

CITY OF SPRING HILL, KANSAS

FINANCIAL STATEMENTS

Year ended December 31, 2021

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City of Spring Hill, Kansas

FINANCIAL STATEMENTS
Year ended December 31, 2021

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City of Spring Hill, Kansas

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of Spring Hill, Kansas

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spring Hill, Kansas, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spring Hill, Kansas, as of December 31, 2021, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund, fire services fund, special highway fund, and the excise tax fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Accounting and Audit Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

July 21, 2022

City of Spring Hill, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021
Unaudited

Our discussion and analysis of the City of Spring Hill, Kansas financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2021.

Financial Highlights

- The Government-wide net position totaled \$24.0 million at the end of the current fiscal year.
- Total capital assets, net of accumulated depreciation, as of December 31, 2021 totaled \$43.0 million.
- Government-wide activities increased the net position of the City by \$6.2 million for the year ended December 31, 2021.
- The City's total indebtedness decreased by \$2.1 million.
- The City's net capital assets increased \$1.7 million.

Using This Financial Report

This annual report consists of two distinct series of financial statements: government-wide and funds. In addition, the annual report includes budgetary-basis financial statement comparisons, in accordance with the State of Kansas cash basis and budget laws.

The government-wide statements are designed to provide information about the City's activities as a whole and provide a longer-term view of the City's finances. The fund financial statements tell how the City's services for both governmental and business-type activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in greater detail than the government-wide statements by providing information about the City's most significant funds. In addition, combining statements included in the supplemental information show detail of all other governmental funds.

Reporting on the City as a Whole (Government Wide)

Statement of Net Position and the Statement of Activities

The view of the City as a whole looks at all financial transactions and asks the question, "Are we in a better financial position as a result of the current year's financial activities?" The Statement of Net Position and the Statement of Activities provide the basis for answering this question. The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the City's net position and current year change in those net position. The change in net position is important because it tells the reader whether the City, as a whole, has improved or diminished its financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, state mandates, and the financial condition of the State of Kansas general fund. In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

Governmental Activities - Most of the City's programs and services are reported here including general government, public safety, public works, and culture and recreation.

Business-Type Activities - These services are provided on a charge for goods and services basis to recover all of the expenses of the goods or services provided. The City's water utility and sewer utility are reported as business-type activities.

City of Spring Hill, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021
Unaudited

Reporting the City's Most Significant Funds (Fund Financial Statements)

Fund financial statements provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. The main fund financial statements focus on the City's most significant funds. Combining fund balance sheets and statements of revenues, expenditures and changes in fund balances provide detailed information about all of the City's non-major governmental funds.

Governmental Funds - Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of the funds and balances left over at fiscal year end available to be spent in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps the reader to decide where there are more or fewer financial resources that can be spent in the near term to finance the City's programs. Major differences between the City's governmental activities as reported in the Statement of Net Position and the Statement of Activities and its governmental funds are reconciled in the Governmental Funds financial statements.

Proprietary Funds - Proprietary funds (Water Utility and Sewer Utility) are enterprise funds that use the same basis of accounting as business-type activities, therefore, these statements replicate the information provided in the government-wide financial statements.

City of Spring Hill, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021
Unaudited

The City as a Whole

Government-Wide Assets

The Statement of Net Position provides the financial position of the City as a whole. The following is a summary of the City's Statement of Net Position as of December 31, 2021:

City of Spring Hill
Condensed Statement of Net Position
December 31, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current assets	\$ 12,337,752	\$ 11,540,919	\$ 6,815,087	\$ 4,868,521	\$ 19,152,839	\$ 16,409,440
Net capital assets	30,998,845	29,534,890	11,986,032	11,710,472	42,984,877	41,245,362
Deferred outflows of resources	<u>1,152,377</u>	<u>1,290,848</u>	<u>47,572</u>	<u>61,839</u>	<u>1,199,949</u>	<u>1,352,687</u>
 Total assets and deferred outflows of resources	 <u>\$ 44,488,974</u>	 <u>\$ 42,366,657</u>	 <u>\$ 18,848,691</u>	 <u>\$ 16,640,832</u>	 <u>\$ 63,337,665</u>	 <u>\$ 59,007,489</u>
 Current liabilities	 \$ 5,637,909	 \$ 4,033,063	 \$ 893,010	 \$ 939,897	 \$ 6,530,919	 \$ 4,972,960
Noncurrent liabilities	21,529,551	25,531,960	6,241,490	6,847,024	27,771,041	32,378,984
Deferred inflows of resources	<u>4,956,415</u>	<u>3,775,800</u>	<u>42,873</u>	<u>18,054</u>	<u>4,999,288</u>	<u>3,793,854</u>
 Total liabilities and deferred inflows of resources	 <u>\$ 32,123,875</u>	 <u>\$ 33,340,823</u>	 <u>\$ 7,177,373</u>	 <u>\$ 7,804,975</u>	 <u>\$ 39,301,248</u>	 <u>\$ 41,145,798</u>
 Net Position:						
Net investment in capital assets	\$ 7,289,103	\$ 4,337,028	\$ 5,193,764	\$ 4,199,028	\$ 12,482,867	\$ 8,536,056
Restricted for:						
Debt Service	584,644	810,773	-	-	584,644	810,773
Unrestricted	<u>4,491,347</u>	<u>3,878,033</u>	<u>6,477,554</u>	<u>4,636,829</u>	<u>10,968,901</u>	<u>8,514,862</u>
 Total net position	 <u>\$ 12,365,094</u>	 <u>\$ 9,025,834</u>	 <u>\$ 11,671,318</u>	 <u>\$ 8,835,857</u>	 <u>\$ 24,036,412</u>	 <u>\$ 17,861,691</u>

The assets of the City are classified as current assets and capital assets. Cash and investments and accounts receivable are the largest current assets. These are assets that are available to provide resources for the near-term operations of the City. Capital assets are used in the operations of the City. These assets include land, buildings, improvements other than buildings, machinery and equipment, and infrastructure.

Current and non-current liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued liabilities, and current portion of long-term obligations. Current assets exceed current liabilities by \$12.6 million.

The City has \$30.4 million in long-term debt, consisting of general obligation bonds, temporary notes, loans, and capital leases payable, of which \$5.8 million is due within the next fiscal year.

The City had total assets and deferred outflows as of December 31, 2021, totaling \$63.3 million. The total assets and deferred outflows of the City exceeded the total liabilities and deferred inflows by \$24.0 million. Net investment in capital assets totaled \$12.5 million, restricted net position totaled \$0.6 million and unrestricted net position totaled \$11.0 million.

City of Spring Hill, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021
Unaudited

Government-Wide Activities

The following is a condensed statement of the City's change in net position for the year ended December 31, 2021. Major items of program revenues, grants and general revenues are detailed below. A reconciliation of the total change in fund balances for the governmental funds to the Statement of Activities is located on page 10 of the basic financial statements. Major differences in the Statement of Activities and changes in the fund balances of governmental funds as expenditures in the funds statements include the repayment of bonds, temporary notes, and leases in the current fiscal year of \$4.5 million which are treated as an expenditure in the fund statements and a reduction of long-term debt payable in the Government wide financial statements. Also, lease, bond and temporary note proceeds in the amount of \$3.4 million are treated as revenues in the fund statements and an increase in long-term debt in the Government wide financial statements. In addition, the capital outlays of \$2.6 million are treated as expenditures in the fund statements but are treated as capital assets in the Government wide financial statements.

City of Spring Hill
Condensed Statement of Changes in Net Position
For the Years Ending December 31, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 802,007	\$ 628,378	\$ 5,026,702	\$ 3,894,286	\$ 5,828,709	\$ 4,522,664
Operating grants and contributions	442,881	459,674	-	4,610	442,881	464,284
Capital grants and contributions	1,474,469	1,052,808	-	-	1,474,469	1,052,808
General revenues:						
Taxes	8,827,701	6,976,999	-	-	8,827,701	6,976,999
Other	1,076,363	615,801	6,032	5,423	1,082,395	621,224
Total revenues	12,623,421	9,733,660	5,032,734	3,904,319	17,656,155	13,637,979
Program expenses:						
General government	3,731,610	3,551,018	-	-	3,731,610	3,551,018
Public safety	1,993,532	1,997,025	-	-	1,993,532	1,997,025
Public works	1,798,651	1,405,833	-	-	1,798,651	1,405,833
Culture and recreation	594,160	420,810	-	-	594,160	420,810
Infrastructure depreciation	-	-	-	-	-	-
Water utility	-	-	1,119,561	1,187,126	1,119,561	1,187,126
Sewer utility	-	-	1,610,262	1,706,000	1,610,262	1,706,000
Interest on long term debt	633,653	940,095	-	-	633,653	940,095
Total expenses	8,751,606	8,314,781	2,729,823	2,893,126	11,481,429	11,207,907
Transfers in [out]	[532,550]	641,532	532,550	[641,532]	-	-
Increase [decrease] in net position	\$ 3,339,265	\$ 2,060,411	\$ 2,835,461	\$ 369,661	\$ 6,174,726	\$ 2,430,072

Governmental Activities increased the net position by \$3.3 million. Business-type activities increased the net position by \$2.8 million.

City of Spring Hill, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021
Unaudited

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with state and federal finance related legal requirements. These funds are accounted for on the modified accrual basis of accounting.

The governmental funds of the City provide information on near-term inflows, outflows and balances of spendable resources.

Total fund balances as of December 31, 2021 for the governmental funds totaled \$7.8 million. Total unassigned fund balances as of December 31, 2021 totaled \$2.6 million, of which \$1.2 million was attributable to the General Fund. The remainder of fund balance includes: \$4.8 million of restricted fund balance to indicate that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations, \$.4 million of committed fund balance to indicate amounts that are constrained by the City governing body to be used for specific purposes, and \$12,080 of assigned fund balance to indicate resources that are set aside by the City for a particular purpose.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1.2 million and assigned fund balance was \$12,080, which represents all of the total fund balance. The increase in the General Fund's fund balance was \$0.3 million.

The Fire Services Fund is used to account for fire services provided in a designated area within the city limits of Spring Hill. At the end of the current fiscal year, restricted fund balance of the fund was \$58,050, which represents all of the total fund balance. The decrease in the fund's fund balance was \$25,232.

The Special Highway Fund is used to account for capital improvements of City streets. At the end of the current fiscal year, restricted fund balance of the fund was \$1.1 million, which represents the total fund balance. The increase in the fund's fund balance was \$165,428.

The Excise Tax Fund is used to account for funds levied on the platting of real property and is a general revenue of the City. At the end of the current fiscal year, restricted fund balance of the fund was \$1.5 million, which represents the total fund balance. The increase in the fund's fund balance was \$343,181.

The Debt Service Fund is used to accumulate tax revenues and other revenues for the payment of principal and interest on general short and long-term debt. At the end of the current fiscal year, restricted fund balance of the fund was \$584,644, which represents the total fund balance. The decrease in the fund's fund balance was \$226,129.

The Capital Projects Infrastructure, Capital Projects Facilities, and GO 2020 TN Funds are used to account for capital improvement projects throughout the City.

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

Unrestricted net position of the Water Fund at the end of the year amounted to \$1.3 million and the unrestricted net position of the Sewer Fund at the end of the year amounted to \$5.2 million. The total change in the two funds was \$643,171 and \$2.2 million respectively.

City of Spring Hill, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021
Unaudited

General Fund Budgeting Highlights

The City's budgets are prepared in accordance with Kansas law and are based primarily on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The City's General Fund budgeted expenditures were \$6,960,130. The revenues were more than budgetary estimates by \$889,149 and the expenditures were less than budgetary estimates by \$1,176,728.

Fixed Assets and Debt Administration

The City's investment in fixed assets for its governmental and business-type activities totaled \$43.0 million (net of accumulated depreciation) as of December 31, 2021.

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

The City completed the Dayton Creek Subdivision Phase 4 and the Webster Street from South Street to 207th Street projects. Several vehicles and various pieces of equipment were also purchased during the fiscal year.

The City continued construction on the single-lane roundabout at the 199th and Ridgeview intersection as well as on the 2020 CDBG sewer rehabilitation project during the fiscal year.

Construction was started on the 199th Street and Webster Pump project during the fiscal year.

As of December 31, 2021, the City had total debt outstanding of \$30.4 million, backed by the full faith and credit of the City. Total long-term debt decreased for the fiscal year ended December 31, 2021, in the amount of \$2.1 million. This was a result of the scheduled principal payments on general obligation bonds, temporary notes, loans, and capital lease agreements.

Additional information on the City's general long-term debt can be found in Note III.D to the financial statements.

Contacting the City

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, visit the Finance Director at 401 N. Madison, Spring Hill, Kansas 66083 or (913) 592-3664.

City of Spring Hill, Kansas

STATEMENT OF NET POSITION
December 31, 2021

	Primary Government		
	Total Governmental Activities	Total Business-type Activities	Total Primary Government
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents	\$ 8,822,586	\$ 6,639,612	\$ 15,462,198
Taxes receivable	3,467,018	-	3,467,018
Accounts receivable	48,148	175,475	223,623
Total current assets	<u>12,337,752</u>	<u>6,815,087</u>	<u>19,152,839</u>
Noncurrent assets:			
Capital assets, nondepreciable			
Land	320,279	36,281	356,560
Construction in progress	1,296,375	433,281	1,729,656
Capital assets, depreciable	41,276,277	30,425,923	71,702,200
Less: accumulated depreciation	[11,894,086]	[18,909,453]	[30,803,539]
Total noncurrent assets	<u>30,998,845</u>	<u>11,986,032</u>	<u>42,984,877</u>
Total assets	<u>43,336,597</u>	<u>18,801,119</u>	<u>62,137,716</u>
Deferred outflows of resources			
Pension related	1,150,051	47,260	1,197,311
KPERS OPEB related	2,326	312	2,638
Total deferred outflows of resources	<u>1,152,377</u>	<u>47,572</u>	<u>1,199,949</u>
Total assets and deferred outflows of resources	<u>\$ 44,488,974</u>	<u>\$ 18,848,691</u>	<u>\$ 63,337,665</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Liabilities:			
Current liabilities: (payable from current assets):			
Accounts payable	\$ 403,230	\$ 262,938	\$ 666,168
Accrued interest payable	220,617	60,907	281,524
Accrued salaries	62,642	7,629	70,271
Compensated absences payable	102,773	10,758	113,531
Current portion of leases payable	209,349	53,076	262,425
Current portion of loans payable	-	116,510	116,510
Current portion of temporary notes payable	3,132,735	-	3,132,735
Current portion of bonds payable	1,506,563	381,192	1,887,755
Total current liabilities (payable from current assets)	<u>5,637,909</u>	<u>893,010</u>	<u>6,530,919</u>
Noncurrent liabilities:			
Leases payable	307,717	96,249	403,966
KPERS OPEB liability	35,775	4,808	40,583
Loans payable	-	311,097	311,097
Net pension liability	2,632,681	130,316	2,762,997
Bonds payable	18,553,378	5,699,020	24,252,398
Total noncurrent liabilities	<u>21,529,551</u>	<u>6,241,490</u>	<u>27,771,041</u>
Total liabilities	<u>27,167,460</u>	<u>7,134,500</u>	<u>34,301,960</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	4,026,025	-	4,026,025
Pension related	910,800	40,240	951,040
KPERS OPEB related	19,590	2,633	22,223
Total deferred inflows of resources	<u>4,956,415</u>	<u>42,873</u>	<u>4,999,288</u>
Total liabilities and deferred inflows of resources	<u>\$ 32,123,875</u>	<u>\$ 7,177,373</u>	<u>\$ 39,301,248</u>
Net Position			
Net investment in capital assets	\$ 7,289,103	\$ 5,193,764	\$ 12,482,867
Restricted for:			
Debt service	584,644	-	584,644
Unrestricted	4,491,352	6,477,554	10,968,906
Total net position	<u>\$ 12,365,099</u>	<u>\$ 11,671,318</u>	<u>\$ 24,036,417</u>

City of Spring Hill, Kansas

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

	Program Revenues				Net [Expenses] Revenue and Changes in Net Assets		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental activities:							
General government	\$ 3,731,610	\$ 600,909	\$ 33,278	-	\$ [3,097,423]	\$ -	\$ [3,097,423]
Public safety	1,993,532	125,818	-	-	[1,867,714]	-	[1,867,714]
Public works	1,798,651	-	286,980	1,474,469	[37,202]	-	[37,202]
Culture and recreation	594,160	75,280	122,623	-	[396,257]	-	[396,257]
Interest on long-term debt	633,653	-	-	-	[633,653]	-	[633,653]
Total governmental activities	<u>8,751,606</u>	<u>802,007</u>	<u>442,881</u>	<u>1,474,469</u>	<u>[6,032,249]</u>	<u>-</u>	<u>[6,032,249]</u>
Business-type activities:							
Water	1,119,561	1,697,030	-	-	-	577,469	577,469
Sewer	1,610,262	3,329,672	-	-	-	1,719,410	1,719,410
Total business-type activities	<u>2,729,823</u>	<u>5,026,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,296,879</u>	<u>2,296,879</u>
Total primary government	<u>\$ 11,481,429</u>	<u>\$ 5,828,709</u>	<u>\$ 442,881</u>	<u>\$ 1,474,469</u>	<u>[6,032,249]</u>	<u>2,296,879</u>	<u>[3,735,370]</u>
General Revenues:							
Taxes levied for							
General purposes					8,577,667	-	8,577,667
Debt service					250,034	-	250,034
Investments earnings					10,373	6,032	16,405
Miscellaneous					1,065,990	-	1,065,990
Transfers, net					[532,550]	532,550	-
Total general revenues and transfers					<u>9,371,514</u>	<u>538,582</u>	<u>9,910,096</u>
Change in net position					3,339,265	2,835,461	6,174,726
Net position - beginning					9,025,834	8,835,857	17,861,691
Net position - ending					<u>\$ 12,365,099</u>	<u>\$ 11,671,318</u>	<u>\$ 24,036,417</u>

City of Spring Hill, Kansas

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	General	Fire Services	Special Highway	Excise Tax	Debt Service	Capital Projects Infrastructure	Capital Projects Facilities	GO 2020 TN	Other Governmental Funds	Total Governmental Funds
ASSETS										
Cash and investments	\$ 1,617,085	\$ 58,050	\$ 1,065,354	\$ 1,354,213	\$ 584,644	\$ 1,370,925	\$ 135,088	\$ 138,084	\$ 2,499,139	\$ 8,822,582
Due from other funds	-	-	-	159,734	-	-	-	-	-	159,734
Receivables										
Taxes	2,473,490	779,656	-	-	181,847	-	-	-	32,025	3,467,018
Accounts	48,148	-	-	-	-	-	-	-	-	48,148
Total assets	\$ 4,138,723	\$ 837,706	\$ 1,065,354	\$ 1,513,947	\$ 766,491	\$ 1,370,925	\$ 135,088	\$ 138,084	\$ 2,531,164	\$ 12,497,482
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 345,865	\$ -	\$ 5,780	\$ -	\$ -	\$ 37,882	\$ -	\$ 8,783	\$ 4,920	\$ 403,230
Accrued salaries payable	62,642	-	-	-	-	-	-	-	-	62,642
Due to other funds	-	-	-	-	-	-	-	159,734	-	159,734
Total liabilities	408,507	-	5,780	-	-	37,882	-	168,517	4,920	625,606
Deferred inflows of resources:										
Unavailable revenue - property taxes	2,473,490	779,656	-	-	181,847	-	-	-	591,032	4,026,025
Total deferred inflows of resources	2,473,490	779,656	-	-	181,847	-	-	-	591,032	4,026,025
Total liabilities and deferred inflows of resources	2,881,997	779,656	5,780	-	181,847	37,882	-	168,517	595,952	4,651,631
Fund balance:										
Restricted	-	58,050	1,059,574	1,513,947	584,644	-	135,088	[30,433]	1,521,898	4,842,768
Committed	-	-	-	-	-	-	-	-	413,314	413,314
Assigned	12,080	-	-	-	-	-	-	-	-	12,080
Unassigned	1,244,646	-	-	-	-	1,333,043	-	-	-	2,577,689
Total fund balance	1,256,726	58,050	1,059,574	1,513,947	584,644	1,333,043	135,088	[30,433]	1,935,212	7,845,851
Total liabilities, deferred inflows of resources and fund balances	\$ 4,138,723	\$ 837,706	\$ 1,065,354	\$ 1,513,947	\$ 766,491	\$ 1,370,925	\$ 135,088	\$ 138,084	\$ 2,531,164	\$ 12,497,482

City of Spring Hill, Kansas

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
 NET POSITION OF GOVERNMENTAL ACTIVITIES
 December 31, 2021

Total Governmental Fund Balances	\$ 7,845,851
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	
The cost of capital assets is	42,892,931
Accumulated depreciation is	<u>11,894,086</u> 30,998,845
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	1,152,381
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	[930,390]
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long term liabilities at year end consist of:	
General obligation bonds payable	20,059,941
Temporary notes payable	3,132,735
Leases payable	517,066
Interest payable	220,617
KPERS OPEB liability	35,775
Net pension liability	2,632,681
Compensated absences payable	<u>102,773</u> [26,701,588]
Net Position of Governmental Activities	\$ <u>12,365,099</u>

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

City of Spring Hill, Kansas

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2021

	General	Fire Services	Special Highway	Excise Tax	Debt Service	Capital Projects Infrastructure	Capital Projects Facilities	GO 2020 TN	Other Governmental Funds	Total Governmental Funds
REVENUES:										
Taxes	\$ 6,061,752	\$ 768,813	\$ -	\$ 860,827	\$ 250,034	\$ -	\$ -	\$ 886,275	\$ 8,827,701	
Special assessments	-	-	-	-	1,474,469	-	-	-	-	1,474,469
Intergovernmental	3,278	-	220,351	-	-	66,629	-	-	152,623	442,881
Fines and fees	802,007	-	-	-	-	-	-	-	-	802,007
Use of money and property	2,010	100	492	3,428	349	1,235	66	328	2,366	10,374
Miscellaneous	21,966	-	-	-	5,764	-	-	650,933	309,822	988,485
Total revenues	<u>6,891,013</u>	<u>768,913</u>	<u>220,843</u>	<u>864,255</u>	<u>1,724,852</u>	<u>73,628</u>	<u>66</u>	<u>651,261</u>	<u>1,351,086</u>	<u>12,545,917</u>
EXPENDITURES:										
Current										
General government	2,484,381	794,145	-	-	-	-	-	-	586,356	3,864,882
Public safety - law enforcement	1,826,996	-	-	-	-	-	-	-	-	1,826,996
Public safety - court services	108,316	-	-	-	-	-	-	-	-	108,316
Public works	781,663	-	64,684	-	-	-	-	-	-	846,347
Culture and recreation	569,966	-	-	-	-	-	-	-	31,153	601,119
Capital outlay	-	-	-	-	-	903,182	6,730	1,681,115	24,236	2,615,263
Debt service										
Principal	-	-	-	-	4,534,069	-	-	-	-	4,534,069
Interest and other charges	-	-	-	-	685,328	-	-	25,493	-	710,821
Total expenditures	<u>5,771,322</u>	<u>794,145</u>	<u>64,684</u>	<u>-</u>	<u>5,219,397</u>	<u>903,182</u>	<u>6,730</u>	<u>1,706,608</u>	<u>641,745</u>	<u>15,107,813</u>
Excess [deficiency] of revenues over [under] expenditures	<u>1,119,691</u>	<u>[25,232]</u>	<u>156,159</u>	<u>864,255</u>	<u>[3,494,545]</u>	<u>[829,554]</u>	<u>[6,664]</u>	<u>[1,055,347]</u>	<u>709,341</u>	<u>[2,561,896]</u>
OTHER FINANCING SOURCES [USES]										
Bond proceeds	-	-	-	-	3,264,107	-	-	-	94,034	3,358,141
Transfers in	-	-	19,981	-	536,859	1,019,424	-	10,712	322,000	1,908,976
Transfers out	<u>[822,000]</u>	<u>-</u>	<u>[10,712]</u>	<u>[521,074]</u>	<u>[532,550]</u>	<u>[19,981]</u>	<u>-</u>	<u>-</u>	<u>[535,210]</u>	<u>[2,441,527]</u>
Total other financing sources [uses]	<u>[822,000]</u>	<u>-</u>	<u>9,269</u>	<u>[521,074]</u>	<u>3,268,416</u>	<u>999,443</u>	<u>-</u>	<u>10,712</u>	<u>[119,176]</u>	<u>2,825,590</u>
Net change in fund balance	297,691	[25,232]	165,428	343,181	[226,129]	169,889	[6,664]	[1,044,635]	590,165	263,694
Fund balance - Beginning of year	959,035	83,282	894,146	1,170,766	810,773	1,163,154	141,752	1,014,202	1,345,047	7,582,157
Fund balance - End of year	<u>\$ 1,256,726</u>	<u>\$ 58,050</u>	<u>\$ 1,059,574</u>	<u>\$ 1,513,947</u>	<u>\$ 584,644</u>	<u>\$ 1,333,043</u>	<u>\$ 135,088</u>	<u>\$ [30,433]</u>	<u>\$ 1,935,212</u>	<u>\$ 7,845,851</u>

City of Spring Hill, Kansas

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

Total Net Change In Fund Balances - Governmental Funds	\$ 263,694
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 depreciation exceeds capital outlays in the period.	
Capital outlays	2,635,738
Depreciation expense	<u>[1,171,784]</u> 1,463,954
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest increased.	77,168
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	9,880
Some expenses reported in the statement of activities, such as other post employment benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	82,451
Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	77,508
Pension payments are reported as expenditures in the governmental funds and do not affect the statement of net activities.	[46,004]
Repayment of lease principal 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.	234,686
Lease, bond and temporary note proceeds are other financing sources in the governmental funds but increase long-term liabilities in the statement of net position and do not affect the statement of activities	[3,358,141]
Repayment of bond principal 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.	<u>4,534,069</u>
Changes In Net Position of Governmental Activities	<u>\$ 3,339,265</u>

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

City of Spring Hill, Kansas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCES - ACTUAL AND BUDGET

GENERAL FUND

For the Year Ended December 31, 2021

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Original Budget	Final Budget	Variance Positive [Negative]
Revenues						
Taxes	\$ 6,061,752	\$ -	\$ 6,061,752	\$ 5,285,415	\$ 5,285,415	\$ 776,337
Intergovernmental	3,278	-	3,278	3,500	3,500	[222]
Fines and fees	802,007	-	802,007	697,200	697,200	104,807
Use of money and property	2,010	-	2,010	750	750	1,260
Miscellaneous	21,966	-	21,966	15,000	15,000	6,966
Total revenues	6,891,013	-	6,891,013	6,001,865	6,001,865	889,148
Expenditures						
General government	2,484,381	-	2,484,381	3,321,620	3,321,620	837,239
Public safety - law enforcement	1,826,996	12,080	1,839,076	1,950,465	1,950,465	111,389
Public safety - court services	108,316	-	108,316	120,975	120,975	12,659
Public works	781,663	-	781,663	860,510	860,510	78,847
Culture and recreation	569,966	-	569,966	706,560	706,560	136,594
Total expenditures	5,771,322	12,080	5,783,402	6,960,130	6,960,130	1,176,728
Excess [deficiency] of revenues over [under] expenditures	1,119,691	[12,080]	1,107,611	[958,265]	[958,265]	2,065,876
Other financing sources [uses]						
Transfers [out]	[822,000]	-	[822,000]	[22,000]	[22,000]	[800,000]
Total other financing sources [uses]	[822,000]	-	[822,000]	[22,000]	[22,000]	[800,000]
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	297,691	[12,080]	285,611	\$ [980,265]	\$ [980,265]	\$ 1,265,876
Fund balance, January 1	959,035	-	959,035			
Fund balance, December 31	\$ 1,256,726	\$ [12,080]	\$ 1,244,646			

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

City of Spring Hill, Kansas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ACTUAL AND BUDGET
FIRE SERVICES FUND
For the Year Ended December 31, 2021

	GAAP <u>Basis</u>	Adjustments to Budgetary <u>Basis</u>	Budgetary <u>Basis</u>	Original <u>Budget</u>	Final <u>Budget</u>	Variance Positive [Negative]
Revenues						
Taxes	\$ 768,813	\$ -	\$ 768,813	\$ 748,310	\$ 748,310	\$ 20,503
Use of money and property	100	-	100	75	75	25
Total revenues	<u>768,913</u>	<u>-</u>	<u>768,913</u>	<u>748,385</u>	<u>748,385</u>	<u>20,528</u>
Expenditures						
General government						
Contractual services	794,145	-	794,145	799,350	799,350	5,205
Total expenditures	<u>794,145</u>	<u>-</u>	<u>794,145</u>	<u>799,350</u>	<u>799,350</u>	<u>5,205</u>
Excess [deficiency] of revenues over [under] expenditures	[25,232]	-	[25,232]	\$ [50,965]	\$ [50,965]	\$ 25,733
Fund balance, January 1	<u>83,282</u>	<u>-</u>	<u>83,282</u>			
Fund balance, December 31	<u>\$ 58,050</u>	<u>\$ -</u>	<u>\$ 58,050</u>			

City of Spring Hill, Kansas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ACTUAL AND BUDGET
SPECIAL HIGHWAY FUND
For the Year Ended December 31, 2021

	GAAP <u>Basis</u>	Adjustments to Budgetary <u>Basis</u>	Budgetary <u>Basis</u>	Original <u>Budget</u>	Final <u>Budget</u>	Variance Positive [Negative]
Revenues						
Intergovernmental	\$ 220,351	\$ -	\$ 220,351	\$ 180,500	\$ 180,500	\$ 39,851
Use of money and property	492	-	492	150	150	342
Total revenues	220,843	-	220,843	180,650	180,650	40,193
Expenditures						
Highways and streets						
Commodities	-	-	-	121,000	121,000	121,000
Contractual services	64,684	-	64,684	10,000	10,000	[54,684]
Capital outlay	-	-	-	644,375	644,375	644,375
Total expenditures	64,684	-	64,684	775,375	775,375	710,691
Excess [deficiency] of revenues over [under] expenditures	156,159	-	156,159	[594,725]	[594,725]	750,884
Other financing sources [uses]						
Transfers in	19,981	-	19,981	-	-	19,981
Transfers [out]	[10,712]	-	[10,712]	-	-	[10,712]
Total other financing sources [uses]	9,269	-	9,269	-	-	9,269
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	165,428	-	165,428	\$ [594,725]	\$ [594,725]	\$ 760,153
Fund balance, January 1	894,146	-	894,146			
Fund balance, December 31	\$ 1,059,574	\$ -	\$ 1,059,574			

City of Spring Hill, Kansas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ACTUAL AND BUDGET
EXCISE TAX FUND
For the Year Ended December 31, 2021

	GAAP <u>Basis</u>	Adjustments to Budgetary <u>Basis</u>	Budgetary <u>Basis</u>	Original <u>Budget</u>	Final <u>Budget</u>	Variance Positive [Negative]
Revenues						
Taxes	\$ 860,827	\$ -	\$ 860,827	\$ 25,000	\$ 25,000	\$ 835,827
Use of money and property	3,428	-	3,428	7,000	7,000	[3,572]
Total revenues	<u>864,255</u>	<u>-</u>	<u>864,255</u>	<u>32,000</u>	<u>32,000</u>	<u>832,255</u>
Expenditures						
Highways and streets						
Capital outlay						
Total expenditures						
Excess [deficiency] of revenues over [under] expenditures	864,255	-	864,255	[974,955]	[974,955]	1,839,210
Other financing sources [uses]						
Transfers [out]	[521,074]	-	[521,074]	[99,050]	[99,050]	[422,024]
Total other financing sources [uses]	<u>[521,074]</u>	<u>-</u>	<u>[521,074]</u>	<u>[99,050]</u>	<u>[99,050]</u>	<u>[422,024]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	343,181	-	343,181	\$ [1,074,005]	\$ [1,074,005]	\$ 1,417,186
Fund balance, January 1	1,170,766	-	1,170,766			
Fund balance, December 31	<u>\$ 1,513,947</u>	<u>\$ -</u>	<u>\$ 1,513,947</u>			

City of Spring Hill, Kansas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ACTUAL AND BUDGET
DEBT SERVICE FUND
For the Year Ended December 31, 2021

	GAAP <u>Basis</u>	Adjustments to Budgetary <u>Basis</u>	Budgetary <u>Basis</u>	Original <u>Budget</u>	Final <u>Budget</u>	Variance Positive <u>[Negative]</u>
Revenues						
Taxes	\$ 250,034	\$ -	\$ 250,034	\$ 247,295	\$ 250,032	\$ 2
Special assessments	1,474,469	-	1,474,469	1,178,055	1,475,000	[531]
Use of money and property	349	-	349	-	300	49
Total revenues	1,724,852	-	1,724,852	1,425,350	1,725,332	[480]
Expenditures						
Principal	4,534,069	-	4,534,069	2,654,230	4,877,189	343,120
Interest and other charges	685,328	-	685,328	5,000	1,028,360	343,032
Total expenditures	5,219,397	-	5,219,397	2,659,230	5,905,549	686,152
Excess [deficiency] of revenues over [under] expenditures	[3,494,545]	-	[3,494,545]	[1,233,880]	[4,180,217]	685,672
Other financing sources [uses]						
Bond proceeds	3,264,107	-	3,264,107	-	3,264,108	[1]
Transfers in	536,859	-	536,859	1,073,455	1,073,455	[536,596]
Transfers [out]	[532,550]	-	[532,550]	-	[15,800]	[516,750]
Total other financing sources [uses]	3,268,416	-	3,268,416	1,073,455	4,321,763	[1,053,347]
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[226,129]	-	[226,129]	\$ [160,425]	\$ 141,546	\$ [367,675]
Fund balance, January 1	810,773	-	810,773			
Fund balance, December 31	\$ 584,644	\$ -	\$ 584,644			

See independent auditor's report on the financial statements.

City of Spring Hill, Kansas

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2021

Business-Type Activities: Enterprise Funds			
	Water	Sewer	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and cash equivalents	\$ 1,277,829	\$ 5,361,783	\$ 6,639,612
Receivables	82,819	92,656	175,475
Total current assets	<u>1,360,648</u>	<u>5,454,439</u>	<u>6,815,087</u>
Noncurrent assets:			
Capital assets, nondepreciable			
Land	-	36,281	36,281
Construction in progress	-	433,281	433,281
Capital assets, depreciable			
Less: accumulated depreciation	10,309,752	20,116,171	30,425,923
	[9,078,810]	[9,830,643]	[18,909,453]
Total noncurrent assets	<u>1,230,942</u>	<u>10,755,090</u>	<u>11,986,032</u>
Total assets	<u>2,591,590</u>	<u>16,209,529</u>	<u>18,801,119</u>
Deferred outflows of resources			
Pension related	19,540	27,720	47,260
KPERS OPEB related	159	153	312
Total deferred outflows of resources	<u>19,699</u>	<u>27,873</u>	<u>47,572</u>
Total assets and deferred outflows of resources	<u>\$ 2,611,289</u>	<u>\$ 16,237,402</u>	<u>\$ 18,848,691</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Current liabilities (payable from current assets):			
Accounts payable	\$ 60,388	\$ 202,550	\$ 262,938
Accrued salaries payable	3,772	3,857	7,629
Accrued interest payable	9,407	51,500	60,907
Compensated absences payable	4,991	5,767	10,758
Current portion of leases payable	21,747	31,329	53,076
Current portion of notes payable	116,510	-	116,510
Current portion of bonds payable	56,000	325,192	381,192
Total current liabilities	<u>272,815</u>	<u>620,195</u>	<u>893,010</u>
(payable from current assets):			
Noncurrent liabilities			
Leases payable	22,308	73,941	96,249
Notes payable	311,097	-	311,097
Net pension liability	42,801	87,515	130,316
KPERS OPEB liability	2,451	2,357	4,808
Bonds payable	177,000	5,522,020	5,699,020
Total noncurrent liabilities	<u>555,657</u>	<u>5,685,833</u>	<u>6,241,490</u>
Total liabilities	<u>828,472</u>	<u>6,306,028</u>	<u>7,134,500</u>
Deferred inflows of resources			
Pension related	19,190	21,050	40,240
KPERS OPEB related	1,342	1,291	2,633
Total deferred inflows of resources	<u>20,532</u>	<u>22,341</u>	<u>42,873</u>
Total liabilities and deferred inflows of resources	<u>\$ 849,004</u>	<u>\$ 6,328,369</u>	<u>\$ 7,177,373</u>
Net position			
Net investment in capital assets	\$ 481,028	\$ 4,712,736	\$ 5,193,764
Unrestricted	1,281,257	5,196,297	6,477,554
Total net position	<u>\$ 1,762,285</u>	<u>\$ 9,909,033</u>	<u>\$ 11,671,318</u>

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

City of Spring Hill, Kansas

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2021

	Business-Type Activities: Enterprise Funds		
	Water	Sewer	Total Enterprise Funds
Operating revenues			
Charges for services	\$ 1,697,030	\$ 3,329,672	\$ 5,026,702
Total operating revenues	<u>1,697,030</u>	<u>3,329,672</u>	<u>5,026,702</u>
Operating expenses			
Personal services	263,765	232,032	495,797
Contractual services	149,607	395,253	544,860
Commodities	549,676	261,234	810,910
Depreciation	129,672	557,751	687,423
Amortization	-	[16,940]	[16,940]
Total operating expenses	<u>1,092,720</u>	<u>1,429,330</u>	<u>2,522,050</u>
Operating income [loss]	<u>604,310</u>	<u>1,900,342</u>	<u>2,504,652</u>
Nonoperating revenues [expenses]			
Interest income	2,040	3,992	6,032
Interest expense	[26,841]	[180,932]	[207,773]
Total nonoperating revenues [expenses]	<u>[24,801]</u>	<u>[176,940]</u>	<u>[201,741]</u>
Income before operating transfers	579,509	1,723,402	2,302,911
Transfers			
Transfers [out]	<u>63,662</u>	<u>468,888</u>	<u>532,550</u>
Change in net position	643,171	2,192,290	2,835,461
Net position, January 1	<u>1,119,114</u>	<u>7,716,743</u>	<u>8,835,857</u>
Net position, December 31	<u>\$ 1,762,285</u>	<u>\$ 9,909,033</u>	<u>\$ 11,671,318</u>

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

City of Spring Hill, Kansas

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2021

	Business-Type Activities: Enterprise Funds		
	Water	Sewer	Total Enterprise Funds
Cash flows from operating activities			
Cash received from customers	\$ 1,687,717	\$ 3,350,904	\$ 5,038,621
Cash paid to suppliers	[696,780]	[518,490]	[1,215,270]
Cash paid to employees	<u>[272,278]</u>	<u>[234,460]</u>	<u>[506,738]</u>
Net cash provided by [used in] operating activities	<u>718,659</u>	<u>2,597,954</u>	<u>3,316,613</u>
Cash flows from capital and related financing activities			
Capital contributions/expenditures	-	[962,957]	[962,957]
Interest paid on debt	[29,227]	[195,418]	[224,645]
Principal payments on contractual obligations	[29,541]	[32,061]	[61,602]
Principal payments on capital leases	[21,069]	[30,415]	[51,484]
Principal payments on bonds	[54,000]	[285,000]	[339,000]
Principal payments on notes	<u>[112,226]</u>	<u>[144,769]</u>	<u>[256,995]</u>
Net cash provided by [used in] capital and related financing activities	<u>[246,063]</u>	<u>[1,650,620]</u>	<u>[1,896,683]</u>
Cash flows from investing activities			
Interest income	<u>2,040</u>	<u>3,992</u>	<u>6,032</u>
Net cash provided by investing activities	<u>2,040</u>	<u>3,992</u>	<u>6,032</u>
Cash flows from noncapital financing activities			
Transfers [out]	<u>63,662</u>	<u>468,888</u>	<u>532,550</u>
Net cash provided by [used in] investing activities	<u>63,662</u>	<u>468,888</u>	<u>532,550</u>
Net increase [decrease] in cash and cash equivalents	538,298	1,420,214	1,958,512
Cash and cash equivalents, January 1	<u>739,531</u>	<u>3,941,569</u>	<u>4,681,100</u>
Cash and cash equivalents, December 31	<u>\$ 1,277,829</u>	<u>\$ 5,361,783</u>	<u>\$ 6,639,612</u>

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

City of Spring Hill, Kansas

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2021

	Business-Type Activities: Enterprise Funds			Total Enterprise Funds
	Water	Sewer		
Reconciliation of operating income [loss] to net cash provided by [used in] operating activities				
Operating income [loss]	\$ 604,310	\$ 1,900,342	\$ 2,504,652	
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities				
Depreciation and amortization expense	129,672	540,811	670,483	
Changes in assets and liabilities				
Accounts receivable [increase] decrease	[9,313]	21,232	11,919	
Deferred outflows [increase] decrease	8,349	5,918	14,267	
Accounts payable increase [decrease]	2,503	137,997	140,500	
Accrued salaries increase [decrease]	1,295	1,595	2,890	
Net pension liability increase [decrease]	[23,398]	[22,505]	[45,903]	
OPEB liability increase [decrease]	[6,865]	[2,275]	[9,140]	
KPERS OPEB liability increase [decrease]	[15]	302	287	
Deferred inflows increase [decrease]	10,098	14,721	24,819	
Accrued compensated absences increase [decrease]	2,023	[184]	1,839	
Net cash provided by [used in] operating activities	\$ 718,659	\$ 2,597,954	\$ 3,316,613	

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

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Spring Hill (the City) is a municipal corporation governed by a mayor and five-member council. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the City and any component units, entities for which the City is considered to be financially accountable. The Spring Hill Cemetery Association is considered a blended component unit of the City. The Association is a separate legal entity governed by an eight-member board, which is appointed by the City Council. The City provides a significant portion of the Association's support. The Association does not issue separate financial statements.

B. Government-wide and fund financial statements

The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the City.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

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

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

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

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met.

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major governmental funds:

The *general fund* is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

The *fire services fund* is used to account for the fire services provided in a designated area within Spring Hill city limits.

The *special highway fund* is used to account for the improvement of City streets.

The *excise tax fund* is used to account for funds levied on the platting of real property and is a general revenue of the City.

The *debt service fund* is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The *capital projects infrastructure fund* is used to account for the public infrastructure projects that are general projects of the city with various funding sources.

The *capital projects facilities fund* is used to account for general projects related to city facilities with various funding sources.

The *GO 2020 TN fund* is used to account for specific projects related to the City's Series 2020A general obligation temporary note issuance.

The City reports the following major proprietary funds:

The *water fund* is used to account for the activities of the City's water operations.

The *sewer fund* is used to account for the activities of the City's sewer operations.

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity

1. Deposits and Investments

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

Kansas statutes authorize the City and the Cemetery Board to invest in U.S. Treasury bills and notes, repurchase agreements, the Kansas Municipal Investment Pool, and certain other types of federal and Kansas municipal obligations. The remaining proceeds of the issuance of the certificates of participation in 1998 are invested as specified by that agreement.

2. Receivables and Payables

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

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

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

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and therefore are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2022.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the accounting period, and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied as of December 1 and become a lien on the property as of that date. Payments are due December 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the City, is on or before January 20 of the ensuing year. Additional amounts are distributed on four (4) subsequent dates throughout the calendar year.

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

3. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Other equipment	5 -20
Vehicles	6 -10
Infrastructure	30 -50

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

4. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation pay. Vacation pay is accrued when incurred in the governmental statement of net position and the proprietary funds and reported as a fund liability.

5. Long-term Obligations

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

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

6. Fund Balance

In the fund financial statements, governmental funds report fund balance in the following classifications: restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city council. Assigned fund balances include amounts that are constrained by the City management's intent to be used for specific purposes but are neither restricted nor committed. Outstanding encumbrances at year-end are reported as assigned fund balance unless they specifically meet the requirements to be committed or restricted. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts is considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

6. Fund Balance (Continued)

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

	Major Governmental Funds										GO 2020 TN	Other Governmental Funds	Total Governmental Funds
	General	Fire Services	Special Highway	Excise Tax	Debt Service	Capital Projects Infrastructure	Capital Projects Facilities						
Fund Balances:													
Restricted for:													
Public safety	\$ -	\$ 58,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,417	\$ 58,521	\$ 63,467
Economic development	-	-	-	-	-	-	-	-	-	-	-	58,521	58,521
Public works	-	-	1,059,574	-	-	-	-	-	-	-	-	-	1,059,574
Debt payments	-	-	-	-	584,644	-	-	-	-	-	634,114	1,218,758	
Capital improvements	-	-	-	1,513,947	-	-	135,088	[30,433]	4,645			1,623,247	
Cemetery operations	-	-	-	-	-	-	-	-	223,072		223,072		
Culture and recreation	-	-	-	-	-	-	-	-	596,129		596,129		
Committed for:													
Capital improvements	-	-	-	-	-	-	-	-	-	-	413,314		413,314
Assigned for:													
Public safety	12,080	-	-	-	-	-	-	-	-	-	-	-	12,080
Unassigned:	<u>1,244,646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,333,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,577,689</u>
Total Fund Balances	\$ 1,256,726	\$ 58,050	\$ 1,059,574	\$ 1,513,947	\$ 584,644	\$ 1,333,043	\$ 135,088	\$ [30,433]	\$ 1,935,212	\$ 7,845,851			

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports changes in the pension and KPERS OPEB liability proportion, changes in assumptions, differences between expected and actual experience and the net difference between projected and actual earnings on pension plan investments are reported as deferred outflows of resources in the government activities.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government funds report unavailable revenues from one source: property taxes. The government-wide statements of net position report only the unavailable revenue for property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Differences between expected and actual experience, changes in assumptions, and changes in the pension and KPERS OPEB liability proportion are reported as deferred inflows for governmental activities.

8. Use of Estimates

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

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

9. Net Position

Net position represents the difference between assets and liabilities. Net investments in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. 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 fund, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The City did not hold a revenue neutral rate hearing for the 2021 budget year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The Debt Service Fund budget was amended for the year ended December 31, 2021.

The statutes permit management to transfer budgeted amounts between accounts within an individual fund. However, such statutes prohibit management from incurring expenditures in excess of the total amount of the adopted budget for expenditures of individual funds without first following the amendment procedures mentioned in the above paragraph. Budget comparison statements are presented for certain funds showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year end.

A legal operating budget is not required for capital project funds and certain special revenue funds.

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

The actual data presented in the budgetary comparison statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP.

	Major Governmental Funds									Other Governmental Funds	Total Governmental Funds
	General	Fire Services	Special Highway	Excise Tax	Debt Service	Capital Projects Infrastructure	Capital Projects Facilities	GO 2020 TN			
GAAP FUND BALANCE 12/31/2021	\$ 1,256,726	\$ 58,050	\$ 1,059,574	\$ 1,513,947	\$ 584,644	\$ 1,333,043	\$ 135,088	\$ (30,433)	\$ 1,935,212	\$ 7,845,851	
Adjustments:											
Fund balances not subject to the Kansas Budget Law:											
Capital project funds	-	-	-	-	-	[1,333,043]	[135,088]	30,433	-	[1,437,698]	
Special revenue funds	-	-	-	-	-	-	-	-	[899,031]	[899,031]	
Reserve for encumbrances	[12,080]	-	-	-	-	-	-	-	-	-	[12,080]
Total deductions	[12,080]	-	-	-	-	[1,333,043]	[135,088]	30,433	[899,031]	[2,348,809]	
BUDGETARY FUND BALANCE 12/31/2021	\$ 1,244,646	\$ 58,050	\$ 1,059,574	\$ 1,513,947	\$ 584,644	\$ _____ -	\$ _____ -	\$ _____ -	\$ 1,036,181	\$ 5,497,042	

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash is considered to be active funds by management and is invested according to K.S.A. 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate for active funds.

Various City investments are considered to be idle funds by management and are invested according to K.S.A. 12-1675. The statute requires that the City invest its idle funds in only temporary notes of the City, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes, the Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

Some of the City's investments are of bond proceeds invested pursuant to K.S.A. 10-131. This statute allows additional investment authority beyond that of K.S.A. 12-1675. Investments of bond proceeds may follow K.S.A. 12-1675 or include other investments such as the KMIP, direct obligations of the U.S. government or any agency thereof, investment agreements with a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation, and various other investments as specified in K.S.A. 10-131.

The City does not have any formal investment policies that would further limit concentration of credit risk, interest rate, or custodial credit risks beyond state statutes.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to K.S.A. 9-1402. All deposits were legally secured at December 31, 2021.

B. Receivables

Receivables as of year-end are as follows:

Receivables:	Major Governmental Funds					Other Governmental Funds	Total Primary Government
	Fire Services		Debt Service	Water	Sewer		
	General	Services	Service	Water	Sewer		
Taxes	\$ 2,473,490	\$ 779,656	\$ 181,847	\$ -	\$ -	\$ 32,025	\$ 3,467,018
Accounts	48,148	-	-	82,819	92,656	-	223,623
Total receivables	<u>\$ 2,521,638</u>	<u>\$ 779,656</u>	<u>\$ 181,847</u>	<u>\$ 82,819</u>	<u>\$ 92,656</u>	<u>\$ 32,025</u>	<u>\$ 3,690,641</u>

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

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

	<u>Balance</u> <u>12/31/2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2021</u>
City governmental activities:				
Capital assets, not being depreciated				
Land	\$ 320,279	\$ -	\$ -	\$ 320,279
Construction in progress	2,422,927	2,464,169	3,590,721	1,296,375
Capital assets, being depreciated				
Buildings, improvements, vehicles, and equipment	<u>37,513,987</u>	<u>3,843,610</u>	<u>81,320</u>	<u>41,276,277</u>
Total capital assets	<u>40,257,193</u>	<u>6,307,779</u>	<u>3,672,041</u>	<u>42,892,931</u>
Less accumulated depreciation for:				
Buildings, improvements, vehicles, and equipment	<u>10,722,302</u>	<u>1,253,104</u>	<u>81,320</u>	<u>11,894,086</u>
Total accumulated depreciation	<u>10,722,302</u>	<u>1,253,104</u>	<u>81,320</u>	<u>11,894,086</u>
Governmental activities capital assets, net	<u>\$29,534,891</u>	<u>\$5,054,675</u>	<u>\$3,590,721</u>	<u>\$30,998,845</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 36,281	\$ -	\$ -	\$ 36,281
Construction in progress	18,185	415,096	-	433,281
Capital assets, being depreciated				
Buildings, improvements, vehicles, and equipment	<u>29,878,035</u>	<u>547,888</u>	<u>-</u>	<u>30,425,923</u>
Total capital assets	<u>29,932,501</u>	<u>962,984</u>	<u>-</u>	<u>30,895,485</u>
Less accumulated depreciation for:				
Buildings, improvements, vehicles, and equipment	<u>18,222,030</u>	<u>687,423</u>	<u>-</u>	<u>18,909,453</u>
Total accumulated depreciation	<u>18,222,030</u>	<u>687,423</u>	<u>-</u>	<u>18,909,453</u>
Business-type activities capital assets, net	<u>\$11,710,471</u>	<u>\$ 275,561</u>	<u>\$ -</u>	<u>\$11,986,032</u>

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

The City's depreciation expense was charged as follows:

Governmental Activities:	
General government	\$ 241,128
Public safety	84,283
Highways and streets	911,852
Culture and recreation	<u>15,841</u>
Total depreciation	<u><u>\$ 1,253,104</u></u>

Business-type Activities:	
Water	\$ 129,672
Sewer	<u>557,751</u>
Total depreciation	<u><u>\$ 687,423</u></u>

D. Long-term Debt

During the year ended December 31, 2021, the following changes occurred in long term liabilities:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 18,043,899	\$ 1,625,000	\$ 1,305,069	\$ 18,363,830	\$ 1,400,260
General obligation bonds premium	<u>1,669,478</u>	<u>104,141</u>	<u>77,508</u>	<u>1,696,111</u>	<u>106,303</u>
General obligation bonds, net	<u>19,713,377</u>	<u>1,729,141</u>	<u>1,382,577</u>	<u>20,059,941</u>	<u>1,506,563</u>
Temporary notes	4,690,000	1,629,000	3,229,000	3,090,000	3,090,000
Temporary notes premium	<u>42,735</u>	-	-	<u>42,735</u>	<u>42,735</u>
Temporary notes, net	<u>4,732,735</u>	<u>1,629,000</u>	<u>3,229,000</u>	<u>3,132,735</u>	<u>3,132,735</u>
Leases payable	751,752	-	234,686	517,066	209,349
Compensated absences	<u>112,653</u>	<u>102,773</u>	<u>112,653</u>	<u>102,773</u>	<u>102,773</u>
	<u><u>\$ 25,310,517</u></u>	<u><u>\$ 3,460,914</u></u>	<u><u>\$ 4,958,916</u></u>	<u><u>\$ 23,812,515</u></u>	<u><u>\$ 4,951,420</u></u>
Business-type Activities					
General obligation bonds	\$ 6,087,000	\$ -	\$ 339,000	\$ 5,748,000	\$ 356,000
General obligation bonds premium	<u>349,152</u>	-	<u>16,940</u>	<u>332,212</u>	<u>25,192</u>
General obligation bonds, net	<u>6,436,152</u>	-	<u>355,940</u>	<u>6,080,212</u>	<u>381,192</u>
Loans payable	684,603	-	256,996	427,607	116,510
Leases payable	<u>200,809</u>	-	<u>51,484</u>	<u>149,325</u>	<u>53,076</u>
Compensated absences	<u>8,919</u>	<u>10,758</u>	<u>8,919</u>	<u>10,758</u>	<u>10,758</u>
	<u><u>\$ 13,766,635</u></u>	<u><u>\$ 10,758</u></u>	<u><u>\$ 1,029,279</u></u>	<u><u>\$ 12,748,114</u></u>	<u><u>\$ 942,728</u></u>

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 general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds.

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

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

The following table details the City's outstanding general obligation bonds at December 31, 2021:

<u>Governmental Activities</u>	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Outstanding Amount</u>
2012-A general obligation	01/27/12	01/27/52	3.75%	\$ 338,385	\$ 298,830
2016-B general obligation	12/05/16	09/01/36	3.00%	4,737,942	2,943,456
2019-B general obligation & refunding	07/23/19	09/01/39	3.00 - 5.00%	11,278,755	10,347,379
2020-B general obligation refunding	11/04/20	09/01/36	2.00 - 3.00%	4,741,134	4,741,135
2021-B general obligation refunding	08/19/21	09/01/41	2.00 - 3.00%	1,729,141	1,729,141
				<u>22,825,357</u>	<u>20,059,941</u>
<u>Business-type Activities</u>					
2016-A general obligation	02/18/16	09/01/25	3.44%	539,000	233,000
2016-B general obligation	12/05/16	09/01/33	3.00%	4,363,776	3,877,666
2020-B general obligation refunding	11/04/20	09/01/36	2.00 - 3.00%	1,969,548	1,969,546
				<u>6,872,324</u>	<u>6,080,212</u>
				<u>\$ 52,523,038</u>	<u>\$ 46,200,094</u>

On August 19, 2021, the City issued General Obligation Bonds, Series 2021-B in the amount of \$1,625,000. Proceeds from the bonds were used to refund the City's outstanding Series 2021-A general obligation temporary notes in advance of their stated maturities. The bonds require semi-annual payments, carry interest rate between 2.00% and 3.00%, and are scheduled for final maturity on September 1, 2041.

Annual debt service requirements to maturity for the City's outstanding general obligation bonds are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>			<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>		<u>Principal</u>	<u>Interest</u>
2022	\$ 1,506,563	\$ 630,951		\$ 381,192	\$ 162,515
2023	1,401,760	577,509		472,192	151,589
2024	1,481,964	527,904		469,192	137,928
2025	1,552,177	475,092		476,192	124,348
2026	1,622,397	419,372		430,192	110,550
2027 - 2031	7,130,590	1,247,554		2,205,960	369,300
2032 - 2036	3,270,942	486,868		1,645,292	89,600
2037 - 2041	1,947,336	136,390		-	-
2042 - 2046	59,190	23,139		-	-
2047 - 2051	71,151	11,177		-	-
2052	15,871	595		-	-
	<u>\$ 20,059,941</u>	<u>\$ 4,536,551</u>		<u>\$ 6,080,212</u>	<u>\$ 1,145,830</u>

Loans Payable. In 2004, the City arranged for a \$1,835,090 loan through the Kansas Water Public Water Supply Loan Fund for improving the water system in Spring Hill. The City is obligated to make semi-annual payments of \$65,791 from August 1, 2005 to August 1, 2025. These payments will include a gross interest rate of 3.43% plus a .25% service fee. As of December 31, 2021, the outstanding principal balance was \$427,607.

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

Annual debt service requirements to maturity for the City's outstanding loans payable are as follows:

<u>Year Ending</u> <u>December 31,</u>	Business-type Activities	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 116,510	\$ 15,073
2023	120,955	10,627
2024	125,571	6,012
2025	64,571	1,601
	<u>\$ 427,607</u>	<u>\$ 33,313</u>

Temporary Notes. On October 15, 2020, the City issued Series 2020-A Temporary Notes in the amount of \$3,090,000. Proceeds from the notes were used to finance certain public improvements within the City. The notes carry an interest rate of 1.00% and are scheduled for final maturity on September 1, 2022. As of December 31, 2021, the outstanding principal balance was \$3,090,000.

On February 25, 2021, the City issued Series 2021-A Temporary Notes in the amount of \$1,629,000. Proceeds from the notes were used to refund the City's outstanding Series 2019-A general obligation temporary notes in advance of their stated maturities. The notes carry an interest rate of 0.52% and are scheduled for final maturity on March 1, 2022. The 2021-A Temporary Notes were paid off during 2021.

Annual debt service requirements to maturity for the temporary notes are as follows:

<u>Year Ending</u> <u>December 31,</u>	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2022	<u>\$ 3,132,735</u>	<u>\$ 30,900</u>

Leases. The City has entered into lease agreements for the acquisition of equipment in the current and prior years. These lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.

The following lists the cost of items leased under capital leases as of December 31, 2021.

	Governmental	Business-type
	Activities	Activities
	<u>Assets</u>	<u>Assets</u>
Equipment	<u>\$ 1,758,237</u>	<u>\$ 335,432</u>

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

III. DETAILED NOTES ON ALL FUNDS (Continued)

D. Long-term Debt (Continued)

The future minimum lease obligations as of December 31, 2021, are as follows:

Year Ending December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 209,349	\$ 11,422	\$ 53,076	\$ 3,820
2023	145,713	6,364	31,633	2,351
2024	105,816	2,944	15,559	1,513
2025	43,045	997	15,949	1,123
2026	10,186	270	16,349	723
2027	2,957	55	16,759	314
	<u>\$ 517,066</u>	<u>\$ 22,052</u>	<u>\$ 149,325</u>	<u>\$ 9,844</u>

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

Conduit Debt Obligations. From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity serviced by the bond issuance. Neither the City, the State of Kansas nor any political subdivision thereof is obligated in any manner for replacement of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2021, there was three series of Industrial Revenues Bonds outstanding, with an aggregate original principal amount payable of \$26,060,000.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. No significant reductions in insurance from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the last three years.

B. Subsequent Event - Legal Matter

On May 26, 2022, the City settled a legal matter in which it was involved. Terms of the settlement call for the City to pay \$62,500 from the City's Sewer fund, which was paid in June 2022.

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

IV. OTHER INFORMATION (Continued)

C. Defined Benefit Pension Plan

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

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

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

Those employees participating in the Pension Plan for the City are included in the Local employees group and the Kansas 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 State Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85. Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service.

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

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

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

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

IV. OTHER INFORMATION (Continued)

C. Defined Benefit Pension Plan (Continued)

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.

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, 2021.

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

	Actuarial <u>Employer Rate</u>	Statutory <u>Caped Rate</u>
Local government employees	8.87%	8.87%
Police and Firemen	22.80%	22.80%

Member contribution rates as a percentage of eligible compensation for the KPERS fiscal year June 30, 2021, are 6.00% for Local employees and 7.15% for Police and Firemen.

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

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

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

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

IV. OTHER INFORMATION (Continued)

C. Defined Benefit Pension Plan (Continued)

The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2021, the City's proportion for the Local employees group was 0.099%, which was a decrease of .002% from its proportion measured at June 30, 2020. At June 30, 2021, the City's proportion for the Police and Firemen group was 0.165%, which was an increase of .013% from its proportion measured at June 30, 2020.

Net Pension Liability. At December 31, 2021 and 2020, the City reported a liability of \$1,189,085 and \$1,573,912, respectively, for its total proportionate share of the net pension liability for the Local and Police and Firemen groups.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021, using the following actuarial assumptions:

<u>Assumption</u>	<u>Rate</u>
Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.50 to 12%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.25%

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study conducted for the period of 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.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021, are summarized in the following table:

<u>Asset</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	<u>100.00%</u>	

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

IV. OTHER INFORMATION (Continued)

C. Defined Benefit Pension Plan (Continued)

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen, and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Local	\$ 1,955,929	\$ 1,189,085	\$ 545,989
Police and Firemen	2,362,291	1,573,912	914,432
Total	\$ 4,318,220	\$ 2,762,997	\$ 1,460,421

Pension Expense. For the year ended December 31, 2021, the City recognized Local pension expense of \$134,301 and Police and Firemen pension expense of \$298,972, 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, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions for Local and Police and Firemen groups from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 171,131	\$ [10,767]
Changes in proportion	380,505	[105,114]
Net difference between projected and actual earnings on pension plan investments	-	[835,159]
Changes of assumptions	434,277	-
	\$ 985,913	\$ [951,040]

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

IV. OTHER INFORMATION (Continued)

C. Defined Benefit Pension Plan (Continued)

\$211,399 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 in the year ended December 31, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Local Deferred		Police and Firemen Deferred		<u>Total</u>
	<u>[Inflows]</u>	<u>Outflows</u>	<u>[Inflows]</u>	<u>Outflows</u>	
2022	\$ 15,930	\$ 78,700	\$ 94,630		
2023	12,125	57,525	69,650		
2024	[36,222]	55,129	18,907		
2025	[105,953]	[62,706]	[168,659]		
2026	7,190	13,155	20,345		
Total	\$ [106,930]	\$ 141,803	\$ 34,873		

D. Interfund Transfers

A reconciliation of transfers by fund for 2021 follows:

Transfer Out:	Transfers In:								
	Special			GO		Other			<u>Total</u>
	<u>Highway</u>	<u>Debt</u>	<u>Projects</u>	<u>2020</u>	<u>Governmental</u>				
General Fund	\$ -	\$ -	\$ 600,000	\$ -	\$ 222,000	\$ -	\$ -	\$ -	\$ 822,000
Speical Highway Fund	-	-	-	10,712	-	-	-	-	10,712
Excise Tax Fund	-	101,650	419,424	-	-	-	-	-	521,074
Debt Service Fund	-	-	-	-	-	63,662	468,888	532,550	
Capital Projects Infrastructure Fund	19,981	-	-	-	-	-	-	-	19,981
Other Governmental Funds	-	435,209	-	-	100,000	-	-	-	535,209
	\$ 19,981	\$ 536,859	\$ 1,019,424	\$ 10,712	\$ 322,000	\$ 63,662	\$ 468,888	\$ 2,441,526	

E. Interfund Transactions

As of December 31, 2021 the City has the following interfund receivables and payables:

	<u>Due From</u>	<u>Due To</u>
Excise Tax	\$ 138,084	-
GO 2020 TN	-	\$ 138,084
Total	\$ 138,084	\$ 138,084

F. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

IV. OTHER INFORMATION (Continued)

G. Other Postemployment Healthcare Plan Benefits

Plan Description. The City provides for a continuation of medical and dental insurance benefits to eligible early retirees and their spouses. K.S.A. 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

Funding Policy. The current plan is financed on a pay as you go basis. Retirees and dependents are charged an age-based rate as determined by the carrier, with a load factor of 1.25 applied. The City did not contribute to the plan during the year ended December 31, 2021. The end of year measurement date for fiscal year 2021 is December 31, 2021.

During the year ended December 31, 2021 the plan's funding policy was amended resulting in the elimination of all associated OPEB liability, deferred inflow, and deferred outflows. This amendment resulted in the full reduction of the OPEB liability of \$112,883.

As of December 31, 2021, the following employees were covered by the benefit terms:

Active employees	35
Retirees and covered spouses	<u>-</u>
Total	<u>35</u>

The City reports no OPEB liability associated with the plan as actuarially measured benefit is equal to the age-based cost minus the retiree contribution premium.

The City recognized no OPEB expense for the year ended December 31, 2021.

H. Other Postemployment Benefits - KPERS

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

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

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

IV. OTHER INFORMATION (Continued)

H. Other Postemployment Benefits - KPERS

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 member's 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. As of June 30, 2021, the valuation date, the following employees were covered by the benefit terms:

Active employees	34
Retirees and covered spouses	-
Total	34

Total OPEB Liability. The City's total KPERS OPEB liability of \$40,583 reported as of December 31, 2021, was measured as of June 30, 2021, and was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021, using the following actuarial assumptions:

Valuation date	December 31, 2020
Actuarial cost method	Entry age normal as a level percentage of payroll
Salary increases	3.00%
Discount rate	2.16%

The discount rate was based on 20-year municipal bond rate with an average rating of AA/Aa or better, obtained through the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for the period of January 1, 2016, through December 31, 2018. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the most recent KPERS pension valuation as of the measurement date

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

IV. OTHER INFORMATION (Continued)

H. Other Postemployment Benefits - KPERS

The changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balance 1/1/2021	\$ 41,094
Service cost	8,791
Interest	1,102
Changes in demographics	[10,456]
Changes in assumptions	52
Balance 12/31/2021	<u>\$ 40,583</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 (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	<u>(1.16%)</u>	<u>(2.16%)</u>	<u>(3.16%)</u>
Total OPEB Liability	<u>\$ 41,382</u>	<u>\$ 40,583</u>	<u>\$ 39,455</u>

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

	Healthcare Cost		
	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 40,583</u>	<u>\$ 40,583</u>	<u>\$ 40,583</u>

For the year ended December 31, 2021, the City recognized OPEB expense of \$7,290.

Deferred Outflows of Resources and Deferred Inflows of Resources. As of December 31, 2021, the City reported deferred outflows related to other postemployment benefits from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	\$ 2,638	\$ [624]
Differences between expected and actual experience	-	[21,599]
Total	<u>\$ 2,638</u>	<u>\$ [22,223]</u>

\$0 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the KPERS will be recognized in pension expense as follows:

City of Spring Hill, Kansas

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2021

IV. OTHER INFORMATION (Continued)

H. Other Postemployment Benefits - KPERS

Year ended <u>June 30</u>	Deferred	
	[Inflows]	Outflows
	<u>Amount</u>	
2022	\$ [2,603]	
2023		[2,603]
2024		[2,603]
2025		[2,603]
2026		[2,571]
Thereafter		<u>[6,602]</u>
Total	<u>\$</u>	<u>[19,585]</u>

I. Tax Abatements

During 2021, the City of Spring Hill participated in real property tax abatements for two local companies. Property tax abatements are authorized under Kansas state statutes K.S.A. 12-1740 et seq. and K.S.A. 79-201a and subject to City policy.

The City provides property tax abatements to encourage existing industry to expand, assist new business start-ups, recruit new companies from out-of-state or internationally, encourage high technology and research based businesses, encourage training and development of Spring Hill area employees, and encourage location and retention of businesses which are good "corporate citizens" that will add to the quality of life in the community through leadership and support of civic and philanthropic organizations. Property tax abatements reduce ad valorem property taxes. The percentage of reduction ranges from 49% - 81% with a maximum duration for ten years as per state statute. To receive an abatement, applicants must submit an application, which undergoes due diligence and analysis before being considered by the City. If the abatement is authorized, the applicant must sign a performance agreement that specifies annual compliance measures. Each year, the applicant submits a renewal application, along with compliance information, which is reviewed by City staff for conformance with agreement provisions. If compliance is not met, appeals can be made to the City to determine the amount of incentives, if any, to be received by the property owner. The City of Spring Hill negotiates property tax abatements on an individual basis.

Ad Valorem Property Tax Abatements				
Abatement				
Company	Start	End	%	2021 Tax Abated
Blackhawk Apartment Homes, LLC	2018	2027	49% - 81%	\$ 52,969
Seats, Inc*	2019	2023	50%	\$ 18,815
Seats, Inc*	2020	2024	50%	\$ 9,450
Total				\$ 81,234

* Seats, Inc abatement subject to renewal upon agreement with the City for an additional five-year term.

City of Spring Hill, Kansas

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ -	\$ 10,101	\$ 3,446	\$ 7,899
Interest	- -	3,913	1,642	2,818
Changes in benefit terms	[67,702]	- -	37,621	[31,252]
Differences between expected & actual experience	- -	[24,218]	26,482	- -
Changes in assumptions	- -	[42,420]	10,191	[18,678]
Net change in total OPEB liability	[67,702]	[52,624]	79,382	[39,213]
Total OPEB liability - beginning	<u>67,702</u>	<u>120,326</u>	<u>40,944</u>	<u>80,157</u>
Total OPEB liability - ending	<u>\$ -</u>	<u>\$ 67,702</u>	<u>\$ 120,326</u>	<u>\$ 40,944</u>
Covered payroll	<u>\$ 1,936,282</u>	<u>\$ 1,936,282</u>	<u>\$ 2,090,079</u>	<u>\$ 2,090,079</u>
Total OPEB liability as a percentage of covered-employee payroll	0.00%	3.50%	5.76%	1.96%
Actuarially determined contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,252</u>
Actual contribution	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,252</u>
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	1.50%

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

City of Spring Hill, Kansas

REQUIRED SUPPLEMENTARY INFORMATION

OTHER POSTEMPLOYMENT BENEFITS - KPERS

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

Total KPERS OPEB liability	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 8,791	\$ 7,241	\$ 5,600	\$ 5,561
Interest	1,102	1,609	1,422	1,372
Changes in demographics	[10,456]	[9,226]	[31]	[8,176]
Changes in assumptions	52	2,734	593	[376]
Net change in total OPEB liability	[511]	2,358	7,584	[1,619]
Total OPEB liability - beginning	41,094	38,736	31,152	32,771
Total OPEB liability - ending	<u>\$ 40,583</u>	<u>\$ 41,094</u>	<u>\$ 38,736</u>	<u>\$ 31,152</u>
 Covered payroll	 \$ 2,015,317	 \$ 1,934,089	 \$ 1,813,813	 \$ 1,478,382
Total OPEB liability as a percentage of covered-employee payroll	2.01%	2.12%	2.14%	2.11%
 Actuarially determined contribution	 \$ 10,456	 \$ 9,226	 \$ 31	 \$ 8,176
 Actual contribution	 \$ 10,456	 \$ 9,226	 \$ 31	 \$ 8,176
 Contributions as a percentage of covered payroll	 0.52%	 0.48%	 0.00%	 0.55%

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

City of Spring Hill, Kansas

REQUIRED SUPPLEMENTARY INFORMATION

KPERS PENSION PLAN

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability							
Local	0.0991%	0.1014%	0.1043%	0.0886%	0.0852%	0.0876%	0.0853%
Police & Fire	0.1649%	0.1522%	0.1218%	0.1361%	0.1287%	0.1343%	0.1237%
City's proportionate share of the net pension liability							
Local	\$ 1,189,085	\$ 1,757,630	\$ 1,456,970	\$ 1,234,591	\$ 1,233,737	\$ 1,354,641	\$ 1,119,738
Police & Fire	\$ 1,573,912	\$ 1,877,352	\$ 1,233,127	\$ 1,309,778	\$ 1,206,608	\$ 1,247,014	\$ 898,135
City's covered employee payroll							
Local	\$ 2,047,130	\$ 1,842,423	\$ 1,723,890	\$ 1,506,074	\$ 1,527,671	\$ 1,430,589	\$ 1,420,633
Police & Fire	\$ 927,005	\$ 738,407	\$ 656,876	\$ 667,151	\$ 639,580	\$ 635,570	\$ 542,879
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll							
Local	58.09%	95.40%	84.52%	81.97%	80.76%	94.69%	78.82%
Police & Fire	169.78%	254.24%	187.73%	196.32%	188.66%	196.20%	165.44%
Plan fiduciary net position as a percentage of the total pension liability							
Local	81.14%	70.77%	75.02%	72.15%	72.15%	68.55%	71.98%
Police & Fire	76.09%	66.81%	71.22%	70.99%	70.99%	69.30%	74.60%

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution							
Local	\$ 169,695	\$ 176,258	\$ 163,791	\$ 144,634	\$ 127,414	\$ 140,240	\$ 135,589
Police & Fire	\$ 220,156	\$ 203,292	\$ 163,410	\$ 131,966	\$ 126,959	\$ 130,602	\$ 135,758
Contributions in relation to the contractually required contribution							
Local	169,695	176,258	163,791	144,634	127,414	140,240	135,589
Police & Fire	220,156	203,292	163,410	131,966	126,959	130,602	135,758
Contribution deficiency [excess]	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll							
Local	\$ 1,913,130	\$ 2,047,130	\$ 1,842,423	\$ 1,723,890	\$ 1,506,074	\$ 1,527,671	\$ 1,430,589
Police & Fire	\$ 965,597	\$ 927,005	\$ 738,407	\$ 656,876	\$ 667,151	\$ 639,580	\$ 635,570
Contributions as a percentage of covered-employee payroll							
Local	8.87%	8.61%	8.89%	8.39%	8.46%	9.18%	9.48%
Police & Fire	22.80%	21.93%	22.13%	20.09%	19.03%	20.42%	21.36%

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

City of Spring Hill, Kansas

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2021

	Cemetery Taxation	Cemetery Reserve	Special Parks	Gift	Law Enforcement Reserve	Water Feature	Sales Tax	County Special Sales Tax
ASSETS								
Cash and cash equivalents	\$ 10,960	\$ 91,049	\$ 386,049	\$ 119,167	\$ 5,417	\$ 2,122	\$ 565,057	\$ 69,057
Taxes receivable	32,025	-	-	-	-	-	-	-
Total assets	<u>\$ 42,985</u>	<u>\$ 91,049</u>	<u>\$ 386,049</u>	<u>\$ 119,167</u>	<u>\$ 5,417</u>	<u>\$ 2,122</u>	<u>\$ 565,057</u>	<u>\$ 69,057</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 1,929	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources								
Deferred revenue	32,025	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>32,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>32,025</u>	<u>-</u>	<u>-</u>	<u>1,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances								
Restricted	10,960	91,049	386,049	117,238	5,417	2,122	565,057	69,057
Committed	-	-	-	-	-	-	-	-
Total fund balance	<u>10,960</u>	<u>91,049</u>	<u>386,049</u>	<u>117,238</u>	<u>5,417</u>	<u>2,122</u>	<u>565,057</u>	<u>69,057</u>
Total liabilities and fund balances	<u>\$ 42,985</u>	<u>\$ 91,049</u>	<u>\$ 386,049</u>	<u>\$ 119,167</u>	<u>\$ 5,417</u>	<u>\$ 2,122</u>	<u>\$ 565,057</u>	<u>\$ 69,057</u>

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

Special Alcohol	Scholarship	Replacement Reserve	Cemetery	Mayor's Tree	Fire Proceeds	Melvin Murry Playground	Economic Development	Lease 2017	GO 2019A TN	ARPA	Totals	
\$ 85,743	\$ -	\$ 413,314	\$ 121,063	\$ 4,568	\$ -	\$ 409	\$ 58,521	\$ -	\$ 7,497	\$ 559,146	\$ 2,499,139	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,025</u>	
<u>\$ 85,743</u>	<u>\$ -</u>	<u>\$ 413,314</u>	<u>\$ 121,063</u>	<u>\$ 4,568</u>	<u>\$ -</u>	<u>\$ 409</u>	<u>\$ 58,521</u>	<u>\$ -</u>	<u>\$ 7,497</u>	<u>\$ 559,146</u>	<u>\$ 2,531,164</u>	
 <u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,991</u>	<u>\$ -</u>	<u>\$ 4,920</u>	
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>2,991</u></u>	<u><u>-</u></u>	<u><u>4,920</u></u>	
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>559,007</u></u>	<u><u>-</u></u>	<u><u>591,032</u></u>	
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>559,007</u></u>	<u><u>-</u></u>	<u><u>591,032</u></u>	
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>2,991</u></u>	<u><u>559,007</u></u>	<u><u>595,952</u></u>	
 85,743	<u>-</u>	<u>-</u>	121,063	4,568	<u>-</u>	409	58,521	<u>-</u>	4,506	139	1,521,898	
<u>-</u>	<u>-</u>	<u>-</u>	<u>413,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,314</u>	
<u>85,743</u>	<u>-</u>	<u>-</u>	<u>413,314</u>	<u>121,063</u>	<u>4,568</u>	<u>-</u>	<u>409</u>	<u>58,521</u>	<u>-</u>	<u>4,506</u>	<u>139</u>	<u>1,935,212</u>
<u>\$ 85,743</u>	<u>\$ -</u>	<u>\$ 413,314</u>	<u>\$ 121,063</u>	<u>\$ 4,568</u>	<u>\$ -</u>	<u>\$ 409</u>	<u>\$ 58,521</u>	<u>\$ -</u>	<u>\$ 7,497</u>	<u>\$ 559,146</u>	<u>\$ 2,531,164</u>	

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

City of Spring Hill, Kansas

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2021

	Cemetery Taxation	Cemetery Reserve	Special Parks	Gift	Law Enforcement Reserve	Water Feature	Sales Tax	County Special Sales Tax
Revenues								
Taxes	\$ 34,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 679,573	\$ 131,898
Intergovernmental	-	-	122,623	-	-	-	-	-
Use of money and property	6	44	153	52	3	-	235	43
Miscellaneous	-	-	5,000	61,527	-	-	-	-
Total revenues	<u>34,532</u>	<u>44</u>	<u>127,776</u>	<u>61,579</u>	<u>3</u>	<u>-</u>	<u>679,808</u>	<u>131,941</u>
Expenditures								
General government	30,226	-	-	-	1,856	5	-	-
Culture and recreation	-	-	31,153	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>30,226</u>	<u>-</u>	<u>31,153</u>	<u>-</u>	<u>1,856</u>	<u>5</u>	<u>-</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	<u>4,306</u>	<u>44</u>	<u>96,623</u>	<u>61,579</u>	<u>[1,853]</u>	<u>[5]</u>	<u>679,808</u>	<u>131,941</u>
Other financing sources and [uses]								
Transfers in	-	-	22,000	-	-	-	-	-
Transfers [out]	-	-	-	-	-	-	[430,051]	[100,000]
Bond proceeds	-	-	-	-	-	-	-	-
Total other financing sources and [uses]	<u>-</u>	<u>-</u>	<u>22,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[430,051]</u>	<u>[100,000]</u>
Excess [deficiency] of revenues and other financing sources over [under] expenditures and other financing [uses]	<u>4,306</u>	<u>44</u>	<u>118,623</u>	<u>61,579</u>	<u>[1,853]</u>	<u>[5]</u>	<u>249,757</u>	<u>31,941</u>
Fund balances, January 1	<u>6,654</u>	<u>91,005</u>	<u>267,426</u>	<u>55,659</u>	<u>7,270</u>	<u>2,127</u>	<u>315,300</u>	<u>37,116</u>
Fund balances, December 31	<u>\$ 10,960</u>	<u>\$ 91,049</u>	<u>\$ 386,049</u>	<u>\$ 117,238</u>	<u>\$ 5,417</u>	<u>\$ 2,122</u>	<u>\$ 565,057</u>	<u>\$ 69,057</u>

Special Alcohol	Scholarship	Replacement Reserve	Cemetery	Mayor's Tree	Fire Proceeds	Melvin Murry Playground	Economic Development	Lease 2017	GO 2019A TN	ARPA	Totals
\$ 40,278	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 886,275
-	-	-	-	30,000	-	-	-	-	-	-	152,623
31	1	114	1,498	-	5	-	17	2	23	139	2,366
4,919	-	12,000	15,775	6,203	204,000	398	-	-	-	-	309,822
<u>45,228</u>	<u>1</u>	<u>12,114</u>	<u>47,273</u>	<u>6,203</u>	<u>204,005</u>	<u>398</u>	<u>17</u>	<u>2</u>	<u>23</u>	<u>139</u>	<u>1,351,086</u>
2,264	1,954	218,040	40,366	9,400	204,005	-	7,800	-	70,440	-	586,356
-	-	-	-	-	-	-	-	-	-	-	31,153
2,264	1,954	218,040	40,366	9,400	204,005	-	7,800	24,236	-	-	24,236
<u>42,964</u>	<u>[1,953]</u>	<u>[205,926]</u>	<u>6,907</u>	<u>[3,197]</u>	<u>-</u>	<u>398</u>	<u>[7,783]</u>	<u>[24,234]</u>	<u>[70,417]</u>	<u>139</u>	<u>709,341</u>
-	-	300,000	-	-	-	-	-	-	-	-	322,000
-	-	-	-	-	-	-	-	-	[5,159]	-	[535,210]
-	-	-	-	-	-	36,516	-	57,518	-	-	94,034
-	-	300,000	-	-	-	36,516	-	52,359	-	-	[119,176]
42,964	[1,953]	94,074	6,907	[3,197]	-	398	28,733	[24,234]	[18,058]	139	590,165
42,779	1,953	319,240	114,156	7,765	-	11	29,788	24,234	22,564	-	1,345,047
\$ 85,743	\$ -	\$ 413,314	\$ 121,063	\$ 4,568	\$ -	\$ 409	\$ 58,521	\$ -	\$ 4,506	\$ 139	\$ 1,935,212

City of Spring Hill, Kansas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ACTUAL AND BUDGET
CEMETERY TAXATION FUND
For the Year Ended December 31, 2021

	GAAP <u>Basis</u>	Adjustments to Budgetary <u>Basis</u>	Budgetary <u>Basis</u>	Original <u>Budget</u>	Final <u>Budget</u>	Variance Positive [Negative]
Revenues						
Taxes	\$ 34,526	\$ -	\$ 34,526	\$ 34,170	\$ 34,170	\$ 356
Use of money and property	6	-	6	5	5	1
Total revenues	\$ 34,532	-	34,532	34,175	34,175	357
Expenditures						
Culture and recreation	30,226	-	30,226	40,000	40,000	9,774
Contractual services						
Total expenditures	30,226	-	30,226	40,000	40,000	9,774
Excess [deficiency] of revenues over [under] expenditures	4,306	-	4,306	\$ [5,825]	\$ [5,825]	\$ 10,131
Fund balance, January 1	6,654	-	6,654			
Fund balance, December 31	\$ 10,960	\$ -	\$ 10,960			

City of Spring Hill, Kansas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ACTUAL AND BUDGET
SPECIAL PARKS FUND
For the Year Ended December 31, 2021

	GAAP <u>Basis</u>	Adjustments to Budgetary <u>Basis</u>	Budgetary <u>Basis</u>	Original <u>Budget</u>	Final <u>Budget</u>	Variance Positive [Negative]
Revenues						
Intergovernmental	\$ 122,623	\$ -	\$ 122,623	\$ 33,030	\$ 33,030	\$ 89,593
Miscellaneous	5,000	-	5,000	-	-	5,000
Use of money and property	153	-	153	75	75	78
Total revenues	127,776	-	127,776	33,105	33,105	94,671
Expenditures						
Culture and recreation	-	-	-	11,000	11,000	11,000
Commodities	19,890	-	19,890	-	-	[19,890]
Contractual services	11,263	-	11,263	245,370	245,370	234,107
Total expenditures	31,153	-	31,153	256,370	256,370	225,217
Excess [deficiency] of revenues over [under] expenditures	96,623	-	96,623	[223,265]	[223,265]	319,888
Other financing sources [uses]						
Transfers in	22,000	-	22,000	22,000	22,000	-
Total other financing sources [uses]	22,000	-	22,000	22,000	22,000	-
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	118,623	-	118,623	\$ [201,265]	\$ [201,265]	\$ 319,888
Fund balance, January 1	267,426	-	267,426			
Fund balance, December 31	\$ 386,049	\$ -	\$ 386,049			

City of Spring Hill, Kansas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ACTUAL AND BUDGET
SALES TAX FUND
For the Year Ended December 31, 2021

	GAAP <u>Basis</u>	Adjustments to Budgetary <u>Basis</u>	Budgetary <u>Basis</u>	Original <u>Budget</u>	Final <u>Budget</u>	Variance Positive [Negative]
Revenues						
Taxes	\$ 679,573	\$ -	\$ 679,573	\$ 456,775	\$ 456,775	\$ 222,798
Use of money and property	235	-	235	125	50	185
Total revenues	<u>679,808</u>	<u>-</u>	<u>679,808</u>	<u>456,900</u>	<u>456,825</u>	<u>222,983</u>
Expenditures						
Capital outlay	-	-	-	217,450	217,450	217,450
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>217,450</u>	<u>217,450</u>	<u>217,450</u>
Excess [deficiency] of revenues over [under] expenditures	<u>679,808</u>	<u>-</u>	<u>679,808</u>	<u>239,450</u>	<u>239,375</u>	<u>440,433</u>
Other financing sources [uses]						
Transfers [out]	[430,051]	-	[430,051]	[430,050]	[430,050]	[1]
Total other financing sources [uses]	<u>[430,051]</u>	<u>-</u>	<u>[430,051]</u>	<u>[430,050]</u>	<u>[430,050]</u>	<u>[1]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	249,757	-	249,757	\$ [190,600]	\$ [190,675]	\$ 440,432
Fund balance, January 1	<u>315,300</u>	<u>-</u>	<u>315,300</u>			
Fund balance, December 31	<u>\$ 565,057</u>	<u>\$ -</u>	<u>\$ 565,057</u>			

City of Spring Hill, Kansas

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ACTUAL AND BUDGET
COUNTY SPECIAL SALES TAX FUND
For the Year Ended December 31, 2021

	GAAP <u>Basis</u>	Adjustments to Budgetary <u>Basis</u>	Budgetary <u>Basis</u>	Original <u>Budget</u>	Final <u>Budget</u>	Variance Positive [Negative]
Revenues						
Taxes	\$ 131,898	\$ -	\$ 131,898	\$ 111,670	\$ 111,670	\$ 20,228
Use of money and property	43	-	43	15	15	28
Total revenues	<u>131,941</u>	<u>-</u>	<u>131,941</u>	<u>111,685</u>	<u>111,685</u>	<u>20,256</u>
Expenditures						
Capital outlay	-	-	-	29,570	29,570	29,570
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,570</u>	<u>29,570</u>	<u>29,570</u>
Excess [deficiency] of revenues over [under] expenditures	<u>131,941</u>	<u>-</u>	<u>131,941</u>	<u>82,115</u>	<u>82,115</u>	<u>49,826</u>
Other financing sources [uses]						
Transfers [out]	[100,000]	-	[100,000]	[100,000]	[100,000]	-
Total other financing sources [uses]	<u>[100,000]</u>	<u>-</u>	<u>[100,000]</u>	<u>[100,000]</u>	<u>[100,000]</u>	<u>-</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	31,941	-	31,941	\$ [17,885]	\$ [17,885]	\$ 49,826
Fund balance, January 1	<u>37,116</u>	<u>-</u>	<u>37,116</u>			
Fund balance, December 31	<u>\$ 69,057</u>	<u>\$ -</u>	<u>\$ 69,057</u>			