

CITY OF HOLYROOD, KANSAS

Financial Statement With Independent Auditors' Report

For the Year Ended December 31, 2020

CITY OF HOLYROOD, KANSAS
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For the Year Ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Holyrood, Kansas
Holyrood, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **City of Holyrood, Kansas**, as of and for the year ended December 31, 2020 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statement is prepared by **City of Holyrood, Kansas** on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a

basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **City of Holyrood, Kansas** as of December 31, 2020, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **City of Holyrood, Kansas** as of December 31, 2020, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures – actual and budget, individual fund schedules of regulatory basis receipts and expenditures – actual and budget, and summary of regulatory basis receipts and disbursements – agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement; however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. 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 statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of **City of Holyrood, Kansas** as of and for the year ended December 31, 2019 (not presented herein), and have issued our report thereon dated April 06, 2020, which contained an unmodified opinion on the basic financial statement. The 2019 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2019 actual column (2019 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2020 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic

financial statement. Such 2019 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2019 basic financial statement or to the 2019 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2019, on the basis of accounting described in Note 1.

A handwritten signature in black ink that reads "Adams Brown, LLC". The signature is written in a cursive, flowing style.

ADAMSBROWN, LLC

Certified Public Accountants
Great Bend, Kansas

March 1, 2021

CITY OF HOLYROOD, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2020

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Fund	\$ 69,002	-	278,580	280,139	67,443	1,558	69,001
Special Purpose Funds							
Special Highway Fund	50	-	10,892	10,892	50	-	50
Recreation Fund	10,866	-	6,356	8,875	8,347	6	8,353
Capital Improvement Fund	23,530	-	-	1,300	22,230	-	22,230
Medical Building Fund	61,550	-	4,200	1,666	64,084	-	64,084
Equipment Reserve Fund	47,607	-	5,000	-	52,607	-	52,607
Park Refurbish Fund	4,362	-	8,010	10,099	2,273	-	2,273
SPARKS Fund	-	-	30,203	30,203	-	-	-
Capital Projects Fund							
Sewer Project Fund	-	-	199,517	342,792	(143,275)	130,355	(12,920)
Business Funds							
Electric Utility Fund	50,914	-	378,426	393,794	35,546	301	35,847
Electric Reserve Fund	23,017	-	-	4,595	18,422	-	18,422
Water Utility Fund	18,966	-	94,395	102,164	11,197	202	11,399
Sewer Fund	67,544	-	73,677	54,272	86,949	-	86,949
Sewer Reserve Fund	50,348	-	5,640	-	55,988	-	55,988
Trash Fund	3,273	-	41,981	42,085	3,169	-	3,169
Total Reporting Entity (Excluding Agency Funds) \$	431,029	-	1,136,877	1,282,876	285,030	132,422	417,452
Composition of Cash				Checking Accounts		\$	295,467
				Money Market and Savings Account			167,767
				Total Reporting Entity			463,234
				Agency Funds per Schedule 3			(45,782)
				Total Reporting Entity (Excluding Agency Funds) \$			417,452

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

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Holyrood, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Financial Reporting Entity

The City is a municipal corporation governed by an elected six-member council. A related municipal entity is an entity established to benefit the City and/or its constituents. The City has no related municipal entities.

Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2020.

Regulatory Basis Fund Types

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for the acquisition or construction of major capital facilities or equipment.

Business Fund – fund financed in whole or in part by fees charged to users of the goods or services (enterprise and internal service funds).

Agency Fund – fund used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2020

recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Reimbursements

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as a receipt to the fund that receives the reimbursement. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements under KMAAG regulatory basis of accounting.

NOTE 2 – BUDGETARY INFORMATION

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

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

A legal operating budget is not required for capital project funds and the following special purpose funds: Capital Improvement Fund, Equipment Reserve Fund, Park Refurbish Fund and SPARKS Fund.

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2020

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

NOTE 3 – DEPOSITS AND INVESTMENTS

City of Holyrood, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures, and unencumbered cash.

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

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

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not use "peak periods". All deposits were legally secured at December 31, 2020.

At December 31, 2020, the City's carrying amount of deposits was \$463,234 and the bank balance was \$499,419. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and \$249,419 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2020.

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Holyrood, Kansas'** interfund transfers and regulatory authority for

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2020

the year ended December 31, 2020 were as follows:

From	To	Regulatory Authority	Amount
Trash Fund	General Fund	K.S.A. 12-825d	\$ 1,750
Sewer Fund	General Fund	K.S.A. 12-825d	5,000
Sewer Fund	Sewer Reserve Fund	K.S.A. 12-631o	5,640
Electric Utility Fund	General Fund	K.S.A. 12-825d	55,000
Water Utility Fund	Equipment Reserve Fund	K.S.A. 12-1,117	5,000

NOTE 5 – CAPITAL PROJECTS

Capital Project authorizations with approved change orders compared with expenditures from inception:

	Project Authorization	Expenditures to Date
Sewer Improvement Project	\$ 398,245	398,245

NOTE 6 – LITIGATION

City of Holyrood, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the City.

NOTE 7 – RISK MANAGEMENT

City of Holyrood, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, workers' compensation, law enforcement liability, cyber and privacy liability, automobile, linebacker and surety bond coverage. The City has elected to obtain comprehensive and collision coverage on all City owned motor vehicles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 – GRANTS AND SHARED REVENUES

City of Holyrood, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Plan Description

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

CITY OF HOLYROOD, KANSAS

Notes to Financial Statement

December 31, 2020

Contributions

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.61% for the fiscal year ended December 31, 2020. Contributions to the pension plan from the City were \$15,231 for the year ended December 31, 2020.

Net Pension Liability

At December 31, 2020, the City's proportionate share of the collective net pension liability reported by KPERS was \$159,878. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **City of Holyrood, Kansas** allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2020.

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2020

NOTE 11 – COMPENSATED ABSENCES

Comp Time

Comp time is earned at a rate of 1 ½ hours per every hour worked over 40 hours during a one week period. Comp time must be taken as time off within a 60 day time period of the date earned.

Vacation

City of Holyrood, Kansas' policy regarding vacation is as follows:

After 1 year	5 days
2 - 10 years	10 days
11 and over	15 days

Vacation must be taken within the following year and may not be accumulated.

Sick Leave

The City's policy regarding sick leave is that employees are eligible for sick leave after six months. Employees can earn one day of sick leave per month. Sick leave can be accumulated up to 480 hours. Sick leave is not paid upon termination of employment.

Full-time City employees have the option to voluntarily contribute unused sick leave to a sick leave bank. The purpose of the sick leave bank is to allow employees to contribute unused sick leave and allow participating members with a qualifying illness or injury, who have exhausted all compensation time, personal days and sick leave benefits, to draw from the pool and avoid having their pay reduced. There is a maximum of 80 hours donated leave per request. Currently, there are no hours donated in the sick leave bank.

Personal Leave

The City's full-time employees earn two personal days a year.

NOTE 12 – COMMITMENTS

City of Holyrood, Kansas entered into a Water Tank Maintenance Contract with Utility Service Co., Inc. on September 19, 2002 for the repairs, renovation and continued service of the water tank. The City has the right to continue the contract for an indefinite period of time providing the annual fee is paid. The contract started with a base fee of \$4,858 in 2002 and in year 2005 and each third year thereafter, the annual fee is adjusted to reflect the current cost of service but is limited to a maximum of 5% annually. Payments totaling \$8,186 were made in 2020.

NOTE 13 – RISKS AND UNCERTAINTIES

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

CITY OF HOLYROOD, KANSAS

Notes to Financial Statement

December 31, 2020

effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2020.

NOTE 14 – CRF AND CARES ACT FUNDING

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were passed through to the counties of Kansas through Strengthening People and Revitalizing Kansas (SPARK). SPARK's first round distribution was to local governments in the amount of \$400 million. The City received CRF in the amount of \$30,203 during 2020. The City is encouraged to share the CRF with school districts and local businesses within the City. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. The goals are to be fair, impactful and timely. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at <https://covid.ks.gov/>.

NOTE 15 – CONDUIT DEBT

City of Holyrood, Kansas 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 generally payable from and secured by the project financed and if needed, additional assets or revenues of the private-sector serviced by the bond issuance. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of December 31, 2020, there was one industrial revenue bond outstanding. The original issue of the bond was \$725,000. The principal amount payable at December 31, 2020 was \$465,000.

NOTE 16 – DEBT RESTRICTIONS AND COVENANTS

KDHE Water Pollution Control Revolving Loan

City of Holyrood, Kansas entered into a revolving loan agreement with the Kansas Department of Health and Environment to fund certain improvements for wastewater treatment in the amount of \$318,917. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2020 as it is providing dedicated funds through a combination of sewer rates and fees charged.

City of Holyrood, Kansas entered into a loan agreement with the Kansas Department of Health and Environment to fund certain improvements for the wastewater collection system in the amount of \$525,000. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2020 as it is providing dedicated funds through a combination of water rates and fees charged.

KDHE Public Water Supply Revolving Loan

City of Holyrood, Kansas entered into a loan agreement with the Kansas Department of Health and Environment to fund certain improvements for the water supply in the amount of \$262,259. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2020 as it is providing dedicated funds through a combination of water rates and fees charged.

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2020

NOTE 17 – LONG-TERM DEBT

City of Holyrood, Kansas has the following types of long-term debt.

KDHE Revolving Loans

The City entered into a \$318,917 revolving loan agreement with the Kansas Department of Health and Environment on September 28, 2000 for the purpose of adding a third cell to the existing two cell lagoon, replacement of a lift station and installation of a standby power generator.

The City entered into a \$262,259 revolving loan agreement with the Kansas Department of Health and Environment on February 3, 2005 for the purpose of the installation of PVC pipe, flushing hydrants, ventilation system and all related connections and appurtenances.

The City entered into a \$525,000 revolving loan agreement with the Kansas Department of Health and Environment on June 19, 2018, amended on October 23, 2019, for the purpose of adding a wetland cell to the existing three cell wastewater treatment system. As of December 31, 2020, the City had only drawn down \$253,961 to pay engineering fees and construction costs.

Lease Obligations

The City has entered into lease agreements with an option to purchase at the expiration of the lease term. The leases contain a fiscal funding clause.

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2020

Changes in long-term liabilities for the City for the year ended December 31, 2020, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
KDHE Loans									
Kansas Water Pollution Control Revolving Loan Fund - Sewer	3.14%	9/28/2000	\$ 318,917	3/1/2022	\$ 52,226	-	(20,365)	31,861	1,481
Kansas Water Pollution Control Revolving Loan Fund - Water	3.58%	2/3/2005	262,259	2/1/2026	106,259	-	(14,796)	91,463	3,314
Kansas Water Pollution Control Revolving Loan Fund - Sewer	2.33%	10/23/2019	525,000	9/1/2040	54,444	199,517	-	253,961	158.00
Capital Leases									
Fire Truck Equipment	4.50%	4/20/2016	70,000	12/15/2021	12,607	-	(12,607)	-	467
Total Contractual Indebtedness					\$ 225,536	199,517	(47,768)	377,285	5,420

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

	YEAR							
	2021	2022	2023	2024	2025	2026 - 2030	2031	Total
Principal								
Kansas Water Pollution Control Revolving Loan Fund - Sewer	\$ 21,061	10,800	-	-	-	-	-	31,861
Kansas Water Pollution Control Revolving Loan Fund - Water	15,330	15,884	16,458	17,052	17,668	9,071	-	91,463
Kansas Water Pollution Control Revolving Loan Fund - Sewer	20,878	21,367	21,868	22,380	22,905	122,833	21,730	253,961
Total Principal	57,269	48,051	38,326	39,432	40,573	131,904	21,730	377,285
Interest								
Kansas Water Pollution Control Revolving Loan Fund - Sewer	836	170	-	-	-	-	-	1,006
Kansas Water Pollution Control Revolving Loan Fund - Water	2,832	2,332	1,814	1,278	722	147	-	9,125
Kansas Water Pollution Control Revolving Loan Fund - Sewer	10,812	10,375	9,928	1,138	1,082	4,519	716	38,570
Total Interest	14,480	12,877	11,742	2,416	1,804	4,666	716	48,701
Total Principal and Interest	\$ 71,749	60,928	50,068	41,848	42,377	136,570	22,446	425,986

CITY OF HOLYROOD, KANSAS

Regulatory-Required Supplementary Information

CITY OF HOLYROOD, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds					
General Fund	\$ 318,626	-	318,626	280,139	(38,487)
Special Purpose Funds					
Special Highway Fund	12,177	-	12,177	10,892	(1,285)
Recreation Fund	13,500	-	13,500	8,875	(4,625)
Medical Building Fund	49,210	-	49,210	1,666	(47,544)
Business Funds					
Electric Utility Fund	478,332	-	478,332	393,794	(84,538)
Water Utility Fund	118,285	-	118,285	102,164	(16,121)
Sewer Fund	105,328	-	105,328	54,272	(51,056)
Trash Fund	44,000	-	44,000	42,085	(1,915)

CITY OF HOLYROOD, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 134,980	135,325	142,365	(7,040)
Delinquent Tax	2,775	4,638	4,000	638
Motor Vehicle Tax	17,433	17,540	15,167	2,373
Recreational Vehicle Tax	1,013	785	1,523	(738)
Local Alcoholic Liquor Tax	955	73	826	(753)
Sales Tax	18,379	18,771	17,000	1,771
Fines	270	743	750	(7)
Rent	-	-	550	(550)
Beer Licenses	150	150	200	(50)
Gas and Cable Franchise	3,659	3,216	4,000	(784)
Dog Tags	688	53	500	(447)
Van Reimbursements	21,390	9,195	10,000	(805)
Other Income	5,231	10,597	5,000	5,597
Interest Income	1,719	1,773	2,000	(227)
Reimbursed Expenses	-	8,971	500	8,471
State Grant	5,000	5,000	5,000	-
Transfers In	72,000	61,750	77,000	(15,250)
Total Receipts	285,642	278,580	286,381	(7,801)
Expenditures				
Salaries	84,880	96,361	90,600	5,761
Employee Benefits	67,440	71,082	72,300	(1,218)
Insurance	6,553	10,393	9,000	1,393
Utilities	5,542	5,742	8,000	(2,258)
Accounting	11,345	11,855	12,100	(245)
Legal and Publishing	2,319	2,643	5,000	(2,357)
Cleaning	-	-	250	(250)
Animal	647	219	1,500	(1,281)
Repairs	14,810	1,531	12,500	(10,969)
Supplies	7,143	6,440	9,000	(2,560)
Fuel	3,216	2,671	5,500	(2,829)
Van	4,779	4,320	7,500	(3,180)
Fire	20,880	20,964	20,000	964
Police	10,245	10,123	15,000	(4,877)
Street and Alley	11,441	13,432	25,000	(11,568)
Miscellaneous	\$ 9,670	14,124	9,500	4,624

CITY OF HOLYROOD, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (continued)				
Capital Outlay	\$ 1,498	608	1,826	(1,218)
Law Enforcement	100	176	1,000	(824)
Economic Development	3,010	3,600	1,550	2,050
Noxious Weeds	3,467	3,388	4,000	(612)
Municipal Court	1,174	467	2,500	(2,033)
Transfers Out	-	-	5,000	(5,000)
Total Expenditures	<u>270,159</u>	<u>280,139</u>	<u>318,626</u>	<u>(38,487)</u>
Receipts Over (Under) Expenditures	15,483	(1,559)		
Unencumbered Cash - Beginning	<u>53,519</u>	<u>69,002</u>		
Unencumbered Cash - Ending	<u>\$ 69,002</u>	<u>67,443</u>		

CITY OF HOLYROOD, KANSAS
Special Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
State of Kansas - Gasoline Tax	\$ 11,706	10,892	<u>11,810</u>	<u>(918)</u>
Expenditures				
Salaries	<u>11,733</u>	10,892	<u>12,177</u>	<u>(1,285)</u>
Receipts Over (Under) Expenditures	(27)	-		
Unencumbered Cash - Beginning	<u>77</u>	50		
Unencumbered Cash - Ending	\$ <u>50</u>	50		

CITY OF HOLYROOD, KANSAS
Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 4,322	4,614	4,854	(240)
Delinquent Tax	95	156	75	81
Motor Vehicle Tax	657	563	485	78
Recreational Vehicle Tax	39	25	50	(25)
Local Alcoholic Liquor Tax	955	73	826	(753)
Miscellaneous	8,766	925	1,000	(75)
Total Receipts	<u>14,834</u>	<u>6,356</u>	<u>7,290</u>	<u>(934)</u>
Expenditures				
Utilities	959	962	1,750	(788)
Supplies	232	-	2,250	(2,250)
Miscellaneous	1,973	3,278	500	2,778
Contractual Services	-	-	1,500	(1,500)
Capital Outlay	6,120	3,000	4,000	(1,000)
Recreational Dues - Claflin Rec Center	2,013	1,102	2,500	(1,398)
Central Plains - Reimbursement	858	533	1,000	(467)
Total Expenditures	<u>12,155</u>	<u>8,875</u>	<u>13,500</u>	<u>(4,625)</u>
Receipts Over (Under) Expenditures	2,679	(2,519)		
Unencumbered Cash - Beginning	<u>8,187</u>	<u>10,866</u>		
Unencumbered Cash - Ending	<u>\$ 10,866</u>	<u>8,347</u>		

CITY OF HOLYROOD, KANSAS
Capital Improvement Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts	\$ -	-
Expenditures		
Supplies	-	1,300
Receipts Over (Under) Expenditures	-	(1,300)
Unencumbered Cash - Beginning	23,530	23,530
Unencumbered Cash - Ending	\$ 23,530	22,230

CITY OF HOLYROOD, KANSAS

Medical Building Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Rent	\$ 4,200	4,200	4,200	-
Expenditures				
Maintenance	-	106	5,000	(4,894)
Salaries	1,500	1,500	2,900	(1,400)
Contractual Services	-	-	100	(100)
Miscellaneous	60	60	100	(40)
Capital Outlay	-	-	41,110	(41,110)
Total Expenditures	1,560	1,666	49,210	(47,544)
Receipts Over (Under) Expenditures	2,640	2,534		
Unencumbered Cash - Beginning	58,910	61,550		
Unencumbered Cash - Ending	\$ 61,550	64,084		

CITY OF HOLYROOD, KANSAS
Equipment Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 10,500	5,000
Expenditures		
Capital Outlay	12,897	-
Receipts Over (Under) Expenditures	(2,397)	5,000
Unencumbered Cash - Beginning	50,004	47,607
Unencumbered Cash - Ending	\$ 47,607	52,607

CITY OF HOLYROOD, KANSAS
Park Refurbish Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Donations	\$ 829	8,010
Expenditures		
Capital Outlay	918	10,099
Receipts Over (Under) Expenditures	(89)	(2,089)
Unencumbered Cash - Beginning	4,451	4,362
Unencumbered Cash - Ending	\$ 4,362	2,273

CITY OF HOLYROOD, KANSAS
SPARKS Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Federal Funds	\$ -	30,203
Expenditures		
COVID-19 Appropriations	-	30,203
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

CITY OF HOLYROOD, KANSAS
Sewer Project Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
KDHE Loan Proceeds	\$ -	199,517
Expenditures		
Sewer Project Costs	-	342,792
Receipts Over (Under) Expenditures	-	(143,275)
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	(143,275)

CITY OF HOLYROOD, KANSAS
Electric Utility Fund

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Sales to Customers	\$ 385,688	367,230	425,000	(57,770)
Penalties	6,365	5,690	6,000	(310)
Reimbursed Expenses	-	-	500	(500)
Other Income	1,727	1,726	1,500	226
Connection Fee	2,958	3,780	1,500	2,280
Total Receipts	<u>396,738</u>	<u>378,426</u>	<u>434,500</u>	<u>(56,074)</u>
Expenditures				
Salaries	44,914	47,533	48,000	(467)
Utilities	4,249	4,085	7,500	(3,415)
Supplies	5,554	8,637	11,500	(2,863)
Fuel	1,666	1,416	3,000	(1,584)
Miscellaneous	22,127	18,359	11,000	7,359
Power	266,211	243,498	295,000	(51,502)
Sales Tax	7,913	7,696	10,500	(2,804)
Insurance	3,939	5,323	6,500	(1,177)
Capital Outlay	940	2,085	17,332	(15,247)
Bad Debt	143	142	-	142
Testing	-	20	500	(480)
Transfers Out	62,500	55,000	67,500	(12,500)
Total Expenditures	<u>420,156</u>	<u>393,794</u>	<u>478,332</u>	<u>(84,538)</u>
Receipts Over (Under) Expenditures	(23,418)	(15,368)		
Unencumbered Cash - Beginning	<u>74,332</u>	<u>50,914</u>		
Unencumbered Cash - Ending	<u>\$ 50,914</u>	<u>35,546</u>		

CITY OF HOLYROOD, KANSAS
Electric Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 2,500	-
Expenditures		
Capital Outlay	-	4,595
Receipts Over (Under) Expenditures	2,500	(4,595)
Unencumbered Cash - Beginning	20,517	23,017
Unencumbered Cash - Ending	\$ <u>23,017</u>	<u>18,422</u>

CITY OF HOLYROOD, KANSAS

Water Utility Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Sales to Customers	\$ 86,686	90,992	95,000	(4,008)
Connection Fees	1,068	1,170	500	670
Penalties	1,557	1,430	1,000	430
Dividend Revenue	851	803	700	103
Other Income	-	-	100	(100)
Total Receipts	<u>90,162</u>	<u>94,395</u>	<u>97,300</u>	<u>(2,905)</u>
Expenditures				
Salaries	29,950	31,498	32,500	(1,002)
Utilities	8,077	8,030	11,000	(2,970)
Supplies	3,005	1,686	8,000	(6,314)
Fuel	40	-	50	(50)
Miscellaneous	2,870	966	1,000	(34)
Sales Tax	751	609	1,300	(691)
Bad Debt	38	40	-	40
Maintenance	1,154	1,172	15,000	(13,828)
Insurance	3,916	2,670	5,000	(2,330)
Testing	755	2,236	3,500	(1,264)
Revolving Loan Principal	14,280	14,796	14,796	-
Revolving Loan Interest	3,779	3,314	3,314	-
Revolving Loan Fee	410	359	359	-
Capital Outlay	7,375	29,788	7,466	22,322
Transfers Out	15,000	5,000	15,000	(10,000)
Total Expenditures	<u>91,400</u>	<u>102,164</u>	<u>118,285</u>	<u>(16,121)</u>
Receipts Over (Under) Expenditures	(1,238)	(7,769)		
Unencumbered Cash - Beginning	<u>20,204</u>	<u>18,966</u>		
Unencumbered Cash - Ending	\$ <u>18,966</u>	<u>11,197</u>		

CITY OF HOLYROOD, KANSAS

Sewer Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Sales to Customers	\$ 69,283	73,103	73,600	(497)
Reimbursed Expenses	619	-	-	-
KDHE Loan Proceeds	54,444	-	-	-
Dividend Income	2,790	574	600	(26)
Total Receipts	127,136	73,677	<u>74,200</u>	<u>(523)</u>
Expenditures				
Salaries	8,944	9,635	10,500	(865)
Insurance	1,935	797	3,000	(2,203)
Utilities	5,114	4,828	5,500	(672)
Supplies	260	1,013	250	763
Miscellaneous	5,914	1,908	145	1,763
Bad Debt	62	23	-	23
Maintenance	6,298	1,291	4,000	(2,709)
Revolving Loan Principal	19,692	20,365	35,415	(15,050)
Revolving Loan Interest	2,105	1,639	2,418	(779)
Revolving Loan Fee	168	1,433	7,912	(6,479)
Testing	5,128	700	3,000	(2,300)
Contractual	18,180	-	-	-
Capital Outlay	-	-	22,548	(22,548)
Transfers Out	10,640	10,640	10,640	-
Total Expenditures	84,440	54,272	<u>105,328</u>	<u>(51,056)</u>
Receipts Over (Under) Expenditures	42,696	19,405		
Unencumbered Cash - Beginning	24,848	67,544		
Unencumbered Cash - Ending	\$ <u>67,544</u>	<u>86,949</u>		

CITY OF HOLYROOD, KANSAS
Sewer Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 5,640	5,640
Expenditures		
Miscellaneous	36,147	-
Receipts Over (Under) Expenditures	(30,507)	5,640
Unencumbered Cash - Beginning	80,855	50,348
Unencumbered Cash - Ending	\$ 50,348	55,988

CITY OF HOLYROOD, KANSAS
Trash Fund

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2020

(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Sales to Customers	\$ 42,718	41,981	42,000	(19)
Expenditures				
Salaries	5,500	5,683	6,500	(817)
Collections	35,107	34,603	35,500	(897)
Miscellaneous	42	49	-	49
Transfers Out	2,500	1,750	2,000	(250)
Total Expenditures	43,149	42,085	44,000	(1,915)
Receipts Over (Under) Expenditures	(431)	(104)		
Unencumbered Cash - Beginning	3,704	3,273		
Unencumbered Cash - Ending	\$ 3,273	3,169		

CITY OF HOLYROOD, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2020

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Fire Fund	\$ 43,432	95,497	93,147	45,782