64% in 2019 and 3.26% in 2020.

*GASB 75 requires presentation of ten years. Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
 Required Supplementary Information
 December 31, 2020

OTHER POSTEMPLOYMENT BENEFITS – DEATH AND DISABILITY

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

Total OPEB Liability	2020	2019	2018
Service Cost	\$ 11,975	12,671	12,554
Interest Cost	4,144	4,803	4,591
Effect of Economic/Demographic Gains or Losses	(7,610)	(15,333)	(11,359)
Effect of Assumptions Changes or Inputs	7,643	1,542	(1,332)
Employer Contributions (Benefit Payments)	(8,712)	(8,712)	(8,712)
Net Changes in Total OPEB Liability	7,440	(5,029)	(4,258)
Total OPEB Liability - Beginning of Year	110,735	115,764	120,022
Total OPEB Liability - End of Year	\$ 118,175	110,735	115,764
Covered Payroll	\$ 3,741,420	3,299,627	3,577,688
Total OPEB Liability as a Percentage of Covered Payroll	3.16%	3.36%	3.24%

Notes to Schedule

Changes of assumptions and other inputs

Changes in assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018, 3.50% in 2019, and 2.21% in 2020.

*GASB 75 requires presentation of ten years. Until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See Independent Auditor's Report.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The special revenue funds used by the City of Junction City, Kansas are:

Economic Development Fund – To account for the joint City/County department that promotes retail and industrial development within or near Junction City and Geary County.

Employee Benefits Fund - To account for all payroll-related benefit expenses including the City's costs of workers' compensation, social security, retirement, unemployment and health insurance.

Library Fund - To account for the levying of ad valorem property tax on behalf of the Dorothy Bramlage Library Board.

Special Highway Fund - To account for monies levied by the State of Kansas which produces revenues the City can use to defray, in whole or in part, the cost of constructing, altering, reconstructing, maintaining and repairing streets and highways.

Fire Equipment Fund - To account for revenues and expenses for the purchase of rolling stock equipment for the fire department.

Drug and Alcohol Fund - To account for the monies provided by as state liquor tax on private clubs which are to be expended for the purchase, establishment, maintenance or expansion of services or programs for alcoholism prevention and education. The City used this fund to support the D.A.R.E. program in the public school system.

Sundown Salute Fund - To account for the collection of donations used for the City's annual 4th of July community celebration.

CDBG Revolving Loans Fund – To account for CDBG grant proceeds received.

Grants Fund – To account for grant proceeds received from various funding sources.

Rural Housing District Fund – To account for the taxes received to pay the debt on the Bluffs Park.

Law Enforcement Trust Fund – To account for funds collected through drug forfeitures. The funds can only be used for additional technical equipment or expertise, matching funds for federal grants or to defray the costs of protracted or complex investigation for local police.

Law Enforcement Training Fund – To account for funds collected through tickets issued by the police department. The funds can only be used for training of law enforcement personnel.

Federal Equitable Sharing Fund – To account for forfeiture of assets received by the City in connection with criminal prosecutions under federal law.

Treasury Forfeiture Fund – To account for forfeiture of assets received by the City in connection with other criminal prosecutions.

Special Projects Fund – To account for special projects including donation contributions and related expenses.

PSAP 911 Fund – To account for 911 fees including costs associated with 911 services.

Federal Funds Exchange Fund – To account for monies received from the Federal Funds Exchange.

CITY OF JUNCTION CITY, KANSAS
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2020

<u>ASSETS</u>	<u>Economic Development</u>	<u>Employee Benefits</u>	<u>Library</u>	<u>Special Highway</u>	<u>Fire Equipment</u>	<u>Drug and Alcohol</u>
Assets						
Cash and Investments	\$ 660,081	1,354,363	25,838	220,737	565,540	16,719
Receivables						
Property Tax	171,493	-	741,920	-	342,767	-
Accounts	34,214	9,657	-	-	-	-
Accrued Interest	1,780	-	-	1,391	1,525	46
Total Assets	\$ 867,568	1,364,020	767,758	222,128	909,832	16,765
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
Liabilities						
Accounts Payable	\$ 43,500	71,246	-	221,346	-	493
Accrued Liabilities	-	-	-	-	-	648
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	43,500	71,246	-	221,346	-	1,141
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	171,329	-	741,111	-	342,415	-
Deferred Grant Revenue	-	-	-	-	-	-
Total Deferred Inflows of Resources	171,329	-	741,111	-	342,415	-
Total Liabilities and Deferred Inflows of Resources	214,829	71,246	741,111	221,346	342,415	1,141
Fund Balance						
Restricted	652,739	-	-	782	567,417	15,624
Committed	-	1,292,774	26,647	-	-	-
Assigned	-	-	-	-	-	-
Total Fund Balance (Deficit)	652,739	1,292,774	26,647	782	567,417	15,624
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 867,568	1,364,020	767,758	222,128	909,832	16,765

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
December 31, 2020

<u>ASSETS</u>	Sundown Salute	CDBG Revolving Loans	Grants	Rural Housing District	Law Enforcement Trust	Law Enforcement Training
Assets						
Cash and Investments	\$ 838	179,127	-	567,015	44,326	4,997
Receivables						
Property Tax	-	-	-	-	-	-
Accounts	205	52,655	1,418,427	-	-	-
Accrued Interest	-	-	-	-	119	13
Total Assets	\$ 1,043	231,782	1,418,427	567,015	44,445	5,010
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
Liabilities						
Accounts Payable	\$ -	-	107,261	-	17,985	790
Accrued Liabilities	-	-	-	-	-	-
Due to Other Funds	-	-	1,211,376	-	-	-
Total Liabilities	-	-	1,318,637	-	17,985	790
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	-	-	-	-	-	-
Deferred Grant Revenue	-	-	107,368	-	-	-
Total Deferred Inflows of Resources	-	-	107,368	-	-	-
Total Liabilities and Deferred Inflows of Resources	-	-	1,426,005	-	17,985	790
Fund Balance						
Restricted	-	231,782	(7,578)	567,015	26,460	4,220
Committed	1,043	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total Fund Balance (Deficit)	1,043	231,782	(7,578)	567,015	26,460	4,220
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,043	231,782	1,418,427	567,015	44,445	5,010

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
December 31, 2020

<u>ASSETS</u>	Federal Equitable Sharing	Treasury Forfeiture	Special Projects	PSAP 911	Federal Funds Exchange Funds	<u>Totals</u>
Assets						
Cash and Investments	\$ 259,954	15,891	6,755	4,735	439,206	4,366,122
Receivables						
Property Tax	-	-	-	-		1,256,180
Accounts	-	-	1,200	-	-	1,516,358
Accrued Interest	-	43	19	12	-	4,948
Total Assets	\$ 259,954	15,934	7,974	4,747	439,206	7,143,608
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
Liabilities						
Accounts Payable	\$ 43,842	-	649	-	-	507,112
Accrued Liabilities	-	-	-	-	-	648
Due to Other Funds	-	-	-	-	-	1,211,376
Total Liabilities	43,842	-	649	-	-	1,719,136
Deferred Inflows of Resources						
Unavailable Revenue - Property Taxes	-	-	-	-	-	1,254,855
Deferred Grant Revenue	-	-	-	-	-	107,368
Total Deferred Inflows of Resources	-	-	-	-	-	1,362,223
Total Liabilities and Deferred Inflows of Resources	43,842	-	649	-	-	3,081,359
Fund Balance						
Restricted	216,112	15,934	-	4,747	439,206	2,734,460
Committed	-	-	-	-	-	1,320,464
Assigned	-	-	7,325	-	-	7,325
Total Fund Balance (Deficit)	216,112	15,934	7,325	4,747	439,206	4,062,249
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 259,954	15,934	7,974	4,747	439,206	7,143,608

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2020

	Economic Development	Employee Benefits	Library	Special Highway	Fire Equipment	Drug and Alcohol
Revenues						
Taxes	\$ 174,963	1,410	851,074	-	374,340	49,465
Intergovernmental	-	-	-	567,565	-	-
Use of Money and Property	478,135	-	-	4,694	8,745	238
Miscellaneous	-	538,997	-	-	-	423
Total Revenues	<u>653,098</u>	<u>540,407</u>	<u>851,074</u>	<u>572,259</u>	<u>383,085</u>	<u>50,126</u>
Expenditures						
General Government	-	204,703	845,000	-	-	-
Public Safety	-	-	-	-	9,520	40,979
Public Works	-	-	-	1,144,504	-	-
Recreation	-	-	-	-	-	-
Economic Development	368,699	-	-	-	-	-
Debt Service						
Principal	234,975	-	-	-	-	-
Interest and Other Charges	108,865	-	-	-	-	-
Total Expenditures	<u>712,539</u>	<u>204,703</u>	<u>845,000</u>	<u>1,144,504</u>	<u>9,520</u>	<u>40,979</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	(59,441)	335,704	6,074	(572,245)	373,565	9,147
Other Financing Sources (Uses)						
Transfers In	-	-	-	11,000	-	-
Transfers Out	-	-	-	(300,000)	-	-
Net Change in Fund Balance	(59,441)	335,704	6,074	(861,245)	373,565	9,147
Fund Balance - Beginning of the Year	<u>712,180</u>	<u>957,070</u>	<u>20,573</u>	<u>862,027</u>	<u>193,852</u>	<u>6,477</u>
Fund Balance - End of Year	<u>\$ 652,739</u>	<u>1,292,774</u>	<u>26,647</u>	<u>782</u>	<u>567,417</u>	<u>15,624</u>

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2020

	Sundown Salute	CDBG Revolving Loans	Grants	Rural Housing District	Law Enforcement Trust	Law Enforcement Training
Revenues						
Taxes	\$ -	-	-	305,530	-	-
Intergovernmental	-	-	2,940,411	-	233,795	-
Use of Money and Property	-	-	-	-	67	77
Miscellaneous	4,051	9,973	-	-	-	9,263
Total Revenues	<u>4,051</u>	<u>9,973</u>	<u>2,940,411</u>	<u>305,530</u>	<u>233,862</u>	<u>9,340</u>
Expenditures						
General Government	-	-	2,851,264	-	-	-
Public Safety	-	-	-	-	351,204	6,809
Public Works	-	-	-	-	-	-
Recreation	4,045	-	-	-	-	-
Economic Development	-	-	-	-	-	-
Debt Service						
Principal	-	-	-	260,000	-	-
Interest and Other Charges	-	-	-	14,541	-	-
Total Expenditures	<u>4,045</u>	<u>-</u>	<u>2,851,264</u>	<u>274,541</u>	<u>351,204</u>	<u>6,809</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	6	9,973	89,147	30,989	(117,342)	2,531
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Net Change in Fund Balance	6	9,973	89,147	30,989	(117,342)	2,531
Fund Balance - Beginning of the Year	<u>1,037</u>	<u>221,809</u>	<u>(96,725)</u>	<u>536,026</u>	<u>143,802</u>	<u>1,689</u>
Fund Balance - End of Year	<u>\$ 1,043</u>	<u>231,782</u>	<u>(7,578)</u>	<u>567,015</u>	<u>26,460</u>	<u>4,220</u>

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds (Continued)
For the Year Ended December 31, 2020

	Federal Equitable Sharing	Treasury Forfeiture	Special Projects	PSAP 911	Federal Funds Exchange Funds	Totals
Revenues						
Taxes	\$ -	-	-	-	-	1,756,782
Intergovernmental	-	-	-	-	439,206	4,180,977
Use of Money and Property	-	179	106	-	-	492,241
Miscellaneous	218,608	-	7,950	39,436	-	828,701
Total Revenues	<u>218,608</u>	<u>179</u>	<u>8,056</u>	<u>39,436</u>	<u>439,206</u>	<u>7,258,701</u>
Expenditures						
General Government	-	3,775	3,919	-	-	3,908,661
Public Safety	406,331	-	-	255,024	-	1,069,867
Public Works	-	-	-	-	-	1,144,504
Recreation	-	-	-	-	-	4,045
Economic Development	-	-	-	-	-	368,699
Debt Service						
Principal	-	-	-	-	-	494,975
Interest and Other Charges	-	-	-	-	-	123,406
Total Expenditures	<u>406,331</u>	<u>3,775</u>	<u>3,919</u>	<u>255,024</u>	<u>-</u>	<u>7,114,157</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	(187,723)	(3,596)	4,137	(215,588)	439,206	144,544
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	-	11,000
Transfers Out	-	-	-	-	-	(300,000)
Net Change in Fund Balance	(187,723)	(3,596)	4,137	(215,588)	439,206	455,544
Fund Balance - Beginning of the Year	403,835	19,530	3,188	220,335	-	4,206,705
Fund Balance - End of Year	\$ <u>216,112</u>	<u>15,934</u>	<u>7,325</u>	<u>4,747</u>	<u>439,206</u>	<u>4,662,249</u>

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
Economic Development Fund
For the Year Ended December 31, 2020

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Variance Over (Under)</u>
		<u>Original</u>	<u>Final</u>	
Revenues				
Taxes	\$ 176,914	183,664	183,664	(6,750)
Use of Money and Property	479,528	464,760	464,760	14,768
Total Revenues	656,442	648,424	648,424	8,018
Expenditures				
Commodities	-	10,000	10,000	(10,000)
Contractual Services	493,700	694,500	694,500	(200,800)
Debt Service				
Principal	234,975	242,032	242,032	(7,057)
Interest and Other Charges	108,865	113,687	113,687	(4,822)
Total Expenditures	837,540	1,060,219	1,060,219	(222,679)
Excess (Deficit) of Revenues Over Expenditures	(181,098)	(411,795)	(411,795)	230,697
Budgetary Basis Fund Balance - Beginning of Year	706,893			
Budgetary Basis Fund Balance - End of Year	525,795			
GAAP Adjustments				
Encumbrances	125,000			
Taxes Receivable	164			
Accrued Interest Receivable	1,780			
Fund Balance - End of Year	\$ 652,739			

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
Employee Benefits Fund
For the Year Ended December 31, 2020

	Actual	Budgeted Amounts		Variance Over (Under)
		Original	Final	
Revenues				
Taxes	\$ 1,410	-	-	1,410
Use of Money and Property	-	250	250	(250)
Miscellaneous	538,997	250,000	250,000	288,997
Total Revenues	540,407	250,250	250,250	290,157
Expenditures				
Contractual Services	204,703	300,000	300,000	(95,297)
Excess (Deficit) of Revenues Over Expenditures	335,704	<u>(49,750)</u>	<u>(49,750)</u>	<u>385,454</u>
Budgetary Basis Fund Balance - Beginning of Year	957,070			
Budgetary Basis Fund Balance - End of Year	\$ 1,292,774			

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
Library Fund
For the Year Ended December 31, 2020

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Variance Over (Under)</u>
		<u>Original</u>	<u>Final</u>	
Revenues				
Taxes	\$ 860,941	877,599	877,599	(16,658)
Expenditures				
Contractual Services	845,000	845,000	845,000	-
Excess (Deficit) of Revenues Over Expenditures	15,941	<u>32,599</u>	<u>32,599</u>	<u>(16,658)</u>
Budgetary Basis Fund Balance - Beginning of Year	9,897			
Budgetary Basis Fund Balance - End of Year	25,838			
GAAP Adjustments				
Taxes Receivable	809			
Fund Balance - End of Year	\$ 26,647			

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
Special Highway Fund
For the Year Ended December 31, 2020

	Actual	Budgeted Amounts		Variance Over (Under)
		Original	Final	
Revenues				
Intergovernmental	\$ 567,565	626,950	626,950	(59,385)
Use of Money and Property	7,400	-	-	7,400
Total Revenues	574,965	626,950	626,950	(51,985)
Expenditures				
Contractual Services	1,172,972	1,764,805	1,764,805	(591,833)
Capital Outlay	405,515	-	-	405,515
Total Expenditures	1,578,487	1,764,805	1,764,805	(186,318)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,003,522)	(1,137,855)	(1,137,855)	134,333
Other Financing Uses				
Transfers In	11,000	-	-	11,000
Transfers Out	(300,000)	(300,000)	(300,000)	-
Total Other Financing Uses	(289,000)	(300,000)	(300,000)	11,000
Excess (Deficit) of Revenues Over Expenditures	(1,292,522)	(1,437,855)	(1,437,855)	145,333
Budgetary Basis Fund Balance - Beginning of Year	857,930			
Budgetary Basis Fund Balance - End of Year	(434,592)			
GAAP Adjustments				
Encumbrances	433,983			
Accrued Interest Receivable	1,391			
Fund Balance - End of Year	\$ 782			

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
Fire Equipment Fund
For the Year Ended December 31, 2020

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Variance Over (Under)</u>
		<u>Original</u>	<u>Final</u>	
Revenues				
Taxes	\$ 378,963	386,910	386,910	(7,947)
Use of Money and Property	8,113	-	-	8,113
Total Revenues	387,076	386,910	386,910	166
Expenditures				
Commodities	-	15,000	15,000	(15,000)
Contractual	-	25,500	25,500	(25,500)
Capital Outlay	9,520	335,500	335,500	(325,980)
Total Expenditures	9,520	376,000	376,000	(366,480)
Excess (Deficit) of Revenues Over Expenditures	377,556	10,910	10,910	366,646
Budgetary Basis Fund Balance - Beginning of Year	187,984			
Budgetary Basis Fund Balance - End of Year	565,540			
GAAP Adjustments				
Taxes Receivable	352			
Accrued Interest Receivable	1,525			
Fund Balance - End of Year	\$ 567,417			

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
Drug and Alcohol Fund
For the Year Ended December 31, 2020

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Variance Over (Under)</u>
		<u>Original</u>	<u>Final</u>	
Revenues				
Taxes	\$ 49,465	60,745	60,745	(11,280)
Miscellaneous	423	-	-	423
Use of Money and Property	240	-	-	240
Total Revenues	50,128	60,745	60,745	(10,617)
Expenditures				
Personnel Services	40,979	77,085	77,085	(36,106)
Excess (Deficit) of Revenues Over Expenditures	9,149	<u>(16,340)</u>	<u>(16,340)</u>	<u>25,489</u>
Budgetary Basis Fund Balance - Beginning of Year	6,430			
Budgetary Basis Fund Balance - End of Year	15,579			
GAAP Adjustments				
Accrued Interest Receivable	45			
Fund Balance - End of Year	\$ 15,624			

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
CDBG Revolving Loans Fund
For the Year Ended December 31, 2020

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Variance Over (Under)</u>
		<u>Original</u>	<u>Final</u>	
Revenues				
Miscellaneous	\$ 12,728	100,000	100,000	(87,272)
Expenditures				
Contractual Services	-	150,000	150,000	(150,000)
Excess (Deficit) of Revenues Over Expenditures	12,728	<u>(50,000)</u>	<u>(50,000)</u>	<u>62,728</u>
Budgetary Basis Fund Balance - Beginning of Year	166,399			
Budgetary Basis Fund Balance - End of Year	179,127			
GAAP Adjustments				
Accounts Receivable	<u>52,655</u>			
Fund Balance - End of Year	\$ <u>231,782</u>			

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
Rural Housing District Fund
For the Year Ended December 31, 2020

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Variance Over (Under)</u>
		<u>Original</u>	<u>Final</u>	
Revenues				
Taxes	\$ 305,530	400,000	400,000	(94,470)
Expenditures				
Debt Service				
Principal	260,000	260,000	260,000	-
Interest and Other Charges	14,541	11,163	20,000	(5,459)
Total Expenditures	274,541	271,163	280,000	(5,459)
Excess (Deficit) of Revenues Over Expenditures	30,989	<u>128,837</u>	<u>120,000</u>	<u>(89,011)</u>
Budgetary Basis Fund Balance - Beginning of Year	<u>536,026</u>			
Budgetary Basis Fund Balance - End of Year	\$ <u><u>567,015</u></u>			

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
Law Enforcement Trust Fund
For the Year Ended December 31, 2020

	Actual	Budgeted Amounts		Variance Over (Under)
		Original	Final	
Revenues				
Intergovernmental	\$ 233,795	500,000	500,000	(266,205)
Use of Money and Property	636	-	-	636
Total Revenues	234,431	500,000	500,000	(265,569)
Expenditures				
Commodities	320,328	300,000	300,000	20,328
Contractual Services	30,451	100,000	100,000	(69,549)
Capital Outlay	8,535	500,000	500,000	(491,465)
Total Expenditures	359,314	900,000	900,000	(540,686)
Excess (Deficit) of Revenues Over (Under) Expenditures	(124,883)	(400,000)	(400,000)	275,117
Budgetary Basis Fund Balance - Beginning of Year	143,113			
Budgetary Basis Fund Balance - End of Year	18,230			
GAAP Adjustments				
Encumbrances	8,110			
Accrued Interest Receivable	120			
Fund Balance - End of Year	\$ 26,460			

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
Law Enforcement Training Fund
For the Year Ended December 31, 2020

	Actual	Budgeted Amounts		Variance Over (Under)
		Original	Final	
Revenues				
Miscellaneous	\$ 9,263	15,000	15,000	(5,737)
Use of Money and Property	72	-	-	72
Total Revenues	9,335	15,000	15,000	(5,665)
Expenditures				
Contractual Services	6,809	15,000	15,000	(8,191)
Excess (Deficit) of Revenues Over Expenditures	2,526	-	-	2,526
Budgetary Basis Fund Balance - Beginning of Year	1,681			
Budgetary Basis Fund Balance - End of Year	4,207			
GAAP Adjustments				
Accrued Interest Receivable	13			
Fund Balance - End of Year	\$ 4,220			

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
Federal Equitable Sharing Fund
For the Year Ended December 31, 2020

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Variance Over (Under)</u>
		<u>Original</u>	<u>Final</u>	
Revenues				
Miscellaneous	\$ 218,608	200,000	200,000	18,608
Expenditures				
Contractual Services	406,331	260,000	370,000	36,331
Excess (Deficit) of Revenues Over Expenditures	(187,723)	(60,000)	(170,000)	(17,723)
Budgetary Basis Fund Balance - Beginning of Year	403,835			
Budgetary Basis Fund Balance - End of Year	\$ 216,112			

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
Treasury Forfeiture Fund
For the Year Ended December 31, 2020

	Actual	Budgeted Amounts		Variance Over (Under)
		Original	Final	
Revenues				
Miscellaneous	\$ 228	50,000	50,000	(49,772)
Expenditures				
Contractual Services	3,775	50,000	50,000	(46,225)
Excess (Deficit) of Revenues Over Expenditures	(3,547)	<u>-</u>	<u>-</u>	<u>(3,547)</u>
Budgetary Basis Fund Balance - Beginning of Year	19,438			
Budgetary Basis Fund Balance - End of Year	15,891			
GAAP Adjustments				
Accrued Interest Receivable	43			
Fund Balance - End of Year	\$ 15,934			

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Actual and Budget
Debt Service Fund
For the Year Ended December 31, 2020

	Actual	Budgeted Amounts		Variance Over (Under)
		Original	Final	
Revenues				
Taxes	\$ 3,344,725	3,457,400	3,457,400	(112,675)
Special Assessments	2,344,178	2,225,000	2,225,000	119,178
Sales Tax	4,607,918	3,500,000	3,500,000	1,107,918
Use of Money and Property	28,221	-	-	28,221
Bond Proceeds	25,862,685	18,000	18,000	25,844,685
Miscellaneous	127,726	175,000	175,000	(47,274)
Total Revenues	36,315,453	9,375,400	9,375,400	26,940,053
Expenditures				
Debt Service				
Principal	32,553,916	7,726,585	7,726,585	24,827,331
Interest and Other Charges	3,471,534	3,369,616	3,369,616	101,918
Other	177,320	18,997	18,997	158,323
(a) Adjustment for Qualifying Budget Credit	-	-	25,844,685	(25,844,685)
Total Expenditures	36,202,770	11,115,198	36,959,883	(757,113)
Excess (Deficit) of Revenues Over (Under) Expenditures	112,683	(1,739,798)	(27,584,483)	27,697,166
Other Financing Sources				
Transfer In	1,100,000	1,100,000	1,100,000	-
Excess (Deficit) of Revenues Over Expenditures	1,212,683	(639,798)	(26,484,483)	27,697,166
Budgetary Basis Fund Balance - Beginning of Year	893,900			
Budgetary Basis Fund Balance - End of Year	2,106,583			
GAAP Adjustments				
Taxes Receivable	3,403			
Accrued Interest Receivable	5,306			
Fund Balance - End of Year	\$ 2,115,292			
(a) Adjustment for Qualifying Budget Credit				
Bond Proceeds Over Amount Budgeted			\$ 25,844,685	

See Independent Auditor's Report.

NONMAJOR ENTERPRISE FUNDS

Sanitation Fund – To account for the operation and maintenance of the sanitation system operated within the City.

CITY OF JUNCTION CITY, KANSAS
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2020

	Sanitation	Total
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
Current Assets		
Cash and Investments	\$ 3,838,697	3,838,697
Receivables, Net of Allowance for Uncollectibles		
Accounts	308,315	308,315
Accrued Interest	10,353	10,353
	4,157,365	4,157,365
Total Current Assets		
Noncurrent Assets		
Capital Assets		
Depreciable Capital Assets	1,356,906	1,356,906
Accumulated Depreciation	(1,194,429)	(1,194,429)
	162,477	162,477
Total Noncurrent Assets		
	4,319,842	4,319,842
Total Assets		
Deferred Outflows of Resources		
Pension Liability	89,376	89,376
	4,409,218	4,409,218
Total Assets and Deferred Outflows of Resources		
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>		
Current Liabilities		
Accounts Payable	16,672	16,672
Accrued Liabilities	4,007	4,007
Current Portion of Compensated Absences Payable	24,443	24,443
Current Portion of Leases Payable	49,542	49,542
	94,664	94,664
Total Current Liabilities		
Noncurrent Liabilities		
Net Pension Liability	328,287	328,287
	422,951	422,951
Total Liabilities		
Deferred Inflows of Resources		
Pension Liability	14,736	14,736
	437,687	437,687
Total Liabilities and Deferred Inflows of Resources		
<u>NET POSITION</u>		
Net Position		
Net Investment in Capital Assets	112,935	112,935
Unrestricted	3,858,596	3,858,596
	3,971,531	3,971,531
Total Net Position		
	\$ 3,971,531	3,971,531

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended December 31, 2020

	Sanitation	Total
Operating Revenues		
Charges for Services	\$ 1,701,232	1,701,232
Miscellaneous	6,480	6,480
Total Operating Revenues	<u>1,707,712</u>	<u>1,707,712</u>
Operating Expenses		
Personal Services	508,916	508,916
Commodities	108,087	108,087
Contractual Services	468,035	468,035
Depreciation	110,825	110,825
Total Operating Expenses	<u>1,195,863</u>	<u>1,195,863</u>
Net Operating Income	<u>511,849</u>	<u>511,849</u>
Nonoperating Revenues (Expense)		
Interest Expense	(2,224)	(2,224)
Interest Income	49,022	49,022
Net Nonoperating Revenues (Expense)	<u>46,798</u>	<u>46,798</u>
Net Income Before Transfers	558,647	558,647
Transfers Out	(160,000)	(160,000)
Change in Net Position	398,647	398,647
Net Position - Beginning of Year	<u>3,572,884</u>	<u>3,572,884</u>
Net Position - End of Year	<u>\$ 3,971,531</u>	<u>3,971,531</u>

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2020

	Sanitation	Total Nonmajor Enterprise Funds
Cash Flows From Operating Activities		
Cash Received From Customers and Users	\$ 1,664,390	1,664,390
Cash Paid to Suppliers of Goods and Services	(614,129)	(614,129)
Cash Paid to Employees	(471,621)	(471,621)
Other Operating Receipts	6,480	6,480
Net Cash Provided by Operating Activities	585,120	585,120
Cash Flows From Capital and Related Financing Activities		
Interest Payments	(2,224)	(2,224)
Principal Payments - Capital Lease	(90,812)	(90,812)
Net Cash Used by Capital and Related Financing Activities	(93,036)	(93,036)
Cash Flows From Noncapital Financing Activities		
Transfer Out	(160,000)	(160,000)
Cash Flows From Investing Activities		
Interest Received	55,065	55,065
Net Increase in Cash and Investments	387,149	387,149
Cash and Investments - Beginning of Year	3,451,548	3,451,548
Cash and Investments - End of Year	\$ 3,838,697	3,838,697

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended December 31, 2020

	Sanitation	Total Nonmajor Enterprise Funds
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Net Operating Income	\$ 511,849	511,849
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities		
Depreciation Expense	110,825	110,825
(Increase) Decrease in Accounts Receivable	(36,842)	(36,842)
(Increase) Decrease in Deferred Outflows	(56,952)	(56,952)
Increase (Decrease) in Accounts Payable	(25,616)	(25,616)
Increase (Decrease) in Accrued Compensated Absences	4,970	4,970
Increase (Decrease) in Net Pension Liability	95,366	95,366
Increase (Decrease) in Accrued Liabilities	(12,391)	(12,391)
Increase (Decrease) in Deferred Inflows	(6,089)	(6,089)
Net Cash Provided by Operating Activities	\$ 585,120	585,120

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2020

		<u>Trust and Agency Fund</u>	<u>Insurance Disaster Fund</u>	<u>Total Custodial Funds</u>
	<u>ASSETS</u>			
Cash		\$ <u>2,409</u>	<u>2,727</u>	<u>5,136</u>
	<u>LIABILITIES</u>			
Due to Others		\$ <u>2,409</u>	<u>2,727</u>	<u>5,136</u>

CITY OF JUNCTION CITY, KANSAS
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
December 31, 2020

		<u>Trust and Agency Fund</u>	<u>Insurance Disaster Fund</u>	<u>Total Custodial Funds</u>
Revenues	\$	-	-	-
Expenditures		<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficit) of Revenues Over Expenditures		-	-	-
Fund Balance - Beginning of Year		<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending of Year	\$	<u>-</u>	<u>-</u>	<u>-</u>

See Independent Auditor's Report.

CITY OF JUNCTION CITY, KANSAS

Statistical Section (Unaudited)

December 31, 2020

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

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its most significant local revenue source, water and wastewater revenues, as well as its property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economical Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Financial Report for the relevant year.

CITY OF JUNCTION CITY, KANSAS
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net investment in capital assets	\$ (54,665,937)	\$ (51,875,398)	\$ (47,479,333)	\$ (42,071,227)	\$ (26,982,525)	\$ (34,673,724)	\$ (28,929,834)	\$ (31,384,052)	\$ (10,002,423)	\$ (4,240,100)
Restricted	49,923,874	49,923,152	47,659,856	47,133,957	45,298,451	47,262,307	51,094,342	19,572,461	17,469,658	16,972,073
Unrestricted	8,472,499	10,048,563	10,177,293	10,843,958	1,503,427	6,880,515	15,598,864	11,883,804	(5,930,212)	(4,695,504)
Total governmental activities net position	\$ 3,730,436	\$ 8,096,317	\$ 10,357,816	\$ 15,906,688	\$ 19,819,353	\$ 19,469,098	\$ 37,763,372	\$ 72,213	\$ 1,537,023	\$ 8,036,469
Business-type activities										
Net investment in capital assets	\$ 50,146,497	\$ 50,626,121	\$ 49,048,348	\$ 49,249,853	\$ 50,335,663	\$ 49,098,164	\$ 38,852,077	\$ 34,217,403	\$ 55,971,316	\$ 60,116,146
Unrestricted	3,915,856	6,123,942	7,096,226	8,786,568	9,005,441	15,544,505	28,927,670	36,015,248	18,721,968	19,082,062
Total business-type activities net position	\$ 54,062,353	\$ 56,750,063	\$ 56,144,574	\$ 58,036,421	\$ 59,341,104	\$ 64,642,669	\$ 67,779,747	\$ 70,232,651	\$ 74,693,284	\$ 79,198,208
Primary government										
Net investment in capital assets	\$ (4,519,440)	\$ (1,249,277)	\$ 1,589,015	\$ 7,178,626	\$ 23,353,138	\$ 14,424,440	\$ 9,922,243	\$ 2,833,351	\$ 45,968,893	\$ 55,876,046
Restricted	49,923,874	49,923,152	47,659,856	47,133,957	45,298,451	47,262,307	51,094,342	19,572,461	17,469,658	16,972,073
Unrestricted	12,388,355	16,172,505	17,273,519	19,630,526	10,508,868	22,425,020	44,526,534	47,899,052	12,791,756	14,386,558
Total primary government net position	\$ 57,792,789	\$ 64,846,380	\$ 66,522,390	\$ 73,943,109	\$ 79,160,457	\$ 84,111,767	\$ 105,543,119	\$ 70,304,864	\$ 76,230,307	\$ 87,234,677

CITY OF JUNCTION CITY, KANSAS
Changes in Net Position
Last Ten Fiscal Years
(Accrual basis accounting)

Expenses	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
General government	\$ 3,216,686	\$ 2,972,338	\$ 2,818,453	\$ 2,564,763	\$ 2,583,982	\$ 5,233,594	\$ 2,831,910	\$ 5,087,215	\$ 2,985,520	\$ 4,367,013
Public safety	8,094,613	7,466,537	9,247,065	10,515,859	8,543,841	10,445,544	10,628,985	11,099,497	11,875,862	11,094,025
Public works	4,756,348	6,220,145	5,013,275	5,348,714	6,522,980	7,602,497	6,072,476	5,820,618	6,310,351	6,038,726
Culture and recreation	1,030,077	1,414,550	1,284,881	2,927,200	1,895,285	1,895,645	1,821,822	2,458,268	2,440,722	2,292,080
Economic Development	735,663	975,615	1,264,637	1,823,290	1,257,753	589,757	1,260,150	881,207	1,372,758	1,049,502
Public health and sanitation	1,803,687	2,034,862	2,053,932	2,160,507	2,560,853	2,871,981	2,996,894	3,485,194	3,576,872	3,339,863
Payments on other obligations (see note)	1,516,382	1,855,634	655,548	98,604	98,382	-	-	-	-	-
Interest long term debt	6,698,600	6,771,428	6,568,899	5,524,717	4,629,537	8,748,963	4,423,563	4,094,142	3,732,873	3,750,985
Total governmental expenses	\$ 27,852,056	\$ 29,711,109	\$ 28,906,690	\$ 30,963,654	\$ 28,092,613	\$ 37,387,981	\$ 30,035,800	\$ 32,926,141	\$ 32,294,958	\$ 31,932,194
Business-type activities										
Water/sewer	\$ 7,356,961	\$ 7,207,927	\$ 7,740,690	\$ 7,455,346	\$ 7,596,112	\$ -	\$ -	\$ -	\$ -	\$ -
Water	-	-	-	-	-	3,211,650	3,330,993	4,577,366	3,299,778	3,483,605
Sewer	-	-	-	-	-	4,022,608	4,216,058	4,616,729	4,616,295	4,664,618
Rolling Meadows golf	332,836	-	-	-	-	-	-	-	-	-
Sanitation	1,440,358	1,268,602	1,084,085	1,016,260	1,072,567	1,402,381	1,096,946	1,210,990	1,166,632	493,853
Storm water	408,349	462,200	498,018	546,754	545,779	438,112	452,520	570,214	462,706	1,198,087
Spin City	179,062	257,592	164,748	-	-	-	-	-	-	-
Total business-type activities expenses	\$ 9,717,566	\$ 9,196,321	\$ 9,487,541	\$ 9,018,360	\$ 9,214,458	\$ 9,074,751	\$ 9,096,517	\$ 10,975,299	\$ 9,545,411	\$ 9,840,163
Total primary government expenses	\$ 37,569,622	\$ 38,907,430	\$ 38,394,231	\$ 39,982,014	\$ 37,307,071	\$ 46,462,732	\$ 39,132,317	\$ 43,901,440	\$ 41,840,369	\$ 41,772,357
Program Revenues										
Governmental activities:										
Charges for services	\$ 3,032,305	\$ 3,693,576	\$ 3,460,191	\$ 3,553,426	\$ 3,841,165	\$ 3,492,201	\$ 3,504,359	\$ 3,269,321	\$ 3,662,968	\$ 3,514,456
Operating grants and contributions	1,626,703	1,634,111	1,769,732	3,168,858	11,265,285	1,943,858	3,018,944	3,899,360	2,537,153	5,576,117
Other	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	6,432,843	2,518,706	481,939	996,975	982,671	2,343,810	1,778,195	641,136	617,458	567,565
Total governmental activities program revenue	\$ 11,091,851	\$ 7,846,393	\$ 5,711,862	\$ 7,719,259	\$ 16,089,121	\$ 7,779,869	\$ 8,301,498	\$ 7,809,817	\$ 6,817,579	\$ 9,658,138
Business-type activities										
Charges for services										
Water/sewer	\$ 8,527,278	\$ 9,747,283	\$ 9,356,857	\$ 9,708,263	\$ 10,375,233	\$ -	\$ -	\$ -	\$ -	\$ -
Water	-	-	-	-	-	5,324,962	5,570,696	5,575,484	5,800,617	6,044,835
Sewer	-	-	-	-	-	5,513,814	5,581,828	5,971,026	6,193,996	6,539,606
Rolling Meadows Golf	378,200	-	-	-	-	-	-	-	-	-
Sanitation	1,457,127	1,461,004	1,455,036	1,505,555	1,534,395	1,526,242	1,537,200	1,577,636	1,624,144	1,080,559
Storm water	836,450	781,779	780,995	855,654	771,705	773,532	766,720	919,900	1,062,066	1,701,232
Spin City	143,004	143,203	121,183	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities prgrm revenue	\$ 11,342,059	\$ 12,133,269	\$ 11,714,071	\$ 12,069,472	\$ 12,681,333	\$ 13,138,550	\$ 13,456,444	\$ 14,044,046	\$ 14,680,823	\$ 15,366,232
Total primary government program revenue	\$ 22,433,910	\$ 19,979,662	\$ 17,425,933	\$ 19,788,731	\$ 28,770,454	\$ 20,918,419	\$ 21,757,942	\$ 21,853,863	\$ 21,498,402	\$ 25,024,370
Net (Expense) Revenue										
Governmental activities	\$ (16,760,205)	\$ (21,864,716)	\$ (23,194,828)	\$ (23,244,395)	\$ (12,003,492)	\$ (29,608,112)	\$ (21,734,302)	\$ (25,116,324)	\$ (25,477,379)	\$ (22,274,056)
Business-type activities	1,624,493	2,936,948	2,226,530	3,051,112	3,466,875	4,063,799	4,359,927	3,068,747	5,135,412	5,526,069
Total primary government net expenses	\$ (15,135,712)	\$ (18,927,768)	\$ (20,968,298)	\$ (20,193,283)	\$ (8,536,617)	\$ (25,544,313)	\$ (17,374,375)	\$ (22,047,577)	\$ (20,341,967)	\$ (16,747,987)
Gen Revenues & Other Changes Net position										
Governmental activities										
Taxes										
Property taxes	\$ 9,027,993	\$ 9,937,633	\$ 9,470,337	\$ 9,668,455	\$ 9,641,838	\$ 9,566,983	\$ 9,974,398	\$ 9,259,840	\$ 9,475,876	\$ 9,387,669
Sales taxes	10,578,965	10,915,013	11,143,399	10,918,894	10,746,724	10,611,641	10,345,095	10,905,654	10,822,585	12,141,567
Franchise taxes	1,769,991	1,833,692	1,882,737	1,967,710	1,829,821	1,834,814	1,820,583	1,903,630	1,750,282	1,803,278
Special assessments	-	-	-	-	-	-	4,113,971	6,861,942	739,550	29,630
Payment in lieu of property tax	15,537	16,406	14,137	13,052	14,335	21,232	22,852	-	17,810	28,798
Investment earnings	115,395	586,731	481,805	215,382	770,359	728,903	1,131,277	1,424,232	755,298	674,094
Gain on sale of capital assets	1,564,746	2,268,414	-	-	-	-	-	-	-	-
Miscellaneous	-	-	2,342,981	4,183,466	1,849,293	1,298,313	1,187,479	2,936,420	2,060,094	1,590,959
Transfers	389,185	1,452,824	1,522,500	1,522,500	1,505,000	1,530,000	1,630,000	1,630,000	2,030,614	1,902,452
Total governmental activities	\$ 23,461,812	\$ 27,010,713	\$ 26,857,896	\$ 28,489,459	\$ 26,357,370	\$ 29,705,857	\$ 32,973,626	\$ 28,799,326	\$ 26,942,189	\$ 28,773,502
Business-type activities										
Investment earnings	\$ 296,566	\$ 408,889	\$ -	\$ 1,332	\$ 23,177	\$ 47,293	\$ 106,590	\$ 141,136	\$ 494,801	\$ 238,524
Miscellaneous	-	-	253,963	222,018	387,675	2,720,473	300,561	873,021	200,355	642,783
Transfers	(389,185)	(1,452,824)	(1,522,500)	(1,522,500)	(1,505,000)	(1,530,000)	(1,630,000)	(1,630,000)	(2,030,614)	(1,902,452)
Total business-type activities	\$ (92,619)	\$ (1,043,935)	\$ (1,268,537)	\$ (1,299,150)	\$ (1,094,148)	\$ 1,237,766	\$ (1,222,849)	\$ (615,843)	\$ (1,335,458)	\$ (1,021,145)
Total primary government	\$ 23,369,193	\$ 25,966,778	\$ 25,589,359	\$ 27,190,309	\$ 25,263,222	\$ 30,943,623	\$ 31,750,777	\$ 28,183,483	\$ 25,606,731	\$ 27,752,357
Change in Net position										
Governmental activities	\$ 6,701,607	\$ 5,145,997	\$ 3,663,068	\$ 5,245,064	\$ 14,353,878	\$ 97,745	\$ 11,239,324	\$ 3,683,002	\$ 1,464,810	\$ 6,499,446
Business-type activities	1,531,874	1,893,013	957,993	1,751,962	2,372,727	5,301,565	3,137,078	2,452,904	3,799,954	4,504,924
Total primary government	\$ 8,233,481	\$ 7,039,010	\$ 4,621,061	\$ 6,997,026	\$ 16,726,605	\$ 5,399,310	\$ 14,376,402	\$ 6,135,906	\$ 5,264,764	\$ 11,004,370

Note: The Water and Sewer Fund was split to two separate funds during the year ended December 31, 2016.

CITY OF JUNCTION CITY, KANSAS
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>General Fund</u>										
Unassigned	\$ 3,993,315	\$ 4,808,908	\$ 5,186,893	\$ 5,479,409	\$ 5,728,814	\$ 5,661,462	\$ 5,971,682	\$ 4,975,366	\$ 3,946,045	\$ 3,870,092
Restricted	-	-	-	-	-	-	-	-	743,706	1,482,152
Prior Period Adjustment	-	-	-	-	-	-	-	218,800	-	-
Total general fund	\$ 3,993,315	\$ 4,808,908	\$ 5,186,893	\$ 5,479,409	\$ 5,728,814	\$ 5,661,462	\$ 5,971,682	\$ 5,194,166	\$ 4,689,751	\$ 5,352,244
<u>All Other Governmental Funds</u>										
Restricted	\$ 5,051,315	\$ 5,223,204	\$ 6,522,254	\$ 8,055,770	\$ 8,387,112	\$ 6,703,683	\$ 5,865,885	\$ 6,381,528	\$ 4,167,708	\$ 4,849,752
Committed	28,704	297,329	717,710	521,194	184,473	453,959	4,285,376	5,032,260	1,156,015	1,553,167
Assigned	-	-	-	-	-	-	-	-	-	467,582
Unassigned	(938,126)	(164,901)	-	-	(46,123)	(1,282,276)	(317,356)	(972,663)	378,007	-
Prior Period Adjustment	-	-	-	-	-	-	-	(4,179,024)	-	-
Total all other governmental funds	\$ 4,141,893	\$ 5,355,632	\$ 7,239,964	\$ 8,576,964	\$ 8,525,462	\$ 5,875,366	\$ 9,833,905	\$ 6,262,101	\$ 5,701,730	\$ 6,870,501

CITY OF JUNCTION CITY, KANSAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (Modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 21,392,486	\$ 22,702,744	\$ 22,510,610	\$ 22,528,108	\$ 22,232,718	\$ 22,034,670	\$ 22,162,928	\$ 22,069,124	\$ 22,066,553	\$ 23,361,312
Licenses and permits	372,856	335,164	269,865	215,096	345,903	246,051	233,077	229,139	462,924	268,162
Intergovernmental	1,626,703	1,634,111	1,769,732	3,168,858	11,265,285	4,287,668	4,797,139	4,540,496	3,057,261	6,143,682
Charges for service	1,688,547	2,096,506	2,133,342	2,244,575	2,545,381	2,517,489	2,533,361	2,355,640	2,564,346	2,671,503
Fines and fees	970,902	1,261,909	1,056,984	1,093,755	949,881	728,661	737,921	684,542	635,698	574,791
Special assessments	2,258,286	2,900,364	2,304,567	2,373,750	2,339,693	2,336,794	2,382,986	2,362,387	2,376,885	2,357,111
Use of money & property	115,395	586,731	481,805	215,382	770,359	728,903	1,131,277	1,424,232	755,298	674,862
Miscellaneous	1,558,744	2,268,414	2,343,777	5,988,271	2,085,289	1,214,613	1,174,440	2,084,079	1,960,487	2,246,795
Total revenues	\$ 29,983,919	\$ 33,785,943	\$ 32,870,682	\$ 37,827,795	\$ 42,534,509	\$ 34,094,849	\$ 35,153,129	\$ 35,749,639	\$ 33,879,452	\$ 38,298,218
Expenditures										
General government	\$ 2,916,596	\$ 2,630,079	\$ 2,441,196	\$ 2,200,394	\$ 11,154,437	\$ 5,459,427	\$ 2,842,479	\$ 4,429,097	\$ 2,425,802	\$ 6,189,890
Public safety	7,672,222	7,581,904	8,806,794	11,815,167	10,126,551	10,781,855	10,787,374	10,208,068	11,049,870	9,925,070
Public works	1,856,020	3,698,812	2,368,331	3,279,179	3,554,234	3,528,336	3,052,776	3,024,850	3,692,611	4,202,489
Public health & sanitation	1,803,687	1,991,829	2,053,932	2,160,507	2,854,895	2,816,623	2,909,230	3,379,405	3,402,441	3,137,964
Culture & recreation	962,373	1,443,330	1,553,195	2,854,406	1,830,773	1,920,453	1,974,825	2,634,463	2,460,181	2,286,194
Economic development	735,663	975,615	1,264,637	1,823,290	1,257,753	589,757	1,260,150	881,207	985,931	814,527
Capital outlay	45,599	32,427	1,424	-	-	-	-	-	-	-
Debt service principal	4,847,347	6,135,149	13,578,026	6,997,015	12,618,600	7,291,695	8,095,728	8,899,570	9,023,955	33,775,199
Debt service interest & fees	6,794,931	6,679,307	6,686,399	5,861,176	5,688,196	5,605,844	4,533,302	4,181,089	3,912,850	3,750,985
Payment contractual obligations	1,516,382	1,855,634	655,548	98,604	98,382	-	-	-	-	-
Bond issuance costs	149,625	-	-	-	-	-	-	-	-	-
Miscellaneous	335,987	185,128	358,809	631,041	337,606	883,890	194,432	130,986	21,211	177,321
Total Expenditures	\$ 29,636,432	\$ 33,209,214	\$ 39,768,291	\$ 37,720,779	\$ 49,521,427	\$ 38,877,880	\$ 35,650,296	\$ 37,768,735	\$ 36,974,852	\$ 64,259,639
Excess revenues over (under) expenditures	\$ 347,487	\$ 576,729	\$ (6,897,609)	\$ 107,016	\$ (6,986,918)	\$ (4,783,031)	\$ (497,167)	\$ (2,019,096)	\$ (3,095,400)	\$ (25,961,421)
Other Financing Sources (Uses)										
Bonds issued	\$ 4,427,074	\$ -	\$ 8,247,988	\$ -	\$ 5,667,850	\$ 47,446,979	\$ -	\$ -	\$ -	\$ 25,862,685
Revolving loan fund proceeds	50,443	-	-	-	-	-	-	-	-	-
Payment to Refunded Bond	-	-	-	-	-	(46,911,396)	-	-	-	-
Transfers in	1,100,000	1,857,306	1,522,918	1,722,500	2,105,000	2,164,000	2,080,000	2,080,000	2,480,614	2,380,000
Transfers out	(710,815)	(404,482)	(418)	(200,000)	(600,000)	(634,000)	(450,000)	(450,000)	(450,000)	(450,000)
Total other financing sources (uses)	\$ 4,866,702	\$ 1,452,824	\$ 9,770,488	\$ 1,522,500	\$ 7,172,850	\$ 2,065,583	\$ 1,630,000	\$ 1,630,000	\$ 2,030,614	\$ 27,792,685
Net change in fund balances	\$ 5,214,189	\$ 2,029,553	\$ 2,872,879	\$ 1,629,516	\$ 185,932	\$ (2,717,448)	\$ 1,132,833	\$ (389,096)	\$ (1,064,786)	\$ 1,831,264
Debt service as a percentage of noncapital expenditures	39.34%	40.05%	52.21%	34.09%	36.97%	33.17%	35.42%	35.91%	34.99%	58.40%

CITY OF JUNCTION CITY, KANSAS
 Water Produced/Consumed and Wastewater Treated
 Last Ten Fiscal Years

Fiscal Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated East Plant	Gallons of Wastewater Treated SW Plant	Total Direct Rate				
							Water			Sewer	
							Base Rate (1)	Usage Rate (2)	Usage Rate (3)	Base Rate (4)	Usage Rate (5)
2011	1,644,257,000	1,263,581,000	380,676,000	23.46%	618,104,000	298,639,000	\$ 15.51	\$ 2.00	\$ 2.30	\$ 25.50	\$ 1.90
2012	1,682,167,000	1,096,078,000	586,089,000	34.80%	602,250,000	260,975,000	\$ 15.72	\$ 2.02	\$ 2.33	\$ 25.50	\$ 1.90
2013	1,436,404,000	1,081,639,000	354,765,000	24.70%	595,267,000	260,641,000	\$ 15.72	\$ 2.02	\$ 2.33	\$ 25.50	\$ 1.90
2014	1,531,362,000	1,084,990,000	446,372,000	29.15%	573,511,000	328,075,000	\$ 16.03	\$ 2.06	\$ 2.37	\$ 25.50	\$ 1.90
							\$ 17.07	\$ 2.22	\$ 2.55	\$ 26.90	\$ 2.00
2015	1,508,578,000	1,053,697,000	454,881,000	30.15%	552,069,000	332,744,000	\$ 18.27	\$ 2.36	\$ 2.72	\$ 28.65	\$ 2.13
2016	1,583,177,000	1,068,745,000	514,432,000	32.49%	544,693,200	381,866,000	\$ 19.36	\$ 2.51	\$ 2.89	\$ 30.37	\$ 2.26
2017	1,427,400,400	1,204,712,400	222,688,000	18.00%	529,758,000	291,700,000	\$ 20.62	\$ 2.68	\$ 3.08	\$ 32.19	\$ 2.40
2018	1,461,342,020	1,035,511,854	425,830,166	29.14%	563,584,000	284,254,000	\$ 21.96	\$ 2.85	\$ 3.28	\$ 34.12	\$ 2.54
2019	1,487,270,000	935,666,000	551,604,000	37.08%	590,620,000	281,820,000	\$ 23.39	\$ 3.04	\$ 3.49	\$ 36.17	\$ 2.70
2020*	1,473,169,000	1,024,407	448,792	30.00%	568,680,000	301,820,000	\$ 18.00	\$ 0.42	\$ 0.48	\$ 32.00	\$ 0.40

1/1 to 6/16
6/17 to 12/31

- (1) Water rate is for 1" or less size meter and includes 200 cubic feet of water consumption
- (2) Water rate for over 200 cubic feet but not more than 1,000 cubic feet of water consumption
- (3) Water rate for above 1,000 cubic feet of water consumption and above
- (4) Sewer Base Rate includes the first 200 cubic feet of water consumption
- (5) Sewer usage rate is for usage over 200 cubic feet - charge per 100 cubic feet

*Rates Changed to Gallons for Unit of Measure, and no product is included in the base.

CITY OF JUNCTION CITY, KANSAS
Annual Water and Wastewater Tap Sales
Last Ten Fiscal Years

Fiscal Year	Water Meter Taps Sold	Wastewater Taps Sold	Total Taps
2011	98	100	198
2012	100	99	199
2013	28	23	51
2014	21	17	38
2015	15	13	28
2016	9	8	17
2017	6	10	16
2018	3	0	3
2019	5	3	8
2020	14	13	27

CITY OF JUNCTION CITY, KANSAS
 Number of Water and Wastewater Customers by Type
 Last Ten Fiscal Years

Fiscal Year	WATER		WASTEWATER		TOTAL	
	RESIDENTIAL	COMMERCIAL	RESIDENTIAL	COMMERCIAL	WATER	WASTEWATER
2011	9,060	781	8,801	761	9,841	9,562
2012	9,915	878	8,781	812	10,793	9,593
2013	10,091	818	8,708	812	10,909	9,520
2014	10,141	835	8,767	813	10,976	9,575
2015	10,148	856	8,503	803	11,004	9,306
2016	10,150	849	8,640	810	10,999	9,450
2017	10,140	853	8,532	805	10,993	9,337
2018	10,206	798	8,534	813	11,004	9,347
2019	10,158	850	8,403	807	11,008	9,210
2020	8,835	824	8,576	794	9,659	9,370

CITY OF JUNCTION CITY, KANSAS
Water and Wastewater Rates
Last Ten Fiscal Years

WATER - per month inside or outside city limits (1)	2011	2012	2013	2014	2014	2015	2016	2017	2018	2019	2020**
			1/1 to 6/16		6/17-12/31						
1. Minimum charge, Not in excess of 200 cubic feet 1" meter or less	\$ 15.51	\$ 15.72	\$ 15.72	\$ 16.03	\$ 17.07	\$ 18.27	\$ 19.36	\$ 20.62	\$ 21.96	\$ 23.39	\$ 18.00
2. Minimum charge, Not in excess of 200 cubic feet Over 1" and up to and including 1.5" meters	\$ 97.19	\$ 98.55	\$ 98.55	\$ 100.52	\$ 107.05	\$ 114.55	\$ 124.42	\$ 129.32	\$ 137.72	\$ 146.67	\$ 140.00
3. Minimum charge, Not in excess of 200 cubic feet Over 1.5" and up to and including 2" meters	\$ 192.22	\$ 194.91	\$ 194.91	\$ 198.80	\$ 211.72	\$ 226.54	\$ 240.14	\$ 255.75	\$ 272.37	\$ 290.08	\$ 285.00
4. Minimum charge, Not in excess of 200 cubic feet Over 2" and up to and including 3" meters	\$ 284.22	\$ 288.19	\$ 288.19	\$ 293.95	\$ 313.06	\$ 334.97	\$ 355.08	\$ 378.16	\$ 402.74	\$ 428.92	\$ 425.00
5. Minimum charge, Not in excess of 200 cubic feet Over 3" and up to and including 4" meters	\$ 376.81	\$ 382.08	\$ 382.08	\$ 389.72	\$ 415.05	\$ 444.11	\$ 470.76	\$ 501.36	\$ 533.94	\$ 568.66	\$ 560.00
6. Minimum charge, Not in excess of 200 cubic feet 4" meter and over	\$ 473.90	\$ 480.53	\$ 480.53	\$ 490.14	\$ 522.00	\$ 558.54	\$ 592.07	\$ 630.55	\$ 671.54	\$ 715.19	\$ 700.00
7. 300 cubic feet to 1,000 cubic feet, per 100 cubic feet	\$ 2.00	\$ 2.02	\$ 2.02	\$ 2.06	\$ 2.22	\$ 2.36	\$ 2.51	\$ 2.68	\$ 2.85	\$ 3.04	\$ 0.42
8. All above 1,000 cubic feet, per 100 cubic feet	\$ 2.30	\$ 2.33	\$ 2.33	\$ 2.37	\$ 2.55	\$ 2.72	\$ 2.89	\$ 3.08	\$ 3.28	\$ 3.49	\$ 0.48

WASTEWATER - rates per month (2)	2011	2012	2013	2014	2014	2015	2016	2017	2018	2019	2020**
1. Minimum charge, not in excess of 200 cubic feet / Not Prod Included in Gals.	\$ 25.50	\$ 25.50	\$ 25.50	\$ 25.50	\$ 26.90	\$ 28.65	\$ 30.37	\$ 32.19	\$ 34.12	\$ 36.17	\$ 32.00
2. 300 cubic feet and above, per 100 cubic feet	\$ 1.90	\$ 1.90	\$ 1.90	\$ 1.90	\$ 2.00	\$ 2.13	\$ 2.26	\$ 2.40	\$ 2.54	\$ 2.70	\$ 0.40
3. For users contributing wastewater which is greater strength than normal domestic sewage, the following surcharge is added:											
\$0.16 per pound BOD (biological oxygen demand)											
\$0.18 per pound SS (suspended solids)											
Large contributor (over 500,000 gallons) \$0.104 per pound BOD (biological oxygen demand)											
\$0.117 per pound SS (suspended solids)											

STORM WATER	2011	2012	2013	2014	2014	2015	2016	2017	2018	2019	2020**
1. Developed residential assessment per living unit	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 7.00	\$ 7.00	\$ 7.00
2. For each living unit served by more than one water meter, \$3.00 per month per additional meter	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 5.00	\$ 5.00	\$ 5.00
3. Undeveloped residential property per month per lot or tract	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 5.00	\$ 5.00	\$ 5.00

(1) Residential users are billed based on average monthly water usage during the months of January, February, and March. Commercial users are billed based on water consumption each month.
(2) Storm water utility became effective in 2009

*Two rate changes in 2010, second rate increase 9/10/10 to 12/31/10.
** Changed to Gallons as a unit of measure and no product included in the base

CITY OF JUNCTION CITY, KANSAS
TEN LARGEST WATER AND WASTEWATER UTILITY CUSTOMERS
AS OF DECEMBER 31, 2016

Water Revenue			Sewer Revenue		
Customer	Amount	Percent	Customer	Amount	Percent
ARMOUR EXKRICH	\$294,958.69	5.88%	ARMOUR ECKRICH	\$684,218.91	12.64%
CITY OF GRANDVIEW PLAZA	\$122,131.81	2.44%	GEARY COMMUNITY HOSPITAL	\$41,787.72	0.77%
PENN ENTERPRISES	\$102,665.51	1.21%	PENN ENTERPRISES	\$71,824.97	1.33%
GEARY COMMUNITY HOSPITAL	\$60,518.17	2.05%	HODGDON POWDER COMPANY	\$22,320.00	0.41%
SAPP BROS TRK STOP	\$45,502.37	0.91%	SAPP BROS TRK STOP	\$30,843.08	0.57%
GREEN PARK APARTMENTS	\$29,656.95	0.59%	CEDAR POINT CAR WASH	\$14,654.94	0.27%
KANSAS EXPRESS INN	\$26,758.70	0.51%	GREEN PARK APARTMENTS	\$17,933.63	0.33%
VALLEY VIEW SR LIFE	\$25,423.90	0.53%	VENGTRIA BIOSCIENCE	\$15,730.06	0.29%
FOOT LOCKER	\$24,978.92	0.64%	KANSAS EXPRESS INN	\$15,209.77	0.28%
RURAL WATER DISTRICT # 1	<u>\$31,866.46</u>	<u>0.50%</u>	FOOT LOCKER	<u>\$12,781.91</u>	<u>0.24%</u>
Subtotal (10 largest)	<u>\$764,461.48</u>	15.25%		<u>\$927,304.99</u>	17.14%
Balance from other customers	<u>\$4,249,516.75</u>	84.75%	Balance from other customers	<u>\$4,484,156.83</u>	82.86%
Grand Total	<u><u>\$5,013,978.23</u></u>	100.00%	Grand Total	<u><u>\$5,411,461.82</u></u>	100.00%

CITY OF JUNCTION CITY, KANSAS
 Assessed and
 Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Utilities	Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed to Total Estimated Actual Value
2011	\$ 159,395,617	\$ 4,542,902	\$ 5,702,414	\$ 169,640,933	50.257	\$ 1,152,876,108	14.71%
2012	\$ 160,411,817	\$ 4,426,706	\$ 7,073,239	\$ 171,911,762	47.841	\$ 1,155,720,247	14.87%
2013	\$ 161,129,693	\$ 4,218,203	\$ 7,662,284	\$ 173,010,180	47.635	\$ 1,164,604,565	14.90%
2014	\$ 162,987,182	\$ 3,087,175	\$ 8,302,106	\$ 174,376,463	47.666	\$ 1,177,486,959	14.81%
2015	\$ 165,518,313	\$ 3,478,915	\$ 8,934,896	\$ 177,932,124	47.714	\$ 1,183,325,319	15.04%
2016	\$ 166,521,128	\$ 2,961,204	\$ 9,248,288	\$ 178,730,620	48.089	\$ 1,197,845,374	14.92%
2017	\$ 163,847,940	\$ 2,776,258	\$ 9,066,607	\$ 175,690,805	48.089	\$ 1,168,918,812	15.03%
2018	\$ 160,761,225	\$ 2,638,894	\$ 9,355,482	\$ 172,755,601	48.115	\$ 1,147,833,059	15.05%
2019	\$ 161,891,264	\$ 2,489,853	\$ 9,877,208	\$ 174,258,325	48.345	\$ 1,159,514,895	15.03%
2020	\$ 163,103,672	\$ 2,239,446	\$ 9,398,662	\$ 174,741,780	48.346	\$ 1,162,731,804	15.03%

Source: Geary County Clerk

Note: Does not include penalty amounts.

CITY OF JUNCTION CITY, KANSAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
(PER \$1,000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS

Fiscal Year	Basic Rate	Debt Service	Library	Total Direct Rate	USD 475	Geary County	State of Kansas	Total
2011	10.589	35.138	4.623	50.35	45.499	53.39	1.5	149.239
2012	10.233	33.172	4.436	47.841	45.823	52.205	1.5	145.869
2013	14.324	28.87	4.436	47.635	45.961	54.084	1.5	147.680
2014	18.578	24.865	4.223	47.666	43.525	60.827	1.5	153.518
2015	21.98	21.545	4.189	47.714	43.525	67.478	1.5	160.217
2016	22.258	21.742	4.089	48.089	43.525	73.614	1.5	166.728
2017	17.148	23.651	4.299	48.095	43.525	72.005	1.5	165.125
2018	25.173	16.424	4.162	48.115	43.528	70.470	1.5	162.113
2019	22.98	17.744	4.61	48.345	43.584	70.949	1.5	162.878
2020	26.66	14.357	4.328	48.346	43.524	70.771	1.5	162.641

Source: Geary County Clerk

CITY OF JUNCTION CITY, KANSAS

Ten Largest Tax Payers

Ten Year Comparison

2020				2010			
Rank	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Rank	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
1	Westar Energy	\$ 6,715,669.00	3.84%	1	F.W. Woolworth Co.	\$ 3,000,000	6.71%
2	F.W. Woolworth Co.	\$ 3,801,225.00	2.18%	2	Armour-Eckrich	\$ 2,625,651	3.40%
3	Bluffs - Capital Solutions	\$ 3,290,245.00	1.88%	3	Westar Energy	\$ 2,412,804	2.92%
4	Armour-Eckrich	\$ 2,339,123.00	1.34%	4	Hammons, John Q	\$ 2,375,000	2.69%
5	Wal-Mart Real Estate	\$ 2,164,921.00	1.34%	5	Wal-Mart Real Estate	\$ 1,932,964	2.30%
6	Kansas Gas Service	\$ 1,871,344.00	1.24%	6	Patriot Group	\$ 1,704,139	1.70%
7	Edwards, Richard	\$ 1,812,181.00	0.90%	7	Kansas Gas Service	\$ 1,452,806	1.62%
8	Kansas Point Apartments	\$ 1,577,873.00	1.04%	8	Blueuay Properties	\$ 1,392,472	1.53%
9	Arsenault, Investments	\$ 1,132,976.00	1.07%	9	Big D Development	\$ 453,250	1.14%
10	Hunter, Ridge	\$ 921,436.00	0.53%	10	Fort Development	\$ 368,461	0.70%
Total Taxable Assessed Value in 2020		\$174,741,780		Total Taxable Assessed Value in 2010		\$167,004,792	

Source: Geary County Clerk

CITY OF JUNCTION CITY, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Year	*Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	**Delinquent Tax Collections	Total Tax Collections	Total Collections as a Percent of Current Tax Levy	Outstanding Delinquent Tax	Outstanding Delinquent Taxes as a Percent of Current Levy
2011**	\$ 8,473,519	\$ 8,206,048	96.84%	\$ 720,804	\$ 8,926,852	105.35%	\$ 267,322	3.15%
2012	\$ 8,361,778	\$ 8,034,670	96.09%	\$ -	\$ 8,034,670	96.09%	\$ 278,919	3.34%
2013	\$ 8,381,011	\$ 8,027,870	95.79%	\$ 375,117	\$ 8,402,987	100.26%	\$ 315,106	3.76%
2014	\$ 8,562,672	\$ 7,983,131	93.23%	\$ 243,076	\$ 8,226,207	96.07%	\$ 583,424	6.81%
2015	\$ 8,722,531	\$ 8,022,142	91.97%	\$ 30,979	\$ 8,053,121	92.33%	\$ 692,484	7.94%
2016	\$ 8,802,881	\$ 8,233,155	93.53%	\$ 86,474	\$ 8,319,629	94.51%	\$ 483,252	5.49%
2017	\$ 8,585,333	\$ 8,124,986	94.64%	\$ 182,992	\$ 8,307,978	96.77%	\$ 460,345	5.36%
2018	\$ 8,540,150	\$ 7,978,511	93.42%	\$ 194,170	\$ 8,172,681	95.70%	\$ 561,639	6.58%
2019	\$ 8,593,755	\$ 7,741,571	90.08%	\$ 195,506	\$ 7,937,077	92.36%	\$ 852,184	9.92%
2020	\$ 8,595,679	\$ 7,988,028	92.93%	\$ 4,496	\$ 7,992,525	92.98%	\$ 603,163	7.02%

Source: Geary County Treasurer

*Total tax levied includes adds and abates. Excludes large trucks and special assessments.

**May reflect 0 amount at which time, collections undistributed.

CITY OF JUNCTION CITY, KANSAS
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities						
	General Obligation Bonds	Special Assessment Debt	KDOT Revolving Loans	Capital Lease Obligations	Notes Payable	Temporary Notes	General Obligation Bonds	K.D.H.E. Revolving Loan	Notes Payable	Capital Lease Obligations	Total Primary Government	Per Capita
2011	\$ 61,866,529	\$ 60,970,581	\$ 14,497,537	\$ 749,234	\$ -	\$ -	\$ 10,765,000	\$ 7,299,593	\$ 645,233	\$ 167,344	\$ 156,961,051	\$ 7,324
2012	\$ 59,348,137	\$ 58,529,603	\$ 13,661,758	\$ 1,366,638	\$ 567,814	\$ -	\$ 9,800,000	\$ 6,785,481	\$ -	\$ 654,551	\$ 150,713,982	\$ 6,276
2013	\$ 57,853,046	\$ 55,615,724	\$ 12,783,257	\$ 968,153	\$ 487,031	\$ -	\$ 8,869,586	\$ 6,316,556	\$ -	\$ 513,261	\$ 143,406,614	\$ 5,555
2014	\$ 54,967,596	\$ 53,050,057	\$ 11,877,072	\$ 1,808,113	\$ 431,277	\$ -	\$ 7,826,597	\$ 5,832,674	\$ -	\$ 628,566	\$ 136,421,952	\$ 5,284
2015	\$ 52,055,296	\$ 50,391,760	\$ 10,935,283	\$ 3,329,844	\$ 787,185	\$ -	\$ 6,748,608	\$ 5,333,523	\$ -	\$ 632,140	\$ 130,213,639	\$ 5,322
2016	\$ 81,521,495	\$ 19,358,528	\$ 9,956,488	\$ 2,701,812	\$ 469,011	\$ -	\$ 5,826,502	\$ 8,369,575	\$ -	\$ 627,904	\$ 128,831,315	\$ 5,328
2017	\$ 77,220,225	\$ 17,247,374	\$ 9,075,508	\$ 2,128,877	\$ 148,675	\$ -	\$ 4,939,712	\$ 17,754,391	\$ -	\$ 469,693	\$ 128,984,455	\$ 5,611
2018	\$ 67,914,320	\$ 15,062,463	\$ 8,351,491	\$ 828,996	\$ 50,123	\$ -	\$ 4,224,004	\$ 29,726,662	\$ -	\$ 319,950	\$ 126,478,009	\$ 5,718
2019	\$ 72,190,570	\$ 14,976,644	\$ 8,323,052	\$ 2,639,996	\$ -	\$ -	\$ 4,605,227	\$ 28,789,437	\$ -	\$ 305,740	\$ 131,830,666	\$ 5,960
2020	\$ 56,469,977	\$ 11,046,664	\$ 6,816,235	\$ 1,868,272	\$ -	\$ -	\$ 3,855,030	\$ 18,666,993	\$ -	\$ 1,780,233	\$ 100,503,404	\$ 4,544

Debt listed as of December 31
July 1, 2017 estimated population from US Census = 22,988

CITY OF JUNCTION CITY, KANSAS
 Legal Debt Margin Information
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2020:

Assessed Valuation (1)

Legal Debt Limit at 30% of AV (2)

General Obligation Bonds Outstanding

Outstanding GO Debt Applicable to Debt Limit

Legal Debt Margin

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 68,796,606	\$ 69,454,577	\$ 69,918,259	\$ 70,486,430	\$ 72,017,789	\$ 72,522,779	\$ 66,781,502	\$ 66,642,553	\$ 59,247,831	\$ 58,000,635
Total Net Debt Applicable to Limit	\$ 67,860,839	\$ 64,843,235	\$ 62,640,908	\$ 59,410,241	\$ 56,091,866	\$ 52,748,992	\$ 48,959,557	\$ 45,038,304	\$ 40,986,855	\$ 36,369,361
Legal Debt Margin	\$ 935,767	\$ 4,611,342	\$ 7,277,351	\$ 11,076,189	\$ 15,925,923	\$ 19,773,787	\$ 17,821,945	\$ 21,604,249	\$ 18,260,976	\$ 21,631,274

Total net debt applicable to the limit as a percentage of debt limit	99%	93%	90%	84%	78%	73%	73%	68%	69%	63%
--	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

(1) Includes motor vehicle valuation.

(2) Debt limit is set at 30% of assessed valuation per state statute. In 2009 the statute was amended for the scheduled to decline to 37% in 2011, 34% in 2013 and 30% in 2015. In early 2012, the statute was amended a second time and the decline in limit was revised to remain at 37% until July 1, 2016, 34% until July 1, 2020 and 30% thereafter.

*Numbers courtesy fo Columbia Capital Financial

CITY OF JUNCTION CITY, KANSAS
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds (1)	Less Amount Available in Debt Service Fund (2)	Total	Actual Taxable Value of Property	Percent of Actual Taxable Value of Property	Population (3)	Per Capita
2011	\$ 123,993,559	\$ 2,290,853	\$ 121,702,706	\$ 169,325,891	71.87%	24,440	\$ 4,980
2012	\$ 120,207,668	\$ 2,085,600	\$ 118,122,068	\$ 171,911,762	74.70%	25,817	\$ 4,575
2013	\$ 117,842,419	\$ 2,949,451	\$ 114,892,968	\$ 173,010,180	66.41%	25,817	\$ 4,450
2014	\$ 108,950,876	\$ 3,016,451	\$ 105,934,425	\$ 174,367,463	60.75%	25,388	\$ 4,173
2015	\$ 103,967,787	\$ 3,131,394	\$ 100,836,393	\$ 177,932,124	56.67%	24,665	\$ 4,088
2016	\$ 100,880,023	\$ 2,304,121	\$ 98,575,902	\$ 178,730,620	55.15%	24,180	\$ 4,077
2017	\$ 94,467,599	\$ 2,591,112	\$ 91,876,487	\$ 175,690,805	52.29%	22,988	\$ 3,997
2018	\$ 83,801,783	\$ 2,021,151	\$ 81,780,632	\$ 172,755,601	47.34%	22,120	\$ 3,697
2019	\$ 87,551,117	\$ 861,241	\$ 86,689,876	\$ 174,258,325	49.75%	21,482	\$ 4,035
2020	\$ 60,326,007	\$ 2,106,583	\$ 58,219,424	\$ 171,741,780	33.90%	21,482	\$ 2,710

(1) Does not include GO bonds that are paid by utility funds.

(2) Cash As of December 31st

(3) As of July 1 prior year from US Census Bureau

CITY OF JUNCTION CITY, KANSAS
 Direct and
 Overlapping Governmental Debt Activities
 As of December 31, 2016

Government Unit	Debt Outstanding	Estimated Percentage Applicable**	Estimated Share of Direct and Overlapping Debt
Geary County	\$ 25,975,000	67.9%	\$ 17,637,025
U.S.D. #475 School District	<u>121,900,000</u>	67.9%	<u>82,770,100</u>
Total Estimated Overlapping Debt	147,875,000		100,407,125
DIRECT DEBT			
City of Junction City	<u>100,503,404</u>	100%	<u>100,503,404</u>
DIRECT & ESTIMATED OVERLAPPING DEBT	<u><u>\$ 248,378,404</u></u>		<u><u>\$ 200,910,529</u></u>

Source: Office of Geary County Clerk

*Numbers provided by County were for June 30, 2018

**Per person within city limits based on July 1, 2018 estimated population.

Junction City = 22120 Geary County = 32,549

(1) Information represents the share of the respective debt which are obligations of the citizens of Junction City.

CITY OF JUNCTION CITY, KANSAS
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service Principal & Interest	Coverage
2011	\$ 8,719,225	\$ 5,180,850	\$ 3,538,375	\$ 896,655	395%
2012*	\$ 10,004,859	\$ 5,935,892	\$ 4,068,967	\$ 1,323,232	307%
2013	\$ 9,580,170	\$ 6,445,000	\$ 3,135,170	\$ 2,049,426	153%
2014	\$ 9,950,736	\$ 6,405,590	\$ 3,545,146	\$ 2,032,415	174%
2015	\$ 9,939,474	\$ 6,763,085	\$ 3,176,389	\$ 2,034,982	156%
	WATER				
2016**	\$ 5,294,769	\$ 3,018,168	\$ 2,276,601	\$ 640,872	355%
	WASTEWATER				
2016**	\$ 5,538,928	\$ 3,384,443	\$ 2,154,485	\$ 1,419,476	152%
	WATER				
2017	\$ 5,636,854	\$ 3,228,918	\$ 2,407,936	\$ 868,562	277%
	WASTEWATER				
2017	\$ 5,810,768	\$ 3,898,489	\$ 1,912,279	\$ 883,674	216%
	WATER				
2018	\$ 5,747,108	\$ 3,529,185	\$ 2,217,923	\$ 1,047,617	212%
	WASTEWATER				
2018	\$ 6,150,387	\$ 3,913,457	\$ 2,236,929	\$ 1,513,594	148%
	WATER				
2019	5,543,406	3,676,695	1,866,711	\$ 963,691	194%
	WASTEWATER				
2019	5,372,257	3,893,892	1,478,365	\$ 1,398,522	106%
	WATER				
2020	\$ 5,745,005	\$ 4,044,491	\$ 1,700,513	\$ 1,002,684	170%
	WASTEWATER				
2020	6,281,411	\$ 5,266,426	1,014,986	\$ 1,454,002	70%

*City took over operations of water & wastewater distribution system in 2012.

**In 2016 water and wastewater utility budget split to form separate utilities.

CITY OF JUNCTION CITY, KANSAS
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Income (3)	Public School Enrollment (4)	Unemployment Rate (5)	Median Age (6)
2011	24,440	\$ 1,070,936,360	\$43,819	8,151	6.7	n/a
2012	25,817	\$ 1,076,078,377	\$41,681	7,905	7.3	n/a
2013	25,817	\$ 1,091,336,224	\$42,272	8,089	6.9	26.6
2014	25,388	\$ 1,100,645,964	\$43,353	8,172	6.5	29.3
2015	24,621	n/a	n/a	7,732	5.5	29
2016	24,180	n/a	\$44,203	7,686	5.1	26.8
2017	22,988	n/a	\$45,106	7,302	4.9	26.5
2018	22,120	n/a	\$47,217	6,834	4.8	27
2019	21,482	n/a	\$50,463	7,407	4.7	27.2
2020	21,482	n/a	\$53,932	6,745	4.9	26

- (1) US Census Bureau as of July 1, 2018
- (2 & 3) US Census Bureau Fact Finder based on 2018 surveys
- (4) Unified School District #475 via phone 09/2020 submission
- (5) Home Facts
- (6) US Census Bureau Fact Finder based on 2018 surveys

CITY OF JUNCTION CITY, KANSAS
Principal Employers

Employers	2020	Employers	2010
	Estimated Number of Employees		Estimated Number of Employees
Fort Riley Civil Service (1) Civilian employees	5488	Fort Riley Civil Service Civilian employees	4504
U.S.D. #475 School District	1,316	U.S.D. #475 School District	1,235
Foot Locker Distribution Center	773	Foot Locker Inc.	867
Smithfield Foods	481	Armour Eckrich	615
Advanced Call Center Technolo	400	Geary Community Hospital	461
Walmart Super Center	312	Wal-Mart	350
Geary Community Hospital	298	Geary County	192
City of Junction City	226	City of Junction City	165
Geary County	214	Kaw Valley Engineering	150
Century Link	115		

(1) Information Provided by Junction City/Geary County Economic Development
Fort Riley spans two counties (Geary and Riley).

CITY OF JUNCTION CITY, KANSAS
 Full-time Employees by Department
 Last Ten Fiscal Years

	2011		2012**		2013		2014		2015		2016		2017		2018		2019		2020			
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%		
Governmental Activities																						
General Government																						
General Administration	4	5.09	4	2.07	4	2.07	4	2.05	4	2.01	4	2.00	4	2.01	5	2.48	3	1.49	3	1.49	3	1.49
Human Resources	1	0.64	1	0.52	1	0.52	1	0.51	1.5	0.75	1.5	0.75	1.5	0.75	2.5	1.24	3	1.49	3	1.49	3	1.49
Information Services	2	0.64	1	0.52	1	0.52	2	1.03	2	1.00	2	1.00	2	1.01	2	0.99	2	0.99	2	0.99	2	0.99
Economic Development	2	1.27	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Building Maintenance	1	0.637	3	1.55	3	1.55	3	1.54	3	1.50	3	1.50	3	1.51	3	1.49	3	1.49	3	1.49	3	1.49
Public Safety																						
Police Department	73	40.13	73	37.82	75	38.76	75	38.46	76.5	38.35	77	38.40	77	38.69	69	34.24	69	34.24	69	34.24	69	34.24
Fire/EMS Department	53	31.85	53	27.46	53	27.39	53	27.18	53	26.57	53	26.43	53	26.63	47	23.33	47	23.33	47	23.33	47	23.33
Codes/Inspection	3	1.59	3	1.55	3	1.55	4	2.05	5	2.51	5	2.49	5	2.51	5	2.48	5	2.48	5	2.48	5	2.48
Municipal Court	5		6	3.11	6	3.10	5	2.56	6.5	3.26	6.5	3.24	6.5	3.27	6	2.98	6	2.98	6	2.98	6	2.98
Public Works																						
Engineering	2	1.59	2	1.04	3.5	1.81	4	2.05	3	1.50	1	0.50	1	1.00	0	1.00	0	0.00	0	0.00	0	0.00
Self Help Housing	3	1.91	3	1.55	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Streets **	0	0	12	6.22	12	6.20	12	6.15	12	6.02	13	6.48	12	6.03	12	5.96	12	5.96	12	5.96	12	5.96
Culture & Recreation																						
Recreation	1	0.64	1	0.52	1	0.52	1	0.51	1	0.50	1.5	0.75	1.5	0.75	5	2.48	5	2.48	5	2.48	5	2.48
Parks	7	4.46	6	3.11	6	3.10	6	3.08	6	3.01	6	2.99	7	3.52	8	3.97	8.5	4.22	8.5	4.22	8.5	4.22
Junction City Arts	0	0	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Spin City	1	0.64	2	1.04	1	0.52	1	0.51	1	0.50	1	0.50	1	0.50	7.5	0.50	7.5	3.72	7.5	3.72	7.5	3.72
Rolling Meadows Golf Course	5	3.18	2	1.04	3	1.55	3	1.54	3	1.50	3	1.50	3	1.50	2.5	1.26	9.5	4.71	11	5.21	11	5.21
Total for Gov't-type Activities	148	94.27	172	89.12	173	89.15	174	89.23	178	88.97	178	88.53	177	88.94	182	90.07	182	90.07	182	90.07	182	90.07
Business-type Activities																						
Solid Waste	0		6	3.11	6	3.10	6	3.08	6	3.01	6	2.99	6	3.02	4	1.99	4	1.99	4	1.99	4	1.99
Storm Water	0		0		0		0		1	0.50	1	0.50	1	0.50	1	0.50	1	0.50	1	0.50	1	0.50
Water/Sewer	16	16	15	7.77	15	7.75	15	7.69	15	7.52	16	7.98	15	7.54	15	7.44	15	7.44	15	7.44	15	7.44
Total Business-type Activities	9	5.73	21	10.88	21	10.85	21	10.77	22	11.03	23	11.47	22	11.06	20	9.93	20	9.93	20	9.93	20	9.93
Total Full-time Employees	157		193		193.5		195		199.5		200.5		199		201.5		201.5		201.5			

*2012 to 2016 Full-time equivalent for regularly scheduled employees with 25 hrs/week or more. Regular part-time is designated as .5.

**2012 the city took over public works operations that had been contract services since 1999.

Worksheet revised 2016 to correct historical numbers.

City of Junction City, Kansas
 Operating Indicators by Function / Program
 Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government										
Building Permits Issued	1,022	958	994	1,090	1,174	1,304	1,126	824	1,478	2,028
Building Inspections Conducted	4,675	4,572	3,637	3,700	4,340	2,195	2,087	826	2,876	1,692
Police										
Physical Arrests	2,444	2,396	1,708	2,431	3,032	2,886	2,994	2,339	1,920	1,939
Traffic Violations	7,724	8,232	6,314	6,678	5,743	5,337	6,234	6,127	6,881	4,940
Fire										
Fire Calls	1,625	1,712	1,683	1,559	1,691	1,832	1,859	1,704	1,456	3,385
Emergency Medical Service Calls	2,652	2,804	2,815	2,921	3,188	3,120	3,115	3,094	3,231	3,165
Parks & Recreation										
Golf course (Rounds of Golf)	14,468	17,016	12,952	15,678	17,346	15,359	15,427	12,881	13,274	20,756
Golf course (Rounds per Special Events)	1,431	808	1,077	571	1,564	1,263	1,506	1,093	880	1,219
Water										
Average daily consumption (gallons x 1,000)	3,268,000	3,190,000	2,904,667	2,973,000	2,888,000	2,928,000	2,924,000	2,837,019	2,563,468	2,806,595
Peak daily consumption (gallons x 1000)	6,216,000	5,620,000	5,229,000	6,331,000	5,719,000	5,260,000	4,705,000	4,003,677	4,074,712	4,078,787
Wastewater										
East Plant Average daily sewage treatment (gallons)	1,694,000	1,650,000	1,630,000	1,572,000	1,513,000	1,494,000	1,451,000	1,544,066	1,618,137	1,558,027
SW Plant Average daily sewage treatment (gallons)	818,166	715,000	770,000	816,000	831,000	855,000	799,000	778,778	772,110	826,904

CITY OF JUNCTION CITY, KANSAS
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	7	7	7	7	7	7	9	9	9	9
Fire Stations	2	2	2	2	2	2	2	2	2	2
Public Works										
Streets (miles)	149	149	149	149	149	150	150	150	150	150
Streetlights	1,615	1,615	1,615	1,615	1,615	1,615	1,647	502	502	502
Traffic Signals	18	18	18	18	18	18	22	21	21	21
Parks & Recreation										
Public Parks	19	19	19	19	19	19	19	19	19	19
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Golf Courses	1	1	1	1	1	1	1	1	1	1
Baseball/Softball Fields	7	7	7	7	7	7	10	10	10	10
Tennis Courts	6	6	6	6	6	6	6	6	6	6
Community Centers	1	1	1	1	1	1	1	1	1	1
Spin City Recreation Complex	1	1	1	1	1	1	1	1	1	1
Rathert Stadium							1	1	1	1
Water										
Water mains (miles)	123.3	123.3	123.3	123.3	123.3	123.3	123.3	123.3	123.3	123.3
Storage capacity (gallons)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Wastewater										
Sanitary sewers (miles)	107	107	107	107	107	130.9	130.9	130.9	130.9	130.9
Treatment daily capacity (gallons)	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Stormwater										
Storm sewers (miles)	14.2	14.2	14.2	14.2	14.2	14.2	51.4	51.4	51.4	51.4

Source: City of Junction City, Kansas Departments
 *Summer Fun Club Building is no longer used.

CITY OF JUNCTION CITY, KANSAS

Single Audit Information

**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 Commissioners
City of Junction City, Kansas
Junction City, KS

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **City of Junction City, Kansas**, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise **City of Junction City, Kansas'** basic financial statements, and have issued our report thereon dated July 6, 2021.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs (2020-001 and 2020-002) to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs (2020-003, 2020-004, 2020-005, 2020-006, and 2020-007) to be significant deficiencies.

Compliance and Other Matters

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

City of Junction City, Kansas' Response to Findings

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

Purpose of This Report

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



ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

July 6, 2021

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

To the City Commission
City of Junction City, Kansas
Junction City, Kansas

Report on Compliance for Each Major Federal Program

We have audited **City of Junction City, Kansas'** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of **City of Junction City, Kansas'** major federal programs for the year ended December 31, 2020. **City of Junction City, Kansas'** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **City of Junction City, Kansas'** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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 **City of Junction City, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, **City of Junction City, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

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

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

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

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



ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

July 6, 2021

CITY OF JUNCTION CITY, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Housing and Urban Development			
Passed Through Kansas Department of Commerce			
Community Development Block Grants	14.228	19-PF-005	\$ 425,000
Coronavirus Funding			
Community Development Block Grants	14.228	CDBG-CV	<u>45,707</u>
Total U.S. Department of Housing and Urban Development			<u>470,707</u>
U.S. Department of Justice			
Direct Award			
Bulletproof Vest Partnership Program	16.607	N/A	7,233
Equitable Sharing Program	16.922	N/A	406,331
Passed Through Kansas Office of Judicial Administration			
Coronavirus Funding			
Coronavirus Emergency Supplemental Funding Program	16.034	N/A	29,706
Passed Through Kansas Criminal Justice Coordinating Council			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	<u>14,816</u>
Total U.S. Department of Justice			<u>458,086</u>
U.S. Department of Transportation			
Direct Award			
Airport Improvement Program	20.106	3-20-0039-013-2019	46,990
Airport Improvement Program	20.106	3-20-0039-012-2016	847
Coronavirus Funding			
Airport Improvement Program	20.106	3-20-0039-014-2020	<u>6,241</u>
Total U.S. Department of Transportation			<u>54,078</u>
U.S. Department of the Treasury			
Passed Through Geary County			
Coronavirus Funding			
Coronavirus Relief Fund	21.019	N/A	<u>1,047,283</u>
U.S. Department of Health and Human Services			
Direct Award			
Coronavirus Funding			
Provider Relief Funds	93.498	N/A	<u>19,678</u>
Total Expenditures of Federal Awards			\$ <u>2,049,832</u>

Note - There were no awards made to subrecipients for the year ended December 31, 2020.

See accompanying notes to schedule of expenditures of federal awards.

CITY OF JUNCTION CITY, KANSAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **City of Junction City, Kansas**, and is presented in accordance with generally accepted accounting principles. The information in this schedule is presented 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* (Uniform Guidance).

NOTE 2 – INDIRECT COST RATE

The City has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

NOTE 3 – OTHER EXPENDITURES

The City did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees, and incurred no expenditures in relation thereof for the year ended December 31, 2020.

NOTE 4 – FEDERAL FORFEITED PROPERTY PROGRAM

In 2020, the Narcotic Seizure program acquired \$218,608 in federal forfeited property and expended \$406,331 on the qualified program expenditures.

NOTE 5 – U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT LOAN PROGRAM

City of Junction City, Kansas has received a loan from the Kansas Department of Commerce. The City did not award additional loans during the year. The balance of the loan outstanding at December 31, 2020 consists of:

Assistance Listing Number	Program Name	Outstanding Balance at December 31, 2020
14.228	Community Development Block Grants	\$ 313,438

CITY OF JUNCTION CITY, KANSAS
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting

- Material weakness identified? X Yes No
- Significant deficiency identified? X Yes None Reported
- Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness identified? Yes X No
- Significant deficiency identified? Yes X None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes X No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

CITY OF JUNCTION CITY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

2020-001

Criteria or specific requirement

During the course of our audit, we identified material adjustments to the trial balance that were not initially identified by the City's internal control structure.

Condition

The financial statements are the responsibility of management. As such, the City's internal control over the financial statements should identify misstatements.

Cause

Inappropriate application of generally accepted accounting principles.

Effect

There is the potential that the financial statements may be materially misstated.

Recommendation

We recommend that the City review its trial balance at year-end to ensure that all adjustments have been made with supporting documentation.

Views of responsible officials

See Corrective Action Plan.

2020-002

Criteria or specific requirement

During the course of our audit, we identified material adjustments to the City's liabilities that were not initially identified by the City.

Condition

The financial statements are the responsibility of management. As such, the City's internal control over liabilities should identify misstatements.

Cause

Inappropriate application of fund balance reserves and regulatory basis accounting principles to budgetary statements.

Effect

Fund Balance was not properly assigned in the governmental funds and budget to actual expenditures was inaccurately reviewed.

Recommendation

We recommend that the City review the minutes of each Commission meeting to determine encumbrances that need to be recorded as such and document when those encumbrances were paid. We further recommend that the Flex Spending Account be reviewed to ensure the balance accurately states the City's liability.

Views of responsible officials

See Corrective Action Plan.

CITY OF JUNCTION CITY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SIGNIFICANT DEFICIENCIES

2020-003

Criteria or specific requirement

Control procedures over fixed assets should be in place to prevent, detect, and correct potential misstatement of fixed assets. Fixed asset additions and deletions should be reconciled to the general ledger and construction in progress records by the City staff to ensure they are properly stated on the depreciation listing.

Condition

Transactions affecting the depreciation listing were not properly recorded in accordance with City policy.

Cause

Assets included in accounts payable at year-end were missed during management's review of capital assets.

Effect

Failure to properly keep track of fixed asset related transactions resulted in a material adjustment to the financial statements.

Recommendation

Great efforts have been taken surrounding capital assets during the past year. We commend the City on its improved processes to accurately track capital assets and report them on the financial statements. It is imperative that all fixed asset related items be provided by management. We recommend that fixed assets be tracked on a master listing including assets ordered but not yet paid for and that the depreciation schedule be reviewed annually to determine whether the City still has the property listed.

Views of responsible officials

See Corrective Action Plan.

2020-004

Criteria or specific requirement

Debt should be tracked in order to ensure that the payments are recorded in the correct fund. Payments should be allocated between funds in the same proportion as the recording of the outstanding debt balance. In addition, all capital leases need to be tracked as soon as the lease agreement is signed. This will allow the debt to be recorded on the Statement of Net Position timely.

Condition

Payments on debt were incorrectly allocated between funds.

Cause

Debt is allocated between various funds, and the payments were not allocated in a similar manner.

Effect

Debt was not properly reconciled between the various funds.

Recommendation

We recommend that the City implement controls by creating a spreadsheet to maintain the debt allocations between funds and utilize it during the accounts payable process to record the payments.

Views of responsible officials

See Corrective Action Plan.

CITY OF JUNCTION CITY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

2020-005

Criteria or specific requirement

Utility accounts receivable that have become uncollectible are marked in the system with a lien. When the account is marked, an allowance against the account should be recorded.

Condition

When the City placed a lien on an account, the receivable was removed from the utility fund in which it originated and was placed in a receivable account in the debt service fund. Once payment was received, the revenue was recorded back into the utility fund.

Cause

The City's software system was set up incorrectly upon its implementation.

Effect

Customer accounts receivable marked with a lien were recorded in the wrong fund.

Recommendation

We recommend that the City correct its software system to properly record the accounts with liens, so an allowance can be easily determined within the utility funds.

Views of responsible officials

See Corrective Action Plan.

2020-006

Criteria or specific requirement

Control procedures over the recording of cash receipts should be in place to prevent, detect and correct potential misstatement of transactions. This includes reviewing the impact of the posted entries to ensure the transaction is accurate.

Condition

In the current year, a cash receipt for \$500,000 was posted and approved to record the maturity of a certificate of deposit as revenue instead of a transfer between investment accounts.

Cause

Due to changes in City personnel, the entry was incorrectly coded and the investment account was not reconciled timely to catch the misstatement.

Effect

Prior to the adjustment during the audit, investments were understated and revenue was overstated.

Recommendation

We recommend that the City reconcile the pooled cash fund (099) to the general ledger cash accounts. Any fund tied directly to a bank account also needs to be reconciled to the corresponding pooled cash account.

Views of responsible officials

See Corrective Action Plan.

CITY OF JUNCTION CITY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

2020-007

Criteria or specific requirement

Internal controls over payroll processes should be properly designed to prevent errors.

Condition

During audit procedures, we discovered that twelve of the fifty-one employees tested were paid more than what their personnel file stated they should have been paid. The total overpayment for the payroll periods tested was \$58.60. Further, the City was unable to reconcile the Payroll Distribution Report to the Form W3.

Cause

The City's payroll system was not correctly calculating overtime at time and a half.

Effect

Employees were paid the wrong wage amount and the filed Forms W2 and W3 could be incorrect.

Recommendation

We recommend that the City implement controls within its payroll processes to ensure that employees are being paid the correct amount. Further, a quarterly reconciliation should be completed before the Form 941 is filed to ensure pre-tax deductions are being accurately calculated and the correct wage amounts are being reported.

Views of responsible officials

See Corrective Action Plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under the Uniform Guidance.

Lindsay Miller
Finance Director

Lindsay.Miller@jcks.com



PO Box 287
700 N Jefferson Street
Junction City, KS 66441-0287

Phone: 785-238-3103 Ext. 305
Fax: 785-223-4262

Summary Schedule of Prior Audit Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

2019-001

Condition

Significant adjustments to the trial balance had to be made during the course of the audit.

Corrective Actions

City staff review revenues and expenses and the balance sheet to ensure proper reporting, and they review the trial balance at year end.

Status

Repeat Finding. See 2020-001.

SIGNIFICANT DEFICIENCY

2019-002

Condition

Currently the City does not maintain a complete and accurate capital asset listing.

Corrective Actions

Numerous changes were made regarding their capital asset policy, and a more careful listing was kept.

Status

Repeat Finding. See 2020-002.

SIGNIFICANT DEFICIENCY

2019-003

Condition

A spreadsheet should be maintained on debt to ensure the payments are recorded in the correct fund.

Corrective Actions

A spreadsheet was kept and compared against payments. However, with refinancing that occurred, there were many changes, and a few errors were still made during the year ended December 31, 2020.

Status

Repeat Finding. See 2020-003.

Lindsay Miller
Finance Director

Lindsay.Miller@jcks.com



PO Box 287
700 N Jefferson Street
Junction City, KS 66441-0287

Phone: 785-238-3103 Ext. 305
Fax: 785-223-4262

Summary Schedule of Prior Audit Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None. No single audit for the year ended December 31, 2019.