

CITY OF HAYS, KANSAS

Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2021

CITY OF HAYS, KANSAS
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For the Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Commission
City of Hays, Kansas
Hays, Kansas

Report on the Audit of the Financial Statements

Adverse, Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **City of Hays, 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.

Summary of Opinions

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

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of **City of Hays, Kansas** as of December 31, 2021, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinions on Governmental Activities and Business-Type Activities

In our opinion, except for the matter described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and business-type activities of **City of Hays, Kansas** as of December 31, 2021, and the changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund and Aggregate Remaining Fund Information

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of **City of Hays, Kansas**, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse, Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 qualified and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's legally separate component unit, Housing Authority of the City of Hays, Kansas. Accounting principles generally accepted in the United States of America require the financial data for this component unit to be reported with the financial data of the City unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. The effects of not including the City's legally separate component unit on the aggregate discretely presented component unit has not been determined.

Matter Giving Rise to Qualified Opinion on the Governmental Activities

The financial statements do not include the required annual cost and long-term obligations of the City as required by Governmental Auditing Standards Board Statements Number 75. Accounting principles generally accepted in the United States of America require the financial data for these other postemployment benefits be reported in the financial statements. The amount by which this departure from accounting principles generally accepted in the United States of America would affect the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the financial statements has not been determined.

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.

Auditors' Responsibilities for the Audit of the Financial Statement

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 GAAS and *Government 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 GAAS and *Government 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 and required supplementary information listed in the table of contents 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 **City of Hays, Kansas'** basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The schedule of passenger facility charges required by the *Passenger Facility Charge Audit Guide for Public Agencies* is also presented for purposes of additional analysis. Both are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying 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, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the “Basis for Adverse, Qualified and Unmodified Opinions” paragraph, the combining and individual fund financial statements and schedules, schedule of expenditures of federal awards, and the schedule of passenger facility charges are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2022 on our consideration of **City of Hays, Kansas**’ internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **City of Hays, Kansas**’ internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **City of Hays, Kansas**’ internal control over financial reporting and compliance.

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
Hays, Kansas

May 26, 2022

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the **City of Hays, Kansas'** financial performance provides an overview of the City's financial activities for the year ended December 31, 2021. The Hays Public Library issues a complete financial statement that includes a discussion and analysis. The address for retrieval of this report is in Note 1. This narrative should be read in conjunction with the City's financial statements, which begins after this letter.

FINANCIAL HIGHLIGHTS

As reflected in this audit, the **City of Hays, Kansas'** overall financial position is stable and continues to improve. In 2021, the City maintained a balanced budget while setting aside reserves for future capital projects and unexpected expenditures. The City was also able to keep a budgeted unreserved fund balance of 10% of operating expenditures. All this while sales tax receipts for the General Fund were up 11.9%.

The change in net position for Primary Governmental Activities was \$12,467,533. This includes the decision to transfer \$1,600,000 to the Commission Capital Reserve to pay cash for future capital projects. The Comprehensive Financial Management Policy continues to ensure the wise use and investment of excess funds. This policy gives the citizens of Hays and future City leaders a defined process for the handling of City debt and excess revenue. In 2004, through a general election, the City passed a 3/4 cent sales tax increase to replace the property tax levy for the General Fund. In 2021, the 3/4 cent additional sales tax generated \$5,259,896, or the equivalent of 23 mills. The replacement of property tax revenue with sales tax revenue has spread the cost of funding general City operations across a broader tax base and helped to alleviate the tax burden for local property owners.

Residential and business water consumption were up a combined 7.7% for 2021. Given the new rates, as discussed below, this translates into an increase in total water revenue of \$224,223 or 6%. A financial analysis and rate study was conducted in 2015 by Springsted, Inc. to determine future rate structures so as to maintain operations and future capital needs. This information revealed that a several year increase in the rate structures was needed beginning January 1, 2016 to provide sufficient revenue to cover anticipated operating and maintenance expenses, debt service including principal and interest, capital improvements, replacements, and cash reserves. In 2021, the Water Production and Distribution Fund was able to set aside \$965,000 into capital reserves for such purposes. Review of the sufficiency of the rates on an annual basis concurrent with the development of each year's budget will be conducted based upon actual performance and on the final construction costs of the anticipated capital improvements.

The Water Reclamation and Reuse Fund had a strong 2021 finishing with revenues up \$607,486 or 13.3%. As in Water Production and Distribution, a financial analysis and rate study was conducted in 2015 by Springsted, Inc. to determine future rate structures to maintain operations and future capital needs. This was in response to the fund facing regulatory requirements to reconstruct the waste water treatment facility with expected costs to exceed \$27,000,000. In anticipation of those needs, the City was able to set aside \$700,000 into capital reserves for such purposes. A full review of the adequacy of the new rate structure will continue to be performed each year.

The Solid Waste Utility Fund continues to be a self-supported enterprise fund. The City set aside reserves of \$200,000 in 2021 to help continue to build reserves for future capital expenditures associated with the solid waste utility. Staff completed an evaluation of the Solid Waste Division and made recommendations for a new rate structure as well as changed to an automated collection process in 2006. In 2021, staff budgeted a recommended rate increase in an effort to continue to support reserves as future capital expenditures will increase in the near future including a new bailer/compactor, skid steer, and roll off truck.

The Capital Projects Fund is a consolidated fund for all major City projects so that all expenditures may be tracked by project and funded appropriately. In the past, the City used temporary financing for these projects until their completion at which time General Obligation Bonds were issued and the temporary financing was paid off. A change in requirements for Temporary Notes increased costs associated with their issuance.

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Subsequently, staff determined that it is more beneficial for the City to utilize idle funds for the temporary financing and bypass issuance costs and finance charges. The City does forgo any interest it might have earned on these idle funds, but the savings received is greater than any interest that would have been earned in the prevailing interest rate environment.

USING THIS ANNUAL REPORT

This annual report consists of two distinct series of financial statements – government-wide and fund financial statements. 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 long-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. The City also holds fiduciary funds on behalf of various parties. These funds are reported in a separate statement.

REPORTING THE CITY AS A WHOLE (GOVERNMENT WIDE FINANCIAL STATEMENTS)

The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities that helps answer the question if the City is better off as a whole. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net position and changes in it. Think of the City's net position, the difference between assets and liabilities, as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position is one indicator of whether financial health is improving or deteriorating. Consider other non-financial factors however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City. In the statement of net position and the statement of activities, the City is divided into three kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here including the police, fire, public works, parks department, and general administration. Sales tax, franchise fees, and state and federal grants finance most of these activities.
- **Business Type Activities** – The City charges a fee to customers to help cover all or most of the services it provides. The City's water production, water reclamation, and the solid waste facilities are reported here.
- **Component Units** – The notes to financial statements contain the listing of those entities that are considered component units of the City.

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS (FUND FINANCIAL STATEMENTS)

Analysis of the City's major funds begins on page 15. The budgetary fund financial statements begin on page 64 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenant. However, the City Commission establishes other funds to help or control money for particular purposes or to show that it is meeting legal responsibility for using certain taxes, grants and other monies. The City's two types of funds, governmental and proprietary, use different accounting approaches.

Governmental Funds – Most of the City's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can regularly be converted to cash. The governmental fund statements provide a short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in a statement of net position and the statement of activities) and the governmental funds in reconciliation at the bottom of the fund financial statements.

Proprietary Funds – When the City charges customers for the services it provides, whether to outside customers or to other units in the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in a Statement of Net Position and the Statement of Activities. In fact, the City's Enterprise Funds are the business-type activities reported in the government-wide statements that provide more detail and additional information such as cash flows for Proprietary Funds.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

The City is the trustee or fiduciary for the police court. It is also responsible for other assets that because of a trust arrangement can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and changes in fiduciary net assets on page 24. Auditing staff excluded these activities from the City's other financial statements because the City cannot use these assets to finance operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

THE CITY AS A WHOLE

TABLE 1
NET POSITION

	Governmental Activities	Business Type Activities	2021 Total Primary Government	2020 Total Primary Government
Current and Other Assets	\$ 30,978,922	49,284,342	80,263,264	67,262,498
Capital Assets	119,719,120	47,031,889	166,751,009	162,655,044
Total Assets	150,698,042	96,316,231	247,014,273	229,917,542
Deferred Outflows of Resources	3,015,732	36,319	3,052,051	3,482,018
Long-Term Debt				
Outstanding	12,459,000	26,508,978	38,967,978	35,429,080
Other Liabilities	11,698,913	1,007,083	12,705,996	14,796,350
Total Liabilities	24,157,913	27,516,061	51,673,974	50,225,430
Deferred Inflows of Resources	9,076,365	-	9,076,365	5,689,199
Net Investment in Capital Assets	106,873,884	20,520,851	127,394,735	127,129,512
Restricted	3,701,882	-	3,701,882	3,497,779
Unrestricted	9,903,730	48,315,638	58,219,368	46,857,640
Total Net Position	\$ 120,479,496	68,836,489	189,315,985	177,484,931

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

TABLE 2
STATEMENT OF ACTIVITIES

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		Totals	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Business-Type	2021	2020
Primary Government								
Governmental Activities								
General Government	\$ 16,831,816	666,825	2,432,251	-	(13,732,740)	-	(13,732,740)	(16,479,619)
Highway and Street	950,039	-	-	-	(950,039)	-	(950,039)	(929,041)
Culture and Recreation	3,644,797	357,813	-	-	(3,286,984)	-	(3,286,984)	(2,938,490)
Airport	2,195,810	183,834	-	2,349,144	337,168	-	337,168	19,164
Interest on Long-Term Debt	278,417	-	-	-	(278,417)	-	(278,417)	(75,806)
Total Governmental Activities	23,900,879	1,208,472	2,432,251	2,349,144	(17,911,012)	-	(17,911,012)	(20,403,792)
Business-Type Activities								
Water Production and Distribution	2,176,571	3,991,240	-	-	-	1,814,669	1,814,669	1,794,855
Water Reclamation and Reuse	2,894,201	5,161,539	-	-	-	2,267,338	2,267,338	(2,029,362)
Water Conservation	290,240	4,929	-	-	-	(285,311)	(285,311)	(254,037)
Solid Waste and Stormwater	1,356,053	2,433,987	-	-	-	1,077,934	1,077,934	859,182
Enterprise Reserves	2,401,239	31,543	-	-	-	(2,369,696)	(2,369,696)	(1,409,094)
Total Business-Type Activities	9,118,304	11,623,238	-	-	-	2,504,934	2,504,934	(1,038,456)
Total Primary Government	\$ 33,019,183	12,831,710	2,432,251	2,349,144	(17,911,012)	2,504,934	(15,406,078)	(21,442,248)
Component Unit								
Hays Public Library	\$ 2,574,393	2,048	129,682	100,066	-	-	-	-
General Revenues								
Property Taxes					\$ 6,425,389	-	6,425,389	6,332,448
Sales Tax					9,847,000	3,506,597	13,353,597	11,061,380
Franchise Taxes					1,319,779	-	1,319,779	1,418,670
Motor Fuel Taxes					707,849	-	707,849	615,798
Alcoholic Liquor Taxes					445,627	-	445,627	346,118
Transient Guest Taxes					1,207,361	-	1,207,361	990,416
Unrestricted Interest Income					96,536	227,975	324,511	1,411,360
Miscellaneous					2,932,030	236,660	3,168,690	1,788,469
Reimbursements					918,702	2,106	920,808	1,868
Transfers					3,171,304	(3,171,304)	-	-
Total General Revenues and Transfers					27,071,577	802,034	27,873,611	23,966,527
Change in Net Position					9,160,565	3,306,968	12,467,533	2,524,279
Net Position - Beginning of Year					111,318,931	66,166,000	177,484,931	174,960,652
Prior Period Adjustment					-	(636,479)	(636,479)	-
Net Position - Beginning of Year, As Restated					111,318,931	65,529,521	176,848,452	174,960,652
Net Position - End of Year					\$ 120,479,496	68,836,489	189,315,985	177,484,931

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of 2021, the City had \$166,751,009 invested in capital assets net of depreciation.

TABLE 3
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)

			2021	2020
			Total Primary Government	Total Primary Government
Land and Infrastructure	\$ 95,637,988	350,848	95,988,836	94,518,604
Building and Equipment	12,882,691	46,542,624	59,425,315	59,645,764
Capital Assets Not In Use	-	47,500	47,500	-
Construction in Process	11,198,441	90,917	11,289,358	8,490,676
Total	\$ 119,719,120	47,031,889	166,751,009	162,655,044

The City reports its governmental-type infrastructure assets (e.g., streets, bridges, traffic signals, signs and storm sewer systems) using the modified approach as defined by GASB No. 34. Infrastructure assets

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

reported by the modified approach are not required to be depreciated as long as the City manages the eligible infrastructure assets using an asset management system that meets certain criteria and documents that infrastructure assets are being preserved approximately at a condition level established by the City. It is the City's policy to maintain and preserve infrastructure assets at a minimum condition level of "Fair". While some infrastructure needs replaced, the average assessed condition level for 2021 is "Good" to "Very Good". There were no significant changes in the assessed condition levels from the previous year's assessments. There were no significant differences from the estimated annual amount of expenditures to maintain and preserve the infrastructure assets compared with the actual amounts expended during 2021. The City's estimated annual amount of expenditures was \$1,045,650 compared to the actual expenditures of \$1,033,692.

Debt

At the end of 2021, the City had the following debt:

TABLE 4
OUTSTANDING DEBT AT YEAR-END

			2021	2020
	Governmental	Business-Type	Total Primary	Total Primary
	Activities	Activities	Government	Government
G.O. Bonds	\$ 12,459,000	930,000	13,389,000	8,585,000
KDHE Revolving Loan	-	25,578,978	25,578,978	26,844,080
Total	\$ 12,459,000	26,508,978	38,967,978	35,429,080

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances. The report is also designed to show the City's accountability for the money it receives.

The component unit's separately issued financial statements can be obtained by contacting the City Manager's office. Also, further questions concerning this report or the financial status of the **City of Hays, Kansas** should be directed to the City Manager's office at 1507 Main, Hays, Kansas (785) 628-7320 or tdougherty@haysusa.com.

Toby Dougherty
City Manager
City of Hays, Kansas

CITY OF HAYS, KANSAS
Statement of Net Position
December 31, 2021
(With Comparative Totals as of December 31, 2020)

<u>ASSETS</u>	Primary Government		Totals		Hays Public Library
	Governmental Activities	Business-Type Activities			
			2021	2020	
Cash	\$ 18,033,526	48,278,007	66,311,533	53,621,540	2,031,424
Receivables, Net of Allowance for Uncollectibles	9,683,385	518,097	10,201,482	9,948,061	1,604,557
Restricted Assets - Cash					
Budget Stabilization	3,262,011	-	3,262,011	3,262,011	-
Customer Deposits	-	488,238	488,238	430,886	-
Capital Assets Not Being Depreciated					
Land and Infrastructure	95,637,988	350,848	95,988,836	94,518,604	-
Construction in Process	11,198,441	90,917	11,289,358	8,490,676	-
Capital Assets Not In Use	-	47,500	47,500	-	-
Capital Assets, Net of Accumulated Depreciation	12,882,691	46,542,624	59,425,315	59,645,764	2,908,709
Deferred Outflows of Resources					
Early Retirement on Debt Refunding, Net of Amortization	22,869	36,319	59,188	83,063	-
Deferred Outflows - Pension	2,992,863	-	2,992,863	3,398,955	154,096
Total Assets	\$ 153,713,774	96,352,550	250,066,324	233,399,560	6,698,786

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

CITY OF HAYS, KANSAS
Statement of Net Position
December 31, 2021
(With Comparative Totals as of December 31, 2020)

LIABILITIES	Primary Government				Hays Public Library
	Governmental Activities	Business-Type Activities	Totals		
			2021	2020	
Accounts Payable	\$ 659,827	152,167	811,994	382,127	35,087
Accrued Payroll	142,190	29,606	171,796	131,181	38,828
Accrued Paid Time Off	551,128	117,161	668,289	692,731	35,053
Accrued Sick Leave Payout	16,867	-	16,867	16,218	-
Accrued Interest Payable	132,112	181,532	313,644	266,153	-
Customer Deposits	-	488,238	488,238	430,886	-
Net Pension Liability	9,123,524	-	9,123,524	12,697,539	403,437
Deferred Revenue	664,160	-	664,160	-	22,611
Bond Premium, Net of Amortization	409,105	38,379	447,484	179,515	-
KDHE Water Pollution Revolving Loan					
Due Within One Year	-	1,293,982	1,293,982	1,265,102	-
Due in More Than One Year	-	24,284,996	24,284,996	25,578,978	-
General Obligation Bonds Payable					
Due Within One Year	1,401,000	300,000	1,701,000	1,676,000	-
Due in More Than One Year	11,058,000	630,000	11,688,000	6,909,000	-
Total Liabilities	24,157,913	27,516,061	51,673,974	50,225,430	535,016
Deferred Inflows of Resources					
Deferred Other Pension	3,107,071	-	3,107,071	191,282	174,682
Deferred Property Tax Receivable	5,969,294	-	5,969,294	5,497,917	1,604,557
Total Deferred Inflows of Resources	9,076,365	-	9,076,365	5,689,199	1,779,239
Total Liabilities and Deferred Inflows of Resources	\$ 33,234,278	27,516,061	60,750,339	55,914,629	2,314,255

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

CITY OF HAYS, KANSAS
Statement of Net Position
December 31, 2021
(With Comparative Totals as of December 31, 2020)

NET POSITION	Primary Government				Hays Public Library
	Governmental Activities	Business-Type Activities	Totals		
			2021	2020	
Net Investment in Capital Assets	\$ 106,873,884	20,520,851	127,394,735	127,129,512	2,908,709
Restricted for					
Budget Stabilization	3,262,011	-	3,262,011	3,262,011	-
Capital Improvements	267,343	-	267,343	62,516	-
Debt Service	172,528	-	172,528	173,252	-
Unrestricted	9,903,730	48,315,638	58,219,368	46,857,640	1,475,822
Total Net Position	\$ 120,479,496	68,836,489	189,315,985	177,484,931	4,384,531

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

CITY OF HAYS, KANSAS
Statement of Activities
For the Year Ended December 31, 2021
(With Comparative Totals as of December 31, 2020)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		Totals		Hays Public Library
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-Type Activities			
Primary Government									
Governmental Activities									
General Government	\$ 16,831,816	666,825	2,432,251	-	(13,732,740)	-	(13,732,740)	(16,479,619)	
Highway and Street	950,039	-	-	-	(950,039)	-	(950,039)	(929,041)	
Culture and Recreation	3,644,797	357,813	-	-	(3,286,984)	-	(3,286,984)	(2,938,490)	-
Airport	2,195,810	183,834	-	2,349,144	337,168	-	337,168	19,164	-
Interest on Long-Term Debt	278,417	-	-	-	(278,417)	-	(278,417)	(75,806)	-
Total Governmental Activities	23,900,879	1,208,472	2,432,251	2,349,144	(17,911,012)	-	(17,911,012)	(20,403,792)	-
Business-Type Activities									
Water Production and Distribution	2,176,571	3,991,240	-	-	-	1,814,669	1,814,669	1,794,855	-
Water Reclamation and Reuse	2,894,201	5,161,539	-	-	-	2,267,338	2,267,338	(2,029,362)	-
Water Conservation	290,240	4,929	-	-	-	(285,311)	(285,311)	(254,037)	-
Solid Waste and Stormwater	1,356,053	2,433,987	-	-	-	1,077,934	1,077,934	859,182	-
Enterprise Reserves	2,401,239	31,543	-	-	-	(2,369,696)	(2,369,696)	(1,409,094)	-
Total Business-Type Activities	9,118,304	11,623,238	-	-	-	2,504,934	2,504,934	(1,038,456)	-
Total Primary Government	\$ 33,019,183	12,831,710	2,432,251	2,349,144	(17,911,012)	2,504,934	(15,406,078)	(21,442,248)	-
Component Unit									
Hays Public Library	\$ 2,574,393	2,048	129,682	100,066	-	-	-	-	(2,342,597)
		General Revenues							
		Property Taxes			\$ 6,425,389	-	6,425,389	6,332,448	1,680,280
		Sales Tax			9,847,000	3,506,597	13,353,597	11,061,380	-
		Franchise Taxes			1,319,779	-	1,319,779	1,418,670	-
		Motor Fuel Taxes			707,849	-	707,849	615,798	-
		Alcoholic Liquor Taxes			445,627	-	445,627	346,118	-
		Transient Guest Taxes			1,207,361	-	1,207,361	990,416	-
		Unrestricted Interest Income			96,536	227,975	324,511	1,411,360	17,763
		Miscellaneous			2,932,030	236,660	3,168,690	1,788,469	20,201
		Reimbursements			918,702	2,106	920,808	1,868	-
		Transfers			3,171,304	(3,171,304)	-	-	-
		Total General Revenues and Transfers			27,071,577	802,034	27,873,611	23,966,527	1,718,244
		Change in Net Position			9,160,565	3,306,968	12,467,533	2,524,279	(624,353)
		Net Position - Beginning of Year			111,318,931	66,166,000	177,484,931	174,960,652	5,008,884
		Prior Period Adjustment			-	(636,479)	(636,479)	-	-
		Net Position - Beginning of Year, As Restated			111,318,931	65,529,521	176,848,452	174,960,652	5,008,884
		Net Position - End of Year			\$ 120,479,496	68,836,489	189,315,985	177,484,931	4,384,531

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

CITY OF HAYS, KANSAS
Balance Sheet
Governmental Funds
December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	General Fund	Employee Benefits Fund	Bond and Interest Fund	Airport Improvement Fund	Capital Projects Fund	Other Governmental Funds	Totals	
							2021	2020
ASSETS								
Cash	\$ 4,620,656	1,819,578	172,528	(49,321)	941,143	10,528,942	18,033,526	7,712,066
Receivables, Net								
Other Receivable	130,692	-	-	425,755	-	-	556,447	127,912
Taxes	-	2,811,552	650,621	-	-	2,507,121	5,969,294	5,497,917
Special Assessments	-	-	3,157,644	-	-	-	3,157,644	3,775,545
Reserved Cash	3,262,011	-	-	-	-	-	3,262,011	3,262,011
Total Assets	\$ 8,013,359	4,631,130	3,980,793	376,434	941,143	13,036,063	30,978,922	20,375,451
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
Liabilities								
Accounts Payable	\$ 116,702	56,136	-	109,091	88,418	289,480	659,827	277,459
Accrued Payroll	133,726	-	-	-	-	8,464	142,190	105,943
Accrued Paid Time Off	524,581	-	-	-	-	26,547	551,128	565,610
Accrued Sick Leave Payout	16,867	-	-	-	-	-	16,867	16,218
Deferred Revenue	-	-	-	-	-	664,160	664,160	-
Total Liabilities	791,876	56,136	-	109,091	88,418	988,651	2,034,172	965,230
Deferred Inflows of Resources								
Deferred Special Assessments Receivable	-	-	3,157,644	-	-	-	3,157,644	3,775,545
Deferred Property Tax Receivable	-	2,811,552	650,621	-	-	2,507,121	5,969,294	5,497,917
Total Deferred Inflows of Resources	-	2,811,552	3,808,265	-	-	2,507,121	9,126,938	9,273,462
Total Liabilities and Deferred Inflows of Resources	791,876	2,867,688	3,808,265	109,091	88,418	3,495,772	11,161,110	10,238,692
Fund Balance								
Committed - Budget Stabilization	3,262,011	-	-	-	-	-	3,262,011	3,262,011
Assigned - Reserved for Encumbrances	93,390	-	-	267,343	852,725	1,622,796	2,836,254	282,802
Assigned - Designated for Subsequent Year Expenditures	2,850,463	1,068,616	97,036	-	-	2,422,742	6,438,857	3,744,437
Assigned	-	694,826	75,492	-	-	5,494,753	6,265,071	10,722,694
Unassigned	1,015,619	-	-	-	-	-	1,015,619	(7,875,185)
Total Fund Balance	7,221,483	1,763,442	172,528	267,343	852,725	9,540,291	19,817,812	10,136,759
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 8,013,359	4,631,130	3,980,793	376,434	941,143	13,036,063	30,978,922	20,375,451

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

CITY OF HAYS, KANSAS
Reconciliation of the Statement of Net Position to the
Balance Sheet for Governmental Funds
December 31, 2021

Amounts reported for governmental activities in the statement of net position differ from the fund balances of governmental funds on the preceding balance sheet as shown in the following reconciliation:

Fund balances of governmental funds from the balance sheet.	\$ 19,817,812
Capital assets and construction in process, net of depreciation, have not been included as financial resources in governmental fund activity on the balance sheet.	119,719,120
Long-term debt has not been included in the governmental funds activity on the balance sheet. General Obligation Bonds	 (12,459,000)
Unamortized early retirement on debt, which results in a consumption of net position applicable to a future reporting period is recognized as deferred outflows in the government-wide financial statements.	22,869
Premium on bonds payable is not due and payable in the current period and therefore, not reported as a liability in the funds.	(409,105)
Net pension liability has not been included in the governmental fund activity on the balance sheet.	(9,123,524)
Deferred pension contributions and other resulting from the pension liability are recognized as deferred outflows and inflows on the balance sheet.	(114,208)
Special assessments are not considered available to liquidate liabilities of the current period and, therefore, are deferred in the funds. However, they are properly recognized as revenue in the government-wide statements as soon as the related improvement is completed.	3,157,644
Accrued interest payable for the current portion of interest due on bonds and capital leases has not been reported in the governmental funds on the balance sheet.	<u>(132,112)</u>
Net position of governmental activities as reported.	\$ <u>120,479,496</u>

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

CITY OF HAYS, KANSAS
Statement of Revenues, Expenditures, and Change in Fund Balance
Governmental Funds
December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	General Fund	Employee Benefits Fund	Bond and Interest Fund	Airport Improvement Fund	Capital Projects Fund	Other Governmental Funds	Totals	
							2021	2020
Revenues								
Taxes	\$ 9,629,267	2,997,443	1,370,679	-	-	2,668,906	16,666,295	14,722,523
Intergovernmental	151,905	-	-	1,978,189	1,500,000	3,777,293	7,407,387	4,003,559
Licenses and Fees	1,493,225	-	-	-	-	-	1,493,225	1,549,004
Fines and Forfeitures	529,515	-	-	-	-	-	529,515	489,470
Use of Money and Property	53,203	8,776	-	-	-	35,756	97,735	425,296
Collections	354,298	-	-	-	-	159,995	514,293	469,909
Reimbursements	553,831	-	-	-	-	364,871	918,702	-
Miscellaneous	198,243	30,891	-	-	809,927	500,740	1,539,801	1,762,001
Total Revenues	12,963,487	3,037,110	1,370,679	1,978,189	2,309,927	7,507,561	29,166,953	23,421,762
Expenditures								
General Government	8,577,744	3,621,838	-	-	-	2,942,733	15,142,315	13,979,599
Highway and Street	953,353	-	-	-	-	6,571	959,924	929,041
Culture and Recreation	1,628,675	-	-	-	-	1,680,280	3,308,955	3,302,073
Airport	-	-	-	1,833,362	-	470,274	2,303,636	1,959,676
Debt Service	-	-	1,371,403	-	-	229,055	1,600,458	1,583,867
Capital Outlay	-	-	-	-	3,799,429	2,399,445	6,198,874	10,993,166
Total Expenditures	11,159,772	3,621,838	1,371,403	1,833,362	3,799,429	7,728,358	29,514,162	32,747,422
Excess (Deficiency) of Revenues Over Expenditures	1,803,715	(584,728)	(724)	144,827	(1,489,502)	(220,797)	(347,209)	(9,325,660)
Other Financing Sources (Uses)								
Debt Proceeds	-	-	-	-	6,739,424	-	6,739,424	-
Transfers In	2,514,108	974,320	-	60,000	3,477,988	3,427,657	10,454,073	6,086,904
Transfers Out	(2,383,942)	-	-	-	-	(4,781,293)	(7,165,235)	(3,205,527)
Total Other Financing Sources (Uses)	130,166	974,320	-	60,000	10,217,412	(1,353,636)	10,028,262	2,881,377
Net Change in Fund Balance	1,933,881	389,592	(724)	204,827	8,727,910	(1,574,433)	9,681,053	(6,444,283)
Fund Balance - Beginning of Year	5,287,602	1,373,850	173,252	62,516	(7,875,185)	11,114,724	10,136,759	16,331,042
Increase in Budget Stabilization	-	-	-	-	-	-	-	250,000
Fund Balance - End of Year	\$ 7,221,483	1,763,442	172,528	267,343	852,725	9,540,291	19,817,812	10,136,759

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

CITY OF HAYS, KANSAS
Reconciliation of the Statement of Revenues,
Expenditures, and Change in Fund Balance for Governmental Funds
to the Statement of Activities
December 31, 2021

Net change in fund balance - total governmental funds	\$ 9,681,053
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$3,930,604) and change in construction in process (\$2,707,764) exceeded depreciation (\$1,289,790) in the current period.	5,348,578
In the Statement of Activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only cash proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	(52,464)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. There were bond repayments (\$1,381,000), which are recorded in the governmental funds.	(5,099,000)
The amortization of bond premiums and discounts affects long-term liabilities on the statement of net position, but does not provide or consume current financial resources of the governmental funds.	(287,159)
Early retirement of debt costs reduces current financial resources of governmental funds, but does not decrease long-term liabilities in the statement of net position.	(5,717)
Revenues for long-term special assessment receivables are recorded in the statement of activities that do not provide current financial resources are not recorded in the governmental funds.	(617,901)
An expense is recorded for pension liability when incurred. In the governmental funds, an expense is recorded when the benefits are paid.	252,134
Accrued interest payable decreased from the prior year. This balance is not accounted for in the governmental funds. However, the changes are reflected in the statement of activities.	(58,959)
Change in net position of governmental activities.	\$ <u>9,160,565</u>

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

CITY OF HAYS, KANSAS
Statement of Net Position
Proprietary Funds
December 31, 2021
(With Comparative Totals as of December 31, 2020)

		Business-type Activities						
		Enterprise Funds						
		Water Production and Distribution Fund	Water Reclamation and Reuse Fund	Water Conservation Fund	Water Sales Tax Reserve Fund	Other Non-Major Enterprise Funds	Totals	
							2021	2020
ASSETS								
Current Assets								
Cash								
Operating Account	\$	1,012,510	719,878	656,430	40,443,874	5,445,315	48,278,007	45,909,474
Accounts Receivable, Net of Allowance for Uncollectibles		156,453	228,792	-	-	132,852	518,097	546,687
Total Current Assets		1,168,963	948,670	656,430	40,443,874	5,578,167	48,796,104	46,456,161
Noncurrent Assets								
Restricted Cash								
Customer Deposits		488,238	-	-	-	-	488,238	430,886
Capital Assets								
Land and Right-of-Ways		350,848	-	-	-	-	350,848	446,274
Infrastructure		15,603,989	34,189,526	-	-	102,194	49,895,709	49,584,346
Equipment		5,247,316	354,444	-	-	1,880,629	7,482,389	14,758,607
Building and Structures		2,619,503	-	-	-	424,594	3,044,097	3,044,097
R-9 Ranch		3,243,065	-	-	-	-	3,243,065	4,262,040
Construction in Process		-	90,917	-	-	-	90,917	-
Capital Asset Not In Use		-	-	-	-	47,500	47,500	-
Total Capital Assets		27,064,721	34,634,887	-	-	2,454,917	64,154,525	72,095,364
Accumulated Depreciation		(13,069,996)	(2,618,432)	-	-	(1,434,208)	(17,122,636)	(23,863,326)
Net Capital Assets		13,994,725	32,016,455	-	-	1,020,709	47,031,889	48,232,038
Other Assets								
Early Retirement on Debt Refunding, Net of Amortization		25,423	10,896	-	-	-	36,319	54,477
Total Noncurrent Assets		14,508,386	32,027,351	-	-	1,020,709	47,556,446	48,717,401
Total Assets	\$	15,677,349	32,976,021	656,430	40,443,874	6,598,876	96,352,550	95,173,562

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

CITY OF HAYS, KANSAS
Statement of Net Position
Proprietary Funds
December 31, 2021
(With Comparative Totals as of December 31, 2020)

		Business-type Activities Enterprise Funds					Totals	
		Water Production and Distribution Fund	Water Reclamation and Reuse Fund	Water Conservation Fund	Water Sales Tax Reserve Fund	Other Non-Major Enterprise Funds	2021	2020
LIABILITIES								
Current Liabilities								
Accounts Payable	\$	39,729	23,016	15,313	1,176	56,608	135,842	91,224
Sales Tax		8,209	-	-	-	-	8,209	5,754
State Water Fee		8,116	-	-	-	-	8,116	7,690
Accrued Payroll		10,636	8,517	1,129	-	9,324	29,606	25,238
Accrued Paid Time Off		52,782	21,522	3,981	-	38,876	117,161	127,121
Total Current Liabilities		119,472	53,055	20,423	1,176	104,808	298,934	257,027
Current Liabilities Payable From Restricted Assets								
GO Refunding Bond - Series 2017-B		210,000	90,000	-	-	-	300,000	295,000
KDHE Water Pollution Revolving Loan		-	1,293,982	-	-	-	1,293,982	1,265,102
Customer Deposits		483,738	-	-	-	-	483,738	426,386
Monitoring Well Deposits		4,500	-	-	-	-	4,500	4,500
Accrued Interest		6,510	175,022	-	-	-	181,532	193,000
Total Current Liabilities Payable From Restricted Assets		704,748	1,559,004	-	-	-	2,263,752	2,183,988
Noncurrent Liabilities								
GO Refunding Bond - Series 2017-B		441,000	189,000	-	-	-	630,000	930,000
KDHE Water Pollution Revolving Loan		-	24,284,996	-	-	-	24,284,996	25,578,978
Bond Premium, Net of Amortization		26,865	11,514	-	-	-	38,379	57,569
Total Noncurrent Liabilities		467,865	24,485,510	-	-	-	24,953,375	26,566,547
Total Liabilities		1,292,085	26,097,569	20,423	1,176	104,808	27,516,061	29,007,562
NET POSITION								
Net Position								
Invested in Capital Assets, Net of Related Debt		13,342,283	6,157,859	-	-	1,020,709	20,520,851	20,159,866
Unrestricted		1,042,981	720,593	636,007	40,442,698	5,473,359	48,315,638	46,006,134
Total Net Position	\$	14,385,264	6,878,452	636,007	40,442,698	6,494,068	68,836,489	66,166,000

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

CITY OF HAYS, KANSAS
Statement of Revenues, Expenses, and Change in Net Position
Proprietary Funds
For the Year Ended December 31, 2021
(With Comparative Totals as of December 31, 2020)

	Business-type Activities Enterprise Funds					Totals	
	Water Production and Distribution Fund	Water Reclamation and Reuse Fund	Water Conservation Fund	Water Sales Tax Reserve Fund	Other Non-Major Enterprise Funds	2021	2020
Operating Revenues							
Charges for Sales and Services							
Water Sales	\$ 3,477,273	-	-	-	-	3,477,273	3,346,263
Water Sales Conservation Rate	456,265	-	-	-	-	456,265	382,421
Total Water Sales	3,933,538	-	-	-	-	3,933,538	3,728,684
Sewer Charges	-	5,137,191	-	-	-	5,137,191	4,535,024
Refuse Collections	-	-	-	-	1,627,774	1,627,774	1,451,286
Stormwater Fees	-	-	-	-	806,213	806,213	803,803
Tap Fees	24,186	-	-	-	-	24,186	20,611
Sales and Other Charges	33,516	24,348	-	-	31,543	89,407	40,101
Reimbursed Expense	-	-	-	-	2,106	2,106	1,868
Total Operating Revenues	3,991,240	5,161,539	-	-	2,467,636	11,620,415	10,581,377
Operating Expenses							
Wastewater Treatment and Collection	-	1,591,487	-	-	-	1,591,487	1,176,961
Water Production and Distribution	1,690,614	-	-	-	-	1,690,614	1,524,800
Refuse Collection	-	-	-	-	923,514	923,514	882,541
Stormwater Management	-	-	-	-	217,491	217,491	225,268
Projects	-	-	-	748,703	1,652,536	2,401,239	1,412,444
Amortization	(721)	(309)	-	-	-	(1,030)	(1,031)
Depreciation	462,479	698,356	-	-	214,771	1,375,606	714,713
Total Operating Expenses	2,152,372	2,289,534	-	748,703	3,008,312	8,198,921	5,935,696
Net Operating Income (Loss)	1,838,868	2,872,005	-	(748,703)	(540,676)	3,421,494	4,645,681
Nonoperating Revenues (Expenses)							
Local Sales Tax	-	-	3,506,596	-	-	3,506,596	3,136,473
Federal Grant	-	-	-	-	-	-	11,241
Donated Assets	128,868	182,761	-	-	-	311,629	-
Interest Income	10,379	11,555	203,144	-	2,897	227,975	987,263
Rent on R-9 Ranch	-	-	21,772	-	-	21,772	21,772
Other Charges	-	-	4,929	-	-	4,929	467
Interest Expense	(24,199)	(1,622)	-	-	-	(25,821)	(40,530)
KDHE Loan Interest and Service Fee	-	(602,222)	-	-	-	(602,222)	(630,458)
R-9 Ranch Expenses	-	-	(84,775)	-	-	(84,775)	(47,490)
Water Exploration	-	-	(205,465)	-	-	(205,465)	(207,014)
Gain (Loss) on Sale of Assets	(96,741)	(823)	-	-	(277)	(97,841)	(4,765,195)
Net Nonoperating Revenues (Expenses)	18,307	(410,351)	3,446,201	-	2,620	3,056,777	(1,533,471)
Income (Loss) Before Capital Contributed and Transfers	1,857,175	2,461,654	3,446,201	(748,703)	(538,056)	6,478,271	3,112,210
Capital Contributed - Non Cash	26,617	90,917	-	-	-	117,534	96,230
Transfers In	166,353	47,353	-	2,483,037	2,501,907	5,198,650	6,196,594
Transfers Out	(1,812,722)	(1,718,810)	(3,044,205)	-	(1,911,750)	(8,487,487)	(9,077,971)
Change In Net Position	237,423	881,114	401,996	1,734,334	52,101	3,306,968	327,063
Net Position - Beginning of Year	14,147,841	6,633,817	234,011	38,708,364	6,441,967	66,166,000	65,838,937
Prior Period Adjustment	-	(636,479)	-	-	-	(636,479)	-
Net Position - Beginning of Year, As Restated	14,147,841	5,997,338	234,011	38,708,364	6,441,967	65,529,521	65,838,937
Net Position - End of Year	\$ 14,385,264	6,878,452	636,007	40,442,698	6,494,068	68,836,489	66,166,000

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

CITY OF HAYS, KANSAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021
(With Comparative Totals as of December 31, 2020)

	Business-type Activities Enterprise Funds					Totals	
	Water Production and Distribution Fund	Water Reclamation and Reuse Fund	Water Conservation Fund	Water Sales Tax Reserve Fund	Other Non-Major Enterprise Funds	2021	2020
Cash Flows From Operating Activities							
Receipts From Customers	\$ 4,057,960	5,187,874	-	-	2,460,521	11,706,355	10,533,218
Payments to Suppliers	(1,062,053)	(1,083,321)	-	(770,312)	(2,195,381)	(5,111,067)	(3,659,424)
Payments to Employees	(613,434)	(496,589)	-	-	(557,855)	(1,667,878)	(1,639,976)
Net Cash Provided (Used) by Operating Activities	2,382,473	3,607,964	-	(770,312)	(292,715)	4,927,410	5,233,818
Cash Flows From Investing Activities							
Rental Income	-	-	21,772	-	-	21,772	21,772
Rental Expenses	-	-	(88,268)	-	-	(88,268)	(52,271)
Interest on Investments	10,379	11,555	203,144	-	2,897	227,975	987,263
Net Cash Provided by Investing Activities	10,379	11,555	136,648	-	2,897	161,479	956,764
Cash Flows From Noncapital Financing Activities							
Transfers From (To) Other Funds	(1,646,369)	(1,671,457)	(3,044,205)	2,483,037	590,157	(3,288,837)	(2,881,377)
Cash Flows From Capital and Related Financing Activities							
Purchase and Construction of Capital Assets	(441,720)	(233,912)	-	-	(120,408)	(796,040)	(1,147,549)
Proceeds from Sale of Capital Assets	-	3,799	-	-	-	3,799	7,649
Donated Assets	128,868	182,761	-	-	-	311,629	-
Federal Grant	-	-	-	-	-	-	11,241
Water Exploration	-	-	(205,465)	-	-	(205,465)	(207,013)
Interest Paid	(26,264)	(11,025)	-	-	-	(37,289)	(604,159)
KDHE Service Fee	-	-	-	-	-	-	(78,007)
KDHE Principal Payments	-	(1,867,324)	-	-	-	(1,867,324)	(1,236,865)
Principal Payments - Bonds	(206,500)	(88,502)	-	-	-	(295,002)	(285,001)
Local Sales Tax	-	-	3,511,525	-	-	3,511,525	3,136,940
Net Cash Provided (Used) for Capital and Related Financing Activities	(545,616)	(2,014,203)	3,306,060	-	(120,408)	625,833	(402,764)
Net Increase (Decrease) in Cash	200,867	(66,141)	398,503	1,712,725	179,931	2,425,885	2,906,441
Cash - Beginning of Year	1,299,881	786,019	257,927	38,731,149	5,265,384	46,340,360	43,433,919
Cash - End of the Year	\$ 1,500,748	719,878	656,430	40,443,874	5,445,315	48,766,245	46,340,360
Cash							
Operating Account						\$ 48,278,007	45,909,474
Restricted Cash						488,238	430,886
Total Cash						\$ 48,766,245	46,340,360

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

CITY OF HAYS, KANSAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021
(With Comparative Totals as of December 31, 2020)

	Business-type Activities Enterprise Funds					Totals	
	Water Production and Distribution Fund	Water Reclamation and Reuse Fund	Water Conservation Fund	Water Sales Tax Reserve Fund	Other Non-Major Enterprise Funds	2021	2020
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Net Operating Income (Loss)	\$ 1,838,868	2,872,005	-	(748,703)	(540,676)	3,421,494	4,645,681
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Depreciation and Amortization	461,758	698,047	-	-	214,771	1,374,576	713,682
(Increase) Decrease in Accounts Receivable	9,370	26,335	-	-	(7,115)	28,590	(77,083)
Increase (Decrease) in Accounts Payable	9,725	14,049	-	(21,609)	46,050	48,215	(51,611)
Increase (Decrease) in Accrued Liabilities	62,752	(2,472)	-	-	(5,745)	54,535	3,149
Net Cash Provided (Used) by Operating Activities	\$ 2,382,473	3,607,964	-	(770,312)	(292,715)	4,927,410	5,233,818

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

CITY OF HAYS, KANSAS
Statement of Net Position
Fiduciary Funds
December 31, 2021
(With Comparative Totals as of December 31, 2020)

	Custodial Funds						Totals	
	Police Judge	CID #1	CID #2	CID #3	CID #4	Economic Development	2021	2020
<u>ASSETS</u>								
Cash	\$ 52,411	23,799	29,066	5,368	7,117	22,870	140,631	81,790
<u>LIABILITIES AND NET POSITION</u>								
Liabilities								
Other Payables	5,111	-	-	-	-	-	5,111	3,458
Net Position								
Reserved for Debt	47,300	-	-	-	-	-	47,300	30,826
Reserved for Improvements	-	23,799	29,066	5,368	7,117	22,870	88,220	47,506
Total Net Position	\$ 47,300	23,799	29,066	5,368	7,117	22,870	135,520	78,332

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

CITY OF HAYS, KANSAS
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2021
(With Comparative Totals as of December 31, 2020)

	Custodial Funds						Totals	
	Police Judge	CID #1	CID #2	CID #3	CID #4	Economic Development	2021	2020
<u>ADDITIONS</u>								
Charges for Service	\$ 99,028	-	-	-	-	-	99,028	84,335
Local Sales Tax	-	112,978	205,485	52,346	64,732	-	435,541	599,568
Tax Increment Financing (TIF)	-	-	-	-	102,411	-	102,411	-
Transient Guest Tax	-	-	-	-	84,291	-	84,291	-
Miscellaneous	475	-	-	-	-	18,733	19,208	27,104
Total Additions	99,503	112,978	205,485	52,346	251,434	18,733	740,479	711,007
<u>DEDUCTIONS</u>								
Payments to Others	83,029	108,060	191,844	52,554	246,941	863	683,291	1,256,588
Net Change in Net Position	16,474	4,918	13,641	(208)	4,493	17,870	57,188	(545,581)
Net Position, Beginning of Year	30,826	18,881	15,425	5,576	2,624	5,000	78,332	623,913
Net Position, End of Year	<u>\$ 47,300</u>	<u>23,799</u>	<u>29,066</u>	<u>5,368</u>	<u>7,117</u>	<u>22,870</u>	<u>135,520</u>	<u>78,332</u>

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

The City is a municipal corporation governed by an elected five-member commission. The City receives funding from local, state, and federal governmental sources and must comply with the requirements of these funding sources. The financial statements of the City consist of all the funds of the City and governmental entities that are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. This financial statement does not include the component unit, Housing Authority of the City of Hays, Kansas.

Discretely Presented Component Unit

The Hays Public Library is overseen by a Library board whose members are appointed by the City Commission. The day to day operations are managed by a Library director that is appointed by the Library board. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City. The City must approve, by charter ordinance, increases in the Library mill levy rate. The City has included this component unit in the City's government-wide financial statements. Contact the City office for information on how to obtain a copy of the financial statements and audit report.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect certain reported amounts and disclosures that can affect these financial statements. Actual results could differ from those estimates.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (i.e. the statement of net position and the statement of activities) report financial information for the City as a whole excluding fiduciary activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities reports the direct expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2021

Program revenues include charges for services which report fees, fines and forfeitures, and other charges to users of the City's services, operating grants which finance annual operating activities including investment income, and capital grants which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Governmental fund financial statements distinguish revenues and expenditures from other financing sources and uses. Other financing resources and uses are increases or decreases in the fund balance of a governmental fund that are not considered revenues or expenditures. Only items identified as other financing sources and uses by authoritative standards may be classified as such (e.g. proceeds from the issuance of long-term debt and transfers between funds).

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise 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 revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which have no measurement focus. 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. Special assessments are recognized as revenue when levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

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 within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Special assessments receivable that are not due within the current fiscal period and not susceptible to accrual are recorded as unavailable revenue. All other revenue items are considered to be measurable and available only when cash is received.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2021

The government reports the following major governmental funds:

General Fund – The general fund is the City’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Employee Benefits Fund – The employee benefits fund is a special revenue fund established to account for revenues and expenditures derived from taxes levied for employee benefit expenditures.

Bond and Interest Fund – The bond and interest fund accounts for the servicing of general long-term debt, including special assessment and is not being financed by the proprietary funds.

Airport Improvement Fund – The airport improvement fund accounts for the financial resources to be used for the acquisition or construction of major capital improvements related to the airport for the City.

Capital Projects Fund – The capital projects fund accounts for the financial resources to be used for the acquisition or construction of major capital improvement projects of the City.

The government reports the following major proprietary funds:

Water Production and Distribution Fund – This fund accounts for water operations and maintenance of water wells and the water softening plant along with maintenance and repair of water mains, service connections and meters.

Water Reclamation and Reuse Fund – This fund accounts for sewer operations and maintenance including maintaining and repairing the sanitary sewer collection system.

Water Sales Tax Reserve and Water Conservation Funds – These funds account for sales tax received to develop new water resources and water conservation projects.

The government also reports the following fund types:

Special Revenue Funds – to account for the proceeds of specific revenue sources that are legally restricted to expenditure for a specified purpose.

Capital Projects Funds – to account for financial resources to be used for the acquisition of major capital facilities and capital assets.

Custodial Funds – to account for assets held by the City either as trustee or agent for others.

Budgetary Information

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

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2021

If the municipality 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 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 the year ended December 31, 2021.

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 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 municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end. Encumbrances outstanding at year end in the governmental funds are reported as reservations of fund balances and do not constitute liabilities because the commitments will be honored during subsequent years.

A legal operating budget is not required for capital project funds, fiduciary funds, and the following special revenue funds: Airport Improvement Fund, New Equipment Reserve Fund, Parks Improvement Fund, Law Enforcement Trust Fund, CVB Reserves Fund, and City Commission Capital Reserve Fund.

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

The following table provides a reconciliation between the legally adopted basis of budgeting and the GAAP prescribed basis of accounting presented in the financial statements for the City's General Fund and Employee Benefits Fund.

Fund	Expenses and Transfers Out Per Fund Statement	Beginning Encumbrances	Ending Encumbrances	Prior Year Cancelled Encumbrances	Expenditures and Transfers Out Per Budget Basis
General Fund	\$ 13,543,714	(49,507)	93,390	6,964	13,594,561
Employee Benefits Fund	3,621,838	(50)	-	-	3,621,788

Accounting for Capital Assets and Depreciation

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns of the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of three years. These assets are recorded at historical cost, estimated historical cost if actual cost is not available, estimated acquisition value on the date donated, or at the lower of cost or fair value if transferred from the governmental funds.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2021

Capital assets of proprietary funds are capitalized and depreciated over the remaining useful lives of the related capital asset categories, as applicable.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings.....	40 to 50 years
Infrastructure	20 to 50 years
Machinery and Equipment	3 to 10 years

The City has elected to report its governmental-type infrastructure assets (e.g., streets, bridges, traffic signals, signs, and storm sewer systems) using the modified approach as defined by GASB No. 34. Infrastructure assets reported by the modified approach are not required to be depreciated as long as the City manages the eligible infrastructure assets using an asset management system that meets certain criteria and documents that infrastructure assets are being preserved approximately at a condition level established by the City. The City has met the requirements for electing the modified approach and thus, no depreciation is calculated or included in the financial statements for infrastructure assets.

All expenditures made for infrastructure assets are expensed in the period incurred. Any additions or improvements which increase the capacity or efficiency of the assets are capitalized.

The City prepares a long-range capital improvement plan each year to ensure that infrastructure capital assets are being preserved approximately at or above the desired condition assessment levels set by the City. It is updated annually and now extends through 2025. The capital improvement plan is developed by the Public Works Department, reviewed by the City Manager, Assistant City Manager, and Director of Finance, and approved by the City Commission.

In this plan, the public works division staff and outside engineers contracted by the City assess the condition of infrastructure assets annually and determine the estimated amounts of expenditures needed to preserve and maintain these assets at the predetermined condition levels.

The City has created a condition level measurement scale that is comprised of four performance levels of condition. Performance Level 1 is denoted as a condition level of "Excellent", which denotes that the infrastructure is fully operational and has no defects. This condition level does not require any corrective action or preventative maintenance. Performance Level 2 is denoted as a condition level of "Good", which requires that infrastructure is operational and has few defects. This category does not require corrective action but may require preventative maintenance to prolong this good condition. Performance Level 3 is denoted as a condition level of "Fair". This performance level condition is representative of infrastructure which requires routine maintenance to improve operation and correct moderate defects. Performance Level 4 is denoted as a condition level of "Poor". Infrastructure assessed at this level requires rehabilitative action beyond routine maintenance. It is the City's policy to maintain and preserve infrastructure at a minimum condition level of "Fair".

During 2021, the infrastructure was assessed, and it was determined that the infrastructure was at condition levels of "Good to Very Good". No significant deterioration of the infrastructure had occurred, and there were no significant changes in condition levels from the previous year's assessments.

The following schedule shows the estimated annual amount of expenditures calculated during June to maintain and preserve the street infrastructure at a minimum condition level of "Fair". It also shows the amounts actually expensed for each of the past four reporting periods.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2021

	2017	2018	2019	2020	2021	Totals
Estimated \$	1,255,293	1,277,465	1,184,462	1,341,449	1,045,650	6,104,319
Actual	1,164,516	1,180,255	1,126,485	1,200,318	1,033,692	5,705,266

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

Primary Government

	Beginning Balances	Increases	Decreases	Reclassification or Restatement	Ending Balances
Governmental					
Non-Depreciable Capital Assets					
Land and Rights of Ways	\$ 27,545,607	219,100	-	-	27,764,707
Infrastructure (Modified Approach)	66,526,723	1,382,454	(35,896)	-	67,873,281
Construction in Process	8,490,676	3,007,765	(300,000)	-	11,198,441
Total Non-Depreciable Capital Assets	102,563,006	4,609,319	(335,896)	-	106,836,429
Depreciable Capital Assets					
Buildings	15,525,041	451,280	-	-	15,976,321
Machinery and Equipment	18,297,428	1,904,387	(1,609,193)	(97,616)	18,495,006
Total Depreciable Capital Assets	33,822,469	2,355,667	(1,609,193)	(97,616)	34,471,327
Accumulated Depreciation	(21,962,469)	(1,289,790)	1,592,624	70,999	(21,588,636)
Depreciable Capital Assets, Net of Accumulated Depreciation	11,860,000	1,065,877	(16,569)	(26,617)	12,882,691
Governmental Activities, Capital Assets Net of Accumulated Depreciation	\$ 114,423,006	5,675,196	(352,465)	(26,617)	119,719,120

Primary Government

	Beginning Balances	Increases	Decreases	Reclassification or Restatement	Ending Balances
Business-Type Activities					
Non-Depreciable Capital Assets					
Land	\$ 446,274	-	(95,426)	-	350,848
Capital Asset Not in Use	-	47,500	-	-	47,500
Construction in Process	-	90,917	-	-	90,917
Total Non-Depreciable Capital Assets	446,274	138,417	(95,426)	-	489,265
Depreciable Capital Assets					
R-9 Ranch	4,262,040	-	(1,018,975)	-	3,243,065
Infrastructure	49,584,346	542,127	(230,764)	-	49,895,709
Buildings	3,044,097	-	-	-	3,044,097
Machinery and Equipment	14,758,607	286,614	(7,660,448)	97,616	7,482,389
Total Depreciable Capital Assets	71,649,090	828,741	(8,910,187)	97,616	63,665,260
Accumulated Depreciation	(23,863,326)	(1,459,605)	8,907,773	(707,478)	(17,122,636)
Depreciable Capital Assets, Net of Accumulated Depreciation	47,785,764	(630,864)	(2,414)	(609,862)	46,542,624
Business-Type Activities, Capital Assets Net of Accumulated Depreciation	\$ 48,232,038	(492,447)	(97,840)	(609,862)	47,031,889

Statement of Cash Flows

For purposes of the statement of cash flows, the City considers all restricted and unrestricted, highly liquid deposits as cash.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2021

Deposits and Investments

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

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

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

As of December 31, 2021, the City had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in years) Less than One	Rating
U.S. Treasury Notes	\$ 32,925,947	32,454,000	AAA

The City does not maintain a formal investment policy pertaining to Passenger Facility revenue. However, in accordance with the Code of Federal Regulation, unexpended Passenger Facility revenue of the City is held in other interest bearing instruments.

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of investments as of December 31, 2021, is as follows:

Investments	Percentage of Investments
U.S. Treasury Notes	100%

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 did not use "peak periods" during 2021. All deposits were legally secured at December 31, 2021.

At December 31, 2021, the City's carrying amount of deposits, including certificates of deposit, was \$37,276,460. The bank balance was \$38,148,716. Of the bank balance, \$520,364 was covered by FDIC insurance and \$37,628,352 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.

CITY OF HAYS, KANSAS
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Restricted Assets

These assets consist of cash restricted for certain enterprise and custodial funds. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables and Payables

The City records utility revenues on a monthly basis. The balance shown as accounts receivable at December 31, 2021 is comprised of accounts considered to be collectible by management. Balances are stated at net of anticipated uncollectible accounts.

Property Tax Calendar and Receivable

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

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

Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City. Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

State statutes allow levying additional ad valorem property taxes in the City's Bond and Interest Fund to finance delinquent special assessments receivable, if necessary. Special assessments receivable are accounted for within the Bond and Interest Fund. Special assessments are levied over a fifteen to twenty year period and the annual installments are due and payable with annual ad valorem property taxes. Delinquent assessments against property benefited by special assessments constitute a lien against such property. When assessments are two years in arrears, the assessments may be collected by foreclosure. On December 31st, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the Bond and Interest Fund with a corresponding amount recorded as a deferred inflow of resources.

Compensated Absences

The City's policy is a general leave policy of paid time off (PTO). PTO shall be accrued by full-time employees, and all employees shall have a maximum amount of PTO accrual equal to the number of hours they accrue during their anniversary year. Employees who exceed the accrual maximum shall not be credited with further PTO until their accruals are reduced below the maximum level. Upon separation from employment with the City, employees who terminate in good standing will be paid for all accrued but unused PTO at their current rate of pay. The City's maximum potential liability under the plan at December 31, 2021 has been estimated at \$668,289.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2021

Deferred Compensation Plan

City employees may participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. The employee is responsible for the amount of deferred compensation to be contributed. The amount selected is invested for the employee. The City is not required to make any contributions. The deferred compensation is not available to employees until termination, retirement, death, or in case of limited specific circumstances.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City 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 these financial statements.

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 City for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

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, 2021. However, the cost of this benefit has not been quantified in these financial statements.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred charges on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City reports a collective deferred outflow of resources related to pensions, which is described in more detail in Note 6 – Defined Benefit Pension Plan.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from several sources: long-term accounts and notes receivable, forgivable loans, property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred revenues are reported in both the government-wide statement of net position and the governmental funds balance sheet for property tax receivable. Property taxes are not recognized as revenue until the period for which they are levied. Additionally, the City reports collective deferred inflow of resources related to pensions, which is described in more detail in Note 6 – Defined Benefit Pension Plan.

Net Position and Fund Balance

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

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

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

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

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

Budget Stabilization Reserve

In 2004, through a general election, the City passed a $\frac{3}{4}\%$ sales tax to replace the property tax levy for the general fund. At that time, a budget stabilization reserve was created in the general fund that amounted to the ending unencumbered cash balance prior to the change. The City's Comprehensive Financial Management Policy requires that 25% of General Fund Operating Expenditures be maintained in the Budget Stabilization Reserve Fund. Any expenditures used with stabilization funds must be approved by City Commission.

Adoption of New Governmental Accounting Standards Board Statements

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will

CITY OF HAYS, KANSAS
Notes to Financial Statements
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not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

Pending Governmental Accounting Standards Board Statements

At December 31, 2021, the Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the City. The Statements that might impact the City are as follows:

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for periods beginning after June 15, 2021, as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

GASB Statement No. 91, *Conduit Debt Obligations*, eliminates diversity in practice associated with government issuers' financial reporting of conduit debt obligations. The Statement achieves that objective by classifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures. The requirements for this statement are effective for periods beginning after December 15, 2021, as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) -most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The requirements of this Statement are effective for periods beginning after June 15, 2021, as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements for this statement are effective for periods beginning after June 15, 2022.

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GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements for this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements for this statement are effective for periods beginning after June 15, 2021.

NOTE 2 - LONG-TERM DEBT

General Obligation Bonds

The City issues General Obligation Bonds (G.O. Bonds) to provide funds for the acquisition and construction or improvement of major capital assets. G.O. Bonds have been issued and are listed as outstanding by type as follows:

Purpose	Interest Rates	Amount
Governmental Activities	1.10 – 5.375%	\$12,459,000
Business-Type Activities	3.00%	\$930,000

The annual requirements to retire G.O. Bonds as of December 31, 2021 are as follows:

Year	Principal Due	Interest Due	Total
2022	\$ 1,701,000	424,235	2,125,235
2023	1,606,000	315,006	1,921,006
2024	1,541,000	264,145	1,805,145
2025	947,000	213,781	1,160,781
2026	977,000	184,664	1,161,664
2027-2031	2,152,000	611,016	2,763,016
2032-2036	1,430,000	384,339	1,814,339
2037-2041	1,445,000	252,994	1,697,994
2042-2046	1,590,000	101,588	1,691,588
Total	\$ 13,389,000	2,751,768	16,140,768

General obligation bonds funded with special assessments are not a direct responsibility of the City. Principal and interest payments are funded from the collection of special assessment fees and are accounted for in the Bond and Interest Fund. Special assessment collections to be applied to general obligation bonds through maturity are as follows:

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Year	Collections
2022	\$ 490,566
2023	385,971
2024	388,793
2025	359,319
2026	356,991
2027-2031	1,054,496
2032	121,508
Total	\$ 3,157,644

Revolving Loan – Direct Borrowing

The City has entered into a revolving loan agreement with the State of Kansas in order to finance wastewater plant improvements.

Purpose	Interest Rates	Amount
Business-Type Activities	2.27%	\$25,578,978

The annual requirements to retire revenue bonds and the revolving loan as of December 31, 2021 are as follows:

Year	Principal Due	Interest Due	Total
2022	\$ 1,293,982	510,198	1,804,180
2023	1,323,523	483,911	1,807,434
2024	1,353,737	457,024	1,810,761
2025	1,384,641	429,523	1,814,164
2026	1,416,251	401,395	1,817,646
2027-2031	7,581,241	1,562,052	9,143,293
2032-2036	8,487,018	756,031	9,243,049
2037-2038	2,738,585	55,528	2,794,113
Total	\$ 25,578,978	4,655,662	30,234,640

Long-term debt activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Accrued Paid Time Off	\$ 565,610	-	(14,482)	551,128	-
Accrued Sick Leave Payout	16,218	649	-	16,867	-
Net Pension Liability	12,697,539		(3,574,015)	9,123,524	-
G.O. Bonds	7,360,000	6,480,000	(1,381,000)	12,459,000	1,401,000
Bond Premium	121,946	316,299	(29,140)	409,105	-
Business-Type Activities					
Accrued Paid Time Off	127,121	-	(9,960)	117,161	-
G.O. Bond	1,225,000	-	(295,000)	930,000	300,000
Bond Premium	57,569	-	(19,190)	38,379	-
KDHE Revolving Loan - Direct Borrowing	26,844,080	-	(1,265,102)	25,578,978	1,293,982
Total Long-Term Liabilities	\$ 49,015,083	6,796,948	(6,587,889)	49,224,142	2,994,982

NOTE 3 - LITIGATION

City of Hays, Kansas is party to various legal proceedings, such as foreclosure actions and tax appeals, which normally occur in governmental operations. The legal proceedings are not likely to have a material financial impact on the funds of the City.

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NOTE 4 - GRANTS AND SHARED REVENUES

City of Hays, 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 audits, is not believed to be material.

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis as authorized by Kansas statutes. The City's operating transfers and statutory authority for the year ended December 31, 2021 were as follows:

From Fund	To Fund	Statutory Authority	Amount
Water Production and Distribution	General	12-825d	\$ 563,612
Solid Waste	General	12-825d	232,852
Convention and Visitor's Bureau	General	Commission Approved	132,600
Special Alcohol Program	General	79-41a04	13,862
Water Reclamation and Reuse	General	12-825d	758,625
Stormwater Management	General	12-825d	81,844
Sports Complex	General	79-2925	197,855
Water Conservation	General	12-825d	532,858
Water Reclamation and Reuse	Employee Benefits	12-825d	208,551
Solid Waste	Employee Benefits	12-825d	191,125
Water Production and Distribution	Employee Benefits	12-825d	261,843
Water Conservation	Employee Benefits	12-825d	26,401
Convention and Visitor's Bureau	Employee Benefits	12-16,102	91,043
Special Alcohol Program	Employee Benefits	79-41a04	107,617
Stormwater Management	Employee Benefits	12-825d	67,595
Sports Complex	Employee Benefits	12-16,102	20,145
General	New Equipment Reserve	12-1,117	242,442
Airport	New Equipment Reserve	12-1,117	20,440
Convention and Visitor's Bureau	New Equipment Reserve	12-1,117	2,964
Water Production and Distribution	New Equipment Reserve	12-1,117	22,267
Water Conservation	New Equipment Reserve	12-1,117	1,909
Water Reclamation and Reuse	New Equipment Reserve	12-1,117	51,634
Public Safety Equipment	New Equipment Reserve	12-1,117	378,000
Stormwater Management	New Equipment Reserve	12-1,117	45,041
Solid Waste	Solid Waste Reserve	12-825d	20,000
Water Conservation	Water Sales Tax Reserve	12-825d	2,483,037
General	Stormwater Management	Commission Approved	16,500
General	Special Highway	Commission Approved	500,000
Water Reclamation and Reuse	Water Reclamation and Reuse Reserve	12-825d	700,000
Water Production and Distribution	Water Production and Distribution Reserve	12-825d	965,000
General	City Commission Capital Reserve	Commission Approved	1,600,000
Airport	Airport Improvement	12-1,118	60,000
Stormwater Management	Stormwater Reserve	12-825d	500,000
Convention and Visitor's Bureau	Special Park and Recreation	Commission Approved	75,000
Convention and Visitor's Bureau	Airport	Commission Approved	30,000
Convention and Visitor's Bureau	CVB Reserves	Commission Approved	450,000
Convention and Visitor's Bureau	CVB Sinking	Commission Approved	7,960
City Commission Capital Reserve	Capital Projects	Commission Approved	3,193,807
Stormwater Reserve	Capital Projects	Commission Approved	96,490
Water Production and Distribution Reserve	Capital Projects	Commission Approved	159,976
Water Reclamation and Reuse Reserve	Capital Projects	Commission Approved	2,715
General	Capital Projects	Commission Approved	25,000

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In the governmental fund financial statements, total transfers in of \$3,288,838 tie to the total transfers out of \$3,288,838 from the proprietary funds.

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Plan Description

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

- 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 Library are included in the Local employees group.

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

Benefits

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

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

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

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

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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 rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory employer capped contribution rate for local government employees are both 8.87%. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory employer capped contribution rate for police and firemen employees are both 22.80%. The member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2021 was 6.00% for local government employees and 7.15% for police and firemen.

Contributions to the pension plan for the City were \$553,329 for local government and \$744,556 for police and firemen for the year ended December 31, 2021.

Employer Allocations

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

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

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

The allocation percentages for the City's share of the collective pension amounts as of December 31, 2021 were based on the ratio of each employer's contributions to the total employer and nonemployer contributions of the group for the fiscal year ended June 30, 2021.

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

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Net Pension Liability

Net pension liability activity for the year ended December 31, 2021 was as follows:

	Local Government	Police and Firemen
Net Pension Liability	\$3,832,816	\$5,290,708
Measurement Date	June 30, 2021	June 30, 2021
Valuation Date	December 31, 2020	December 31, 2020
City's Proportion	0.319%	0.554%
Change in Proportion	-0.001%	-0.037%

Actuarial Assumptions

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

Actuarial Cost Method	Entry age normal
Price inflation	2.75%
Salary increase	3.50 to 12.00%, including inflation
Investment rate of return net of investment expense, 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 three year period January 1, 2016 through December 31, 2018. The experience study is dated January 7, 2020.

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

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2021

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The local groups do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap was 1.2%.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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 Employees	\$6,304,610	\$3,832,816	\$1,759,903
Police and Firemen	7,940,840	5,290,708	3,073,864

Pension Expense

For the year ended December 31, 2021, the City recognized pension expense of \$1,297,884, 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 from the following sources for local employees and police and firemen:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 568,765	34,706
Net differences between projected and actual earnings on investments	-	2,749,047
Changes in proportionate share	265,298	323,318
Changes in assumptions	1,427,480	-
City contributions subsequent to measurement date	731,319	-
Total	\$ 2,992,863	3,107,071

The \$731,319 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 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 December 31	
2022	\$ 6,841
2023	(36,783)
2024	(182,657)
2025	(680,289)
2026	47,361
Thereafter	-

NOTE 7 - RISK MANAGEMENT – CLAIMS AND JUDGMENTS

City of Hays, Kansas is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2021

The City has been unable to obtain commercial insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other public entities in the State of Kansas and Missouri to participate in the Midwest Public Risk Pool (MPR), a public entity risk pool currently operating as a common risk management and insurance program for 153 participating members. The City joined MPR in July 2017. The agreement to participate provides that MPR will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. During 2021, the City contributed \$262,616 to the fund for this insurance coverage. Additional premiums may be due if total claims for the pool are different than what has been anticipated by MPR management. The City's Director of Finance is on the Board of Directors for MPR.

The City has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for 163 participating members. The City joined KMIT in January 2005. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. During 2021, the City contributed \$159,160 to the fund for this insurance coverage. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

The City's commercial insurance for all risks of loss includes property, general liability, inland marine, cyber, crime, automobile and public official/employment liability coverage. There were no significant reductions in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three calendar years.

NOTE 8 – SELF-INSURANCE PLANS

Health Care Coverage - During the year ended December 31, 2021, employees of **City of Hays, Kansas** were covered by the City's medical self-insurance plan. The City offers three plans to choose from, which include a \$1,500, \$2,500 or \$3,000 deductible. The premiums contributed by the employee and City are depicted in the table below. The difference in premiums is paid by the employee through authorized payroll withholdings.

City Monthly Premiums	Deductible		
	Premium \$1,500	Base \$2,500	HDHP \$3,000
Employee	\$ 405.31	\$ 420.03	\$ 458.83
Employee/Spouse	807.97	839.70	922.84
Employee/Dependent	764.55	794.37	872.89
Family	1,167.22	1,214.02	1,336.82
Employee Monthly Premiums			
Employee	113.97	52.43	30.36
Employee/Spouse	244.75	112.60	65.17
Employee/Dependent	230.66	106.12	61.45
Family	361.44	166.29	96.27

Claims were paid by a third-party administrator acting on behalf of the City. The administration contract between the City and the third-party administration is renewable annually and administration fees are included in the contractual provisions. The City was protected against unanticipated catastrophic individual loss or aggregate loss by stop loss coverage carried through Blue Cross Blue Shield of Kansas. Stop loss coverage was in effect for individual claims exceeding \$50,000 for specific claims and \$1,472,988 for aggregating stop loss.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2021

The City changed to self-insured as of January 1, 2021 and went back to fully insured as of January 1, 2022. To complete the 2021 year, there is an estimated liability amount of \$110,420. A qualified actuary was not completed to establish the outstanding liability for the group; therefore, a liability was not recorded in the financial statements.

NOTE 9 – COMPARATIVE DATA

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of the changes in **City of Hays, Kansas'** financial position and operations. The comparative totals appear in the government-wide financial statements, fund financial statements, and the accompanying supplemental financial statements. However, complete comparative data has not been presented in all the financial statements since their inclusion would make the statement unduly complex and difficult to read.

NOTE 10 – TAX ABATEMENTS

As of December 31, 2021, the City provides tax abatements through two programs - the Neighborhood Revitalization Rebate Program and the Economic Assistance Incentive Program.

The Neighborhood Revitalization Rebate Program provides property tax abatements to promote revitalization and development of the **City of Hays, Kansas** by stimulating new construction and the rehabilitation, conservation or redevelopment of the area in order to protect the public health, safety or welfare of the residents. Abatements are obtained through application by the property owner, including proof that the improvements or construction have been made, and equal 95 percent in the first year of the additional property tax resulting from the increase in assessed value as a result of the improvements or construction. The abatement is on a sliding scale from 95% to 20% over a 10-year process. The amount of the abatement is deducted from the recipient's County property tax bill.

The Economic Assistance Incentive Program provides property tax abatements to encourage economic activity and the creation of jobs; thereby, broadening its sales and property tax base and improving the quality of life for its citizens. Abatements are obtained through application by the business owner on real and personal property exclusively used in the following business activities: conducting research and development, manufacturing articles of commerce, storing goods that are sold or traded in interstate commerce, corporate or regional headquarters of a multi-state enterprise which is primarily engaged in activities that take place outside of Kansas and high-tech businesses. The abatement permits an exemption up to 100 percent of the qualified investment for up to 10 years. It will be the policy of the City to provide property tax abatement and require payments in lieu of taxes (PILOTs). The abatement level is based on the higher of the capital investment and job creation.

Neighborhood Revitalization Rebate Program	\$ 23,340
Economic Assistance Initiative	<u>355,920</u>
Total Tax Abatements	\$ <u>379,260</u>

NOTE 11 – PRIOR PERIOD ADJUSTMENT

The City determined that accumulated depreciation was understated for the year ended December 31, 2020. The restatement decreased Net Position in the Water Reclamation and Reuse Fund and the Business-Type Activities by \$636,479.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 26, 2022, which is the date the financial statements were available to be issued.

CITY OF HAYS, KANSAS

Required Supplementary Information

CITY OF HAYS, KANSAS
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	Original and Final Budget	Actual	Variance Positive (Negative)	2020 Actual
Revenues	\$ 10,837,830	12,970,451	2,132,621	10,643,400
Expenditures	11,795,052	11,210,619	584,433	11,155,024
Excess Revenues Over (Under) Expenditures	(957,222)	1,759,832	2,717,054	(511,624)
Other Financing Sources (Uses)				
Transfers In	2,618,134	2,514,108	(104,026)	2,497,324
Transfers Out	(1,894,351)	(2,383,942)	(489,591)	(1,793,871)
Net Other Financing Sources (Uses)	723,783	130,166	(593,617)	703,453
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(233,439)	1,889,998	2,123,437	191,829
Fund Balance - Beginning	1,488,278	5,287,602	3,799,324	4,847,218
Increase in Reserve for Budget Stabilization	-	-	-	250,000
Increase (Decrease) in Reserve for Encumbrances	-	43,883	43,883	(1,445)
Fund Balance - Ending	\$ 1,254,839	7,221,483	5,966,644	5,287,602

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

CITY OF HAYS, KANSAS
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021		Variance	2020
	Original and Final Budget	Actual	Positive (Negative)	Actual
Revenues				
Taxes				
Local Sales	\$ 8,014,665	9,629,267	1,614,602	7,725,051
Intergovernmental				
Liquor Tax	139,918	148,542	8,624	115,373
State Grant	-	-	-	7,250
Federal Grant	-	3,363	3,363	31,842
Total Intergovernmental	139,918	151,905	11,987	154,465
Licenses and Permits				
Franchise Tax	1,375,000	1,319,779	(55,221)	1,418,670
Licenses	59,186	65,650	6,464	39,923
Permits	73,546	107,796	34,250	90,411
Total Licenses and Permits	1,507,732	1,493,225	(14,507)	1,549,004
Fines and Forfeitures				
Fines and Court Fees	622,000	529,515	(92,485)	489,470
Use of Money and Property				
Interest Income	75,315	52,003	(23,312)	211,894
Rent	1,200	1,200	-	1,200
Total Use of Money and Property	76,515	53,203	(23,312)	213,094
Miscellaneous				
Golf Course Fees	280,000	338,073	58,073	300,060
Cemetery Receipts	9,200	16,225	7,025	12,880
Miscellaneous Receipts	187,800	195,866	8,066	180,925
Sale of Assets	-	2,377	2,377	14,685
Reimbursements	-	553,831	553,831	-
Prior Year Encumbrances Cancelled	-	6,964	6,964	3,766
Total Miscellaneous	477,000	1,113,336	636,336	512,316
Total Revenues	\$ 10,837,830	12,970,451	2,132,621	10,643,400

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

CITY OF HAYS, KANSAS
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021		Variance Positive (Negative)	2020 Actual
	Original and Final Budget	Actual		
Expenditures				
City Commission	\$ 24,009	13,810	10,199	263,366
City Manager	465,593	398,564	67,029	421,794
Human Resources	222,888	221,684	1,204	213,820
Information Technology	649,969	621,876	28,093	623,352
Project Management	179,346	184,840	(5,494)	164,919
Communication Center	640,041	598,148	41,893	578,255
City Attorney	130,820	78,914	51,906	87,726
Finance - City Clerk	417,037	413,545	3,492	417,452
Intergovernmental Account	866,725	889,002	(22,277)	810,814
Police Department	2,485,242	2,320,181	165,061	2,220,822
Municipal Court	107,593	98,064	9,529	100,123
Public Works - General Administration	202,429	178,845	23,584	170,767
Service Division	822,341	776,821	45,520	772,524
Planning, Inspection, and Enforcement	295,974	271,241	24,733	271,358
Fleet Maintenance	605,163	620,518	(15,355)	566,335
Fire Department	1,591,827	1,496,017	95,810	1,490,452
Parks and Playgrounds	953,898	974,793	(20,895)	956,917
Golf Course	411,060	352,234	58,826	366,591
Swimming Pool	102,100	130,540	(28,440)	92,214
Ballfield Maintenance	18,400	15,244	3,156	15,697
Cemeteries	14,500	10,108	4,392	8,066
Bickle-Schmidt Sports Complex	220,097	171,317	48,780	180,349
Social Services	168,000	168,000	-	168,000
Economic Development	200,000	206,313	(6,313)	193,311
Total Expenditures	\$ 11,795,052	11,210,619	584,433	11,155,024

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

CITY OF HAYS, KANSAS
Employee Benefits Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021		Variance	2020
	Original and Final Budget	Actual	Positive (Negative)	Actual
Revenues				
Taxes				
Ad Valorem	\$ 2,705,131	2,683,138	(21,993)	2,696,662
Delinquent	-	19,300	19,300	43,559
Motor Vehicle	227,217	325,078	97,861	322,400
Recreational Vehicle	3,917	6,115	2,198	5,530
16/20M Truck	1,846	1,756	(90)	1,681
Commercial Vehicle	13,444	17,604	4,160	16,872
Neighborhood Revit Rebate	(12,101)	(11,026)	(1,075)	(7,005)
Tax Increment Financing Dist. (TIF)	(44,178)	(44,522)	344	(44,318)
Interest Income	12,553	8,776	(3,777)	39,681
Miscellaneous	-	30,891	30,891	411,012
Prior Year Encumbrances Cancelled	-	-	-	50
Total Revenues	<u>2,907,829</u>	<u>3,037,110</u>	<u>127,819</u>	<u>3,486,124</u>
Expenditures				
Workmen's Compensation	166,516	159,160	7,356	152,855
Unemployment Compensation	11,080	9,675	1,405	9,989
Social Security	740,729	698,093	42,636	716,818
Employee Retirement	1,427,380	1,325,672	101,708	1,329,589
Contingency	589,436	488	588,948	-
Health Insurance	1,991,000	1,381,543	609,457	1,846,933
Contractual Services	52,103	47,157	4,946	47,048
Total Expenditures	<u>4,978,244</u>	<u>3,621,788</u>	<u>1,356,456</u>	<u>4,103,232</u>
Excess Revenues Over (Under)				
Expenditures	(2,070,415)	(584,678)	1,484,275	(617,108)
Other Financing Sources (Uses)				
Transfers In	<u>974,320</u>	<u>974,320</u>	<u>-</u>	<u>868,234</u>
Excess Revenues and Other Financing Sources				
(Uses) Over (Under) Expenditures	(1,096,095)	389,642	1,484,275	251,126
Fund Balance - Beginning	1,096,095	1,373,850	277,755	1,122,724
Increase (Decrease) in				
Reserve for Encumbrances	<u>-</u>	<u>(50)</u>	<u>(50)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>1,763,442</u>	<u>1,761,980</u>	<u>1,373,850</u>

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

CITY OF HAYS, KANSAS
Schedule of Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
December 31, 2021

Fiscal Year-End Measurement Date	December 31, 2021 June 30, 2021	December 31, 2020 June 30, 2020	December 31, 2019 June 30, 2019	December 31, 2018 June 30, 2018	December 31, 2017 June 30, 2017	December 31, 2016 June 30, 2016	December 31, 2015 June 30, 2015
KPERS							
The City's proportion of the collective net pension liability	0.312%	0.312%	0.313%	0.307%	0.306%	0.311%	0.318%
The City's proportionate share of the net pension liability	\$ 3,832,816	5,404,655	4,368,801	4,273,943	4,436,228	4,814,120	4,179,222
The City's covered payroll	\$ 6,198,800	5,924,855	5,802,382	5,666,288	5,390,422	5,434,331	5,249,197
The City's proportionate share of the collective net pension liability as a percentage of its covered payroll	61.83%	91.22%	75.29%	75.43%	82.30%	88.59%	79.62%
KP&F							
The City's proportion of the collective net pension liability	0.554%	0.591%	0.581%	0.562%	0.552%	0.576%	0.622%
The City's proportionate share of the net pension liability	\$ 5,290,708	7,292,884	5,879,316	5,403,011	5,172,925	5,350,699	4,514,070
The City's covered payroll	\$ 3,111,840	3,428,785	3,107,641	2,936,123	2,746,039	2,793,510	2,759,456
The City's proportionate share of the collective net pension liability as a percentage of its covered payroll	170.02%	212.70%	189.19%	184.02%	188.38%	191.54%	163.59%
Plan fiduciary net position as a percentage of the total pension liability	76.40%	66.30%	69.88%	68.88%	67.12%	65.09%	64.95%

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

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

CITY OF HAYS, KANSAS
Schedule of the City's Contributions
Kansas Public Employees Retirement System
December 31, 2021

	2021	2020	2019	2018	2017	2016	2015
KPERS							
Contractually required contribution	\$ 538,174	515,107	499,413	462,393	479,061	497,772	497,624
Contributions in relation to the contractually required contribution	<u>538,174</u>	<u>515,107</u>	<u>499,413</u>	<u>462,393</u>	<u>479,061</u>	<u>497,772</u>	<u>497,624</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The City's covered payroll	\$ 6,198,800	5,924,855	5,802,382	5,666,288	5,390,422	5,434,331	5,249,197
Contributions as a percentage of covered payroll	8.68%	8.69%	8.61%	8.16%	8.89%	9.16%	9.48%
KP&F							
Contractually required contribution	\$ 694,615	715,779	656,578	558,616	543,730	572,197	589,420
Contributions in relation to the contractually required contribution	<u>694,615</u>	<u>715,779</u>	<u>656,578</u>	<u>558,616</u>	<u>543,730</u>	<u>572,197</u>	<u>589,420</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
The City's covered payroll	\$ 3,111,840	3,428,785	3,107,641	2,936,123	2,746,039	2,793,510	2,759,456
Contributions as a percentage of covered payroll	22.32%	20.88%	21.13%	19.03%	19.80%	20.48%	21.36%

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

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

CITY OF HAYS, KANSAS
Notes to Required Supplementary Information
December 31, 2021

KPERS Pension Plan

Changes in assumptions.

As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation are as follows:

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.

Changes from the November 2016 experience study that impacted individual groups are listed below:

KPERS

- The post-retirement health mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups.
- The termination of employment assumption was increased for all three groups.
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

KP&F

- The post-retirement healthy mortality assumption was changed to the RP-2014 Mortality Table with 1-year age set forward and the MP-2016, is used to anticipate future mortality improvements.
- The mortality assumption for disabled members was changed to the RP-2014 Disabled Lives Table (generational using MP-2016) with a 1-year age set forward.
- The active member mortality assumption was modified to the RP-2014 Employee Mortality Table with a 1-year age set forward with a 90% scaling factor.
- The retirement rates for Tier 1 were lowered and the ultimate assumed retirement age was changed from 63 to 65 for Tier 2.
- The termination of employment rates for Tier 2 were increased to better match the observed experience.

As a result of the experience study completed in January 2020, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2019 and include:

- The investment return assumption was lowered from 7.75% to 7.25%.
- The general wage growth assumption was lowered from 3.50% to 3.25%.
- The payroll growth assumption was lowered from 3.00% to 2.75%.

Changes from the January 2020 experience study that impacted individual groups are listed below:

KPERS

- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.

CITY OF HAYS, KANSAS
Notes to Required Supplementary Information
December 31, 2021

- Disability rates were reduced.
- Factors for the State group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

KP&F

- Retirement rates were adjusted to partially reflect observed experience.
- Factors for the KP&F group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%

CITY OF HAYS, KANSAS

Supplementary Information

CITY OF HAYS, KANSAS
Combining Balance Sheet
Nonmajor Governmental Fund Types
December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Special Revenue Funds	Capital Projects Funds	Debt Services Funds	Totals	
				2021	2020
<u>ASSETS</u>					
Cash	\$ 9,392,307	768,383	368,252	10,528,942	11,172,071
Receivables, Net					
Taxes	<u>2,507,121</u>	<u>-</u>	<u>-</u>	2,507,121	2,238,771
Total Assets	\$ <u>11,899,428</u>	<u>768,383</u>	<u>368,252</u>	<u>13,036,063</u>	<u>13,410,842</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>					
Liabilities					
Accounts Payable	\$ 289,480	-	-	289,480	22,626
Accrued Payroll	8,464	-	-	8,464	6,504
Accrued Paid Time Off	26,547	-	-	26,547	28,217
Deferred Revenue - Grants	<u>664,160</u>	<u>-</u>	<u>-</u>	664,160	-
Total Liabilities	988,651	-	-	988,651	57,347
Deferred Inflows of Resources					
Deferred Property Tax Receivable	<u>2,507,121</u>	<u>-</u>	<u>-</u>	2,507,121	2,238,771
Total Liabilities and Deferred Inflows of Resources	<u>3,495,772</u>	<u>-</u>	<u>-</u>	3,495,772	2,296,118
Fund Balance					
Assigned - Reserved for Encumbrances	1,622,796	-	-	1,622,796	170,729
Assigned - Designated for Subsequent Year Expenditures	1,358,058	768,383	296,301	2,422,742	2,084,319
Assigned	<u>5,422,802</u>	<u>-</u>	<u>71,951</u>	5,494,753	8,859,676
Total Fund Balance	<u>8,403,656</u>	<u>768,383</u>	<u>368,252</u>	9,540,291	11,114,724
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>11,899,428</u>	<u>768,383</u>	<u>368,252</u>	<u>13,036,063</u>	<u>13,410,842</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	<u>Library Fund</u>	<u>Airport Fund</u>	<u>Public Safety Equipment Fund</u>	<u>Special Highway Fund</u>	<u>Special Park and Recreation Fund</u>	<u>Special Alcohol Fund</u>	<u>CVB Fund</u>	<u>New Equipment Reserve Fund</u>
<u>ASSETS</u>								
Cash	\$ 115,696	687,692	65,395	612,936	133,215	33,542	417,944	4,743,932
Receivables, Net								
Taxes	<u>1,432,641</u>	<u>358,160</u>	<u>477,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	\$ <u>1,548,337</u>	<u>1,045,852</u>	<u>542,942</u>	<u>612,936</u>	<u>133,215</u>	<u>33,542</u>	<u>417,944</u>	<u>4,743,932</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>								
Liabilities								
Accounts Payable	\$ -	11,676	15,280	141,391	39,825	-	10,173	70,400
Accrued Payroll	-	4,567	-	-	-	-	3,897	-
Accrued Paid Time Off	-	12,290	-	-	-	-	14,257	-
Deferred Revenue - Grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	28,533	15,280	141,391	39,825	-	28,327	70,400
Deferred Inflows of Resources								
Deferred Property Tax Receivable	<u>1,432,641</u>	<u>358,160</u>	<u>477,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,432,641</u>	<u>386,693</u>	<u>492,827</u>	<u>141,391</u>	<u>39,825</u>	<u>-</u>	<u>28,327</u>	<u>70,400</u>
Fund Balance								
Assigned - Reserved for Encumbrances	-	14,070	43,197	81,778	5,000	-	835	496,606
Assigned - Designated for Subsequent Year Expenditures	66,933	645,089	6,918	197,808	41,061	-	388,782	-
Assigned	<u>48,763</u>	<u>-</u>	<u>-</u>	<u>191,959</u>	<u>47,329</u>	<u>33,542</u>	<u>-</u>	<u>4,176,926</u>
Total Fund Balance	<u>115,696</u>	<u>659,159</u>	<u>50,115</u>	<u>471,545</u>	<u>93,390</u>	<u>33,542</u>	<u>389,617</u>	<u>4,673,532</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>1,548,337</u>	<u>1,045,852</u>	<u>542,942</u>	<u>612,936</u>	<u>133,215</u>	<u>33,542</u>	<u>417,944</u>	<u>4,743,932</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Library Employee Benefits Fund	American Rescue Plan Act Fund	Law Enforcement Trust Fund	Parks Improvement Fund	City Commission Capital Reserve Fund	CVB Reserves Fund	Totals	
							2021	2020
<u>ASSETS</u>								
Cash	\$ 19,289	664,160	21,484	47,000	1,380,022	450,000	9,392,307	9,848,170
Receivables, Net								
Taxes	238,773	-	-	-	-	-	2,507,121	2,238,771
Total Assets	\$ 258,062	664,160	21,484	47,000	1,380,022	450,000	11,899,428	12,086,941
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>								
Liabilities								
Accounts Payable	\$ -	-	-	-	735	-	289,480	22,626
Accrued Payroll	-	-	-	-	-	-	8,464	6,504
Accrued Paid Time Off	-	-	-	-	-	-	26,547	28,217
Deferred Revenue - Grants	-	664,160	-	-	-	-	664,160	-
Total Liabilities	-	664,160	-	-	735	-	988,651	57,347
Deferred Inflows of Resources								
Deferred Property Tax Receivable	238,773	-	-	-	-	-	2,507,121	2,238,771
Total Liabilities and Deferred Inflows of Resources	238,773	664,160	-	-	735	-	3,495,772	2,296,118
Fund Balance								
Assigned - Reserved for Encumbrances	-	-	-	8,796	972,514	-	1,622,796	170,729
Assigned - Designated for Subsequent Year Expenditures	11,467	-	-	-	-	-	1,358,058	784,628
Assigned	7,822	-	21,484	38,204	406,773	450,000	5,422,802	8,835,466
Total Fund Balance	19,289	-	21,484	47,000	1,379,287	450,000	8,403,656	9,790,823
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 258,062	664,160	21,484	47,000	1,380,022	450,000	11,899,428	12,086,941

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		Golf Course Improvement Fund	Sports Complex Fund	Economic Development Fund	Totals	
					2021	2020
<u>ASSETS</u>						
Cash		\$ 29,965	645,838	92,580	768,383	1,046,548
<u>FUND BALANCE</u>						
Fund Balance						
Assigned		\$ 29,965	645,838	92,580	768,383	1,046,548

See independent auditors' report.

CITY OF HAYS, KANSAS
 Combining Balance Sheet
 Nonmajor Debt Services Funds
 December 31, 2021
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Economic Development Bond Fund	CVB Sinking Fund	Totals	
			2021	2020
<u>ASSETS</u>				
Cash	\$ 360,292	7,960	368,252	277,353
<u>FUND BALANCE</u>				
Fund Balance				
Assigned - Designated for Subsequent Year Expenditures	\$ 296,301	-	296,301	253,143
Assigned	63,991	7,960	71,951	24,210
Total Fund Balance	\$ 360,292	7,960	368,252	277,353

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CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Change in Fund Balance
Nonmajor Governmental Fund Types
December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Special Revenue Funds	Capital Projects Funds	Debt Services Funds	Totals	
				2021	2020
Revenues					
Taxes	\$ 2,574,638	-	94,268	2,668,906	2,550,102
Intergovernmental	3,559,567	-	217,726	3,777,293	2,294,886
Collections	140,255	19,740	-	159,995	156,969
Use of Money and Property	35,756	-	-	35,756	172,521
Reimbursements	364,871	-	-	364,871	-
Miscellaneous	500,740	-	-	500,740	458,053
Total Revenues	7,175,827	19,740	311,994	7,507,561	5,632,531
Expenditures					
General Government	2,862,827	79,905	-	2,942,732	1,247,746
Highway and Street	6,571	-	-	6,571	-
Culture and Recreation	1,680,280	-	-	1,680,280	1,662,764
Airport	470,274	-	-	470,274	440,321
Debt Service	-	-	229,055	229,055	223,065
Capital Outlay	2,399,446	-	-	2,399,446	2,701,299
Total Expenditures	7,419,398	79,905	229,055	7,728,358	6,275,195
Excess (Deficiency) of Revenues Over Expenditures	(243,571)	(60,165)	82,939	(220,797)	(642,664)
Other Financing Sources (Uses)					
Transfers In	3,419,697	-	7,960	3,427,657	2,414,601
Transfers Out	(4,563,293)	(218,000)	-	(4,781,293)	(1,411,656)
Total Other Financing Sources (Uses)	(1,143,596)	(218,000)	7,960	(1,353,636)	1,002,945
Net Change in Fund Balance	(1,387,167)	(278,165)	90,899	(1,574,433)	360,281
Fund Balance - Beginning of Year	9,790,823	1,046,548	277,353	11,114,724	10,754,443
Fund Balance - End of Year	\$ 8,403,656	768,383	368,252	9,540,291	11,114,724

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CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Library Fund	Airport Fund	Public Safety Equipment Fund	Special Highway Fund	Special Park and Recreation Fund	Special Alcohol Fund	CVB Fund	New Equipment Reserve Fund	
Revenues									Re
Taxes	\$ 1,492,666	376,382	506,456	-	-	-	1	-	
Intergovernmental	-	418,388	10,185	707,848	148,541	148,542	1,207,361	-	
Collections	-	136,401	-	-	-	-	-	-	
Use of Money and Property	-	-	-	-	-	-	-	20,365	
Reimbursements	-	-	-	40,837	29,816	-	294,218	-	
Miscellaneous	-	24,684	346	-	-	-	16,156	46,315	
Total Revenues	<u>1,492,666</u>	<u>955,855</u>	<u>516,987</u>	<u>748,685</u>	<u>178,357</u>	<u>148,542</u>	<u>1,517,736</u>	<u>66,680</u>	
Expenditures									Ex
General Government	-	-	-	-	-	60,000	550,718	-	
Highway and Street	-	-	-	6,571	-	-	-	-	
Culture and Recreation	1,483,000	-	-	-	-	-	-	-	
Airport	-	470,274	-	-	-	-	-	-	
Capital Outlay	-	-	100,861	967,424	552,598	-	87,415	691,148	
Total Expenditures	<u>1,483,000</u>	<u>470,274</u>	<u>100,861</u>	<u>973,995</u>	<u>552,598</u>	<u>60,000</u>	<u>638,133</u>	<u>691,148</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>9,666</u>	<u>485,581</u>	<u>416,126</u>	<u>(225,310)</u>	<u>(374,241)</u>	<u>88,542</u>	<u>879,603</u>	<u>(624,468)</u>	Ex
Other Financing Sources (Uses)									Ot
Transfers In	-	30,000	-	500,000	75,000	-	-	764,697	
Transfers Out	-	(80,440)	(378,000)	-	-	(121,479)	(789,567)	-	
Total Other Financing Sources (Uses)	<u>-</u>	<u>(50,440)</u>	<u>(378,000)</u>	<u>500,000</u>	<u>75,000</u>	<u>(121,479)</u>	<u>(789,567)</u>	<u>764,697</u>	
Net Change in Fund Balance	<u>9,666</u>	<u>435,141</u>	<u>38,126</u>	<u>274,690</u>	<u>(299,241)</u>	<u>(32,937)</u>	<u>90,036</u>	<u>140,229</u>	Net
Fund Balance - Beginning of Year	<u>106,030</u>	<u>224,018</u>	<u>11,989</u>	<u>196,855</u>	<u>392,631</u>	<u>66,479</u>	<u>299,581</u>	<u>4,533,303</u>	Fu
Fund Balance - End of Year	<u>\$ 115,696</u>	<u>659,159</u>	<u>50,115</u>	<u>471,545</u>	<u>93,390</u>	<u>33,542</u>	<u>389,617</u>	<u>4,673,532</u>	Fu

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CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Library Employee Benefits Fund	American Rescue Plan Act Fund	Law Enforcement Trust Fund	Parks Improvement Fund	City Commission Capital Reserve Fund	CVB Reserves Fund	Totals	
							2021	2020
venues								
Taxes	\$ 199,133	-	-	-	-	-	2,574,638	2,550,102
Intergovernmental	-	918,702	-	-	-	-	3,559,567	2,095,030
Collections	-	-	3,314	540	-	-	140,255	136,961
Use of Money and Property	-	-	-	-	15,391	-	35,756	172,521
Reimbursements	-	-	-	-	-	-	364,871	-
Miscellaneous	-	-	244	37,995	375,000	-	500,740	349,170
Total Revenues	<u>199,133</u>	<u>918,702</u>	<u>3,558</u>	<u>38,535</u>	<u>390,391</u>	<u>-</u>	<u>7,175,827</u>	<u>5,303,784</u>
penditures								
General Government	-	918,702	1,300	14,626	1,317,481	-	2,862,827	1,246,365
Highway and Street	-	-	-	-	-	-	6,571	-
Culture and Recreation	197,280	-	-	-	-	-	1,680,280	1,662,764
Airport	-	-	-	-	-	-	470,274	440,321
Capital Outlay	-	-	-	-	-	-	2,399,446	2,701,299
Total Expenditures	<u>197,280</u>	<u>918,702</u>	<u>1,300</u>	<u>14,626</u>	<u>1,317,481</u>	<u>-</u>	<u>7,419,398</u>	<u>6,050,749</u>
cess (Deficiency) of Revenues Over Expenditures	<u>1,853</u>	<u>-</u>	<u>2,258</u>	<u>23,909</u>	<u>(927,090)</u>	<u>-</u>	<u>(243,571)</u>	<u>(746,965)</u>
Other Financing Sources (Uses)								
Transfers In	-	-	-	-	1,600,000	450,000	3,419,697	2,414,601
Transfers Out	-	-	-	-	(3,193,807)	-	(4,563,293)	(1,191,308)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,593,807)</u>	<u>450,000</u>	<u>(1,143,596)</u>	<u>1,223,293</u>
Change in Fund Balance	<u>1,853</u>	<u>-</u>	<u>2,258</u>	<u>23,909</u>	<u>(2,520,897)</u>	<u>450,000</u>	<u>(1,387,167)</u>	<u>476,328</u>
nd Balance - Beginning of Year	<u>17,436</u>	<u>-</u>	<u>19,226</u>	<u>23,091</u>	<u>3,900,184</u>	<u>-</u>	<u>9,790,823</u>	<u>9,314,495</u>
nd Balance - End of Year	<u>\$ 19,289</u>	<u>-</u>	<u>21,484</u>	<u>47,000</u>	<u>1,379,287</u>	<u>450,000</u>	<u>8,403,656</u>	<u>9,790,823</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Change in Fund Balance
Nonmajor Capital Projects Funds
December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Golf Course Improvement Fund	Sports Complex Fund	Economic Development Fund	Totals	
				2021	2020
Revenues					
Collections	\$ 19,740	-	-	19,740	20,008
Miscellaneous	-	-	-	-	16,000
Total Revenues	19,740	-	-	19,740	36,008
Expenditures					
General Government	-	79,905	-	79,905	1,381
Excess (Deficiency) of Revenues Over Expenditures	19,740	(79,905)	-	(60,165)	34,627
Other Financing Sources (Uses)					
Transfers Out	-	(218,000)	-	(218,000)	(220,348)
Net Change in Fund Balance	19,740	(297,905)	-	(278,165)	(185,721)
Fund Balance - Beginning of Year	10,225	943,743	92,580	1,046,548	1,232,269
Fund Balance - End of Year	<u>\$ 29,965</u>	<u>645,838</u>	<u>92,580</u>	<u>768,383</u>	<u>1,046,548</u>

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CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Change in Fund Balance
Nonmajor Debt Services Funds
December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Economic Development Bond Fund	CVB Sinking Fund	Totals	
			2021	2020
Revenues				
Taxes	\$ 94,268	-	94,268	92,883
Intergovernmental	217,726	-	217,726	199,856
Total Revenues	311,994	-	311,994	292,739
Expenditures				
Debt Service	229,055	-	229,055	223,065
Excess (Deficiency) of Revenues Over Expenditures	82,939	-	82,939	69,674
Other Financing Sources (Uses)				
Transfers In	-	7,960	7,960	-
Net Change in Fund Balance	82,939	7,960	90,899	69,674
Fund Balance - Beginning of Year	277,353	-	277,353	207,679
Fund Balance - End of Year	<u>\$ 360,292</u>	<u>7,960</u>	<u>368,252</u>	<u>277,353</u>

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CITY OF HAYS, KANSAS
General Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ 4,620,656	2,634,648
Receivables		
Accounts Receivable, Net of Allowance for Uncollectibles	130,692	122,862
Other Asset		
Reserved Cash - Budget Stabilization	<u>3,262,011</u>	<u>3,262,011</u>
Total Assets	\$ <u>8,013,359</u>	<u>6,019,521</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ 116,702	78,869
Accrued Payroll	133,726	99,439
Accrued Paid Time Off	524,581	537,393
Accrued Sick Leave Payout	<u>16,867</u>	<u>16,218</u>
Total Liabilities	<u>791,876</u>	<u>731,919</u>
Fund Balance		
Committed - Budget Stabilization	3,262,011	3,262,011
Assigned - Reserved for Encumbrances	93,390	49,507
Assigned - Designated for Subsequent Year Expenditures	2,850,463	1,488,278
Unassigned	<u>1,015,619</u>	<u>487,806</u>
Total Fund Balance	<u>7,221,483</u>	<u>5,287,602</u>
Total Liabilities and Fund Balance	\$ <u>8,013,359</u>	<u>6,019,521</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021			
	Original and Final Budget	Actual	Variance Positive (Negative)	2020 Actual
Revenues	\$ 10,837,830	12,970,451	2,132,621	10,643,400
Expenditures	11,795,052	11,210,619	584,433	11,155,024
Excess Revenues Over (Under) Expenditures	(957,222)	1,759,832	2,717,054	(511,624)
Other Financing Sources (Uses)				
Transfers In	2,618,134	2,514,108	(104,026)	2,497,324
Transfers Out	(1,894,351)	(2,383,942)	(489,591)	(1,793,871)
Net Other Financing Sources (Uses)	723,783	130,166	(593,617)	703,453
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(233,439)	1,889,998	2,123,437	191,829
Fund Balance - Beginning	1,488,278	5,287,602	3,799,324	4,847,218
Increase in Reserve for Budget Stabilization	-	-	-	250,000
Increase (Decrease) in Reserve for Encumbrances	-	43,883	43,883	(1,445)
Fund Balance - Ending	\$ 1,254,839	7,221,483	5,966,644	5,287,602

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CITY OF HAYS, KANSAS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2021

(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021		Variance	2020
	Original and Final Budget	Actual	Positive (Negative)	Actual
Revenues				
Taxes				
Local Sales	\$ 8,014,665	9,629,267	1,614,602	7,725,051
Intergovernmental				
Liquor Tax	139,918	148,542	8,624	115,373
State Grant	-	-	-	7,250
Federal Grant	-	3,363	3,363	31,842
Total Intergovernmental	139,918	151,905	11,987	154,465
Licenses and Permits				
Franchise Tax	1,375,000	1,319,779	(55,221)	1,418,670
Licenses	59,186	65,650	6,464	39,923
Permits	73,546	107,796	34,250	90,411
Total Licenses and Permits	1,507,732	1,493,225	(14,507)	1,549,004
Fines and Forfeitures				
Fines and Court Fees	622,000	529,515	(92,485)	489,470
Use of Money and Property				
Interest Income	75,315	52,003	(23,312)	211,894
Rent	1,200	1,200	-	1,200
Total Use of Money and Property	76,515	53,203	(23,312)	213,094
Miscellaneous				
Golf Course Fees	280,000	338,073	58,073	300,060
Cemetery Receipts	9,200	16,225	7,025	12,880
Miscellaneous Receipts	187,800	195,866	8,066	180,925
Sale of Assets	-	2,377	2,377	14,685
Reimbursements	-	553,831	553,831	-
Prior Year Encumbrances Cancelled	-	6,964	6,964	3,766
Total Miscellaneous	477,000	1,113,336	636,336	512,316
Total Revenues	\$ 10,837,830	12,970,451	2,132,621	10,643,400

See independent auditors' report.

CITY OF HAYS, KANSAS

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2021

(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021		Variance Positive (Negative)	2020 Actual
	Original and Final Budget	Actual		
Expenditures				
City Commission	\$ 24,009	13,810	10,199	263,366
City Manager	465,593	398,564	67,029	421,794
Human Resources	222,888	221,684	1,204	213,820
Information Technology	649,969	621,876	28,093	623,352
Project Management	179,346	184,840	(5,494)	164,919
Communication Center	640,041	598,148	41,893	578,255
City Attorney	130,820	78,914	51,906	87,726
Finance - City Clerk	417,037	413,545	3,492	417,452
Intergovernmental Account	866,725	889,002	(22,277)	810,814
Police Department	2,485,242	2,320,181	165,061	2,220,822
Municipal Court	107,593	98,064	9,529	100,123
Public Works - General Administration	202,429	178,845	23,584	170,767
Service Division	822,341	776,821	45,520	772,524
Planning, Inspection, and Enforcement	295,974	271,241	24,733	271,358
Fleet Maintenance	605,163	620,518	(15,355)	566,335
Fire Department	1,591,827	1,496,017	95,810	1,490,452
Parks and Playgrounds	953,898	974,793	(20,895)	956,917
Golf Course	411,060	352,234	58,826	366,591
Swimming Pool	102,100	130,540	(28,440)	92,214
Ballfield Maintenance	18,400	15,244	3,156	15,697
Cemeteries	14,500	10,108	4,392	8,066
Bickle-Schmidt Sports Complex	220,097	171,317	48,780	180,349
Social Services	168,000	168,000	-	168,000
Economic Development	200,000	206,313	(6,313)	193,311
Total Expenditures	\$ <u>11,795,052</u>	<u>11,210,619</u>	<u>584,433</u>	<u>11,155,024</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Library Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ 115,695	106,030
Taxes Receivable	1,432,641	1,296,221
Total Assets	\$ 1,548,336	1,402,251
<u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>		
Deferred Inflows of Resources		
Deferred Property Tax Receivable	\$ 1,432,641	1,296,221
Fund Balance		
Assigned - Designated for Subsequent Year Expenditures	66,933	39,098
Assigned	48,762	66,932
Total Fund Balance	115,695	106,030
Total Deferred Inflows of Resources and Fund Balance	\$ 1,548,336	1,402,251

Library Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	<u>2021</u>			
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2020 Actual</u>
Revenues				
Taxes				
Ad Valorem	\$ 1,350,230	1,339,425	(10,805)	1,326,386
Delinquent	-	9,335	9,335	20,709
Motor Vehicle	111,763	159,140	47,377	154,835
Recreational Vehicle	1,926	2,994	1,068	2,655
16/20M Truck	908	846	(62)	801
Commercial Vehicle	6,613	8,653	2,040	8,117
Neighborhood Revit Rebate	(5,500)	(5,502)	(2)	(3,444)
Tax Increment Financing Dist. (TIF)	(22,038)	(22,226)	(188)	(21,799)
Federal Grant	-	-	-	2,611
Total Revenues	1,443,902	1,492,665	48,763	1,490,871
Expenditures				
Distributions to Library Board	1,483,000	1,483,000	-	1,475,611
Excess Revenues Over (Under)				
Expenditures	(39,098)	9,665	48,763	15,260
Fund Balance - Beginning	39,098	106,030	66,932	90,770
Fund Balance - Ending	\$ -	115,695	115,695	106,030

See independent auditors' report.

CITY OF HAYS, KANSAS
Library Employee Benefits Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>			
		2021	2020
Cash	\$	19,289	17,436
Taxes Receivable		238,773	172,885
Total Assets	\$	258,062	190,321
<u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>			
Deferred Inflows of Resources			
Deferred Property Tax Receivable	\$	238,773	172,885
Fund Balance			
Assigned - Designated for Subsequent Year Expenditures		11,467	5,968
Assigned		7,822	11,468
Total Fund Balance		19,289	17,436
Total Deferred Inflows of Resources and Fund Balance	\$	258,062	190,321

Library Employee Benefits Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021			
	Original and Final Budget	Actual	Variance Positive (Negative)	2020 Actual
Revenues				
Taxes				
Ad Valorem	\$ 180,089	178,712	(1,377)	163,174
Delinquent	-	1,414	1,414	3,321
Motor Vehicle	13,731	21,092	7,361	25,814
Recreational Vehicle	237	396	159	443
16/20M Truck	112	141	29	134
Commercial Vehicle	812	1,076	264	1,353
Neighborhood Revit Rebate	(734)	(733)	(1)	(428)
Tax Increment Financing Dist. (TIF)	(2,935)	(2,965)	30	(2,680)
Total Revenues	191,312	199,133	7,879	191,131
Expenditures				
Distributions to Library Board	197,280	197,280	-	187,153
Excess Revenues Over (Under)				
Expenditures	(5,968)	1,853	7,879	3,978
Fund Balance - Beginning	5,968	17,436	11,468	13,458
Fund Balance - Ending	\$ -	19,289	19,347	17,436

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Highway Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ <u>612,936</u>	<u>196,855</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>141,391</u>	<u>-</u>
Fund Balance		
Assigned - Reserved for Encumbrances	81,778	43,748
Assigned - Designated for Subsequent Year Expenditures	197,808	-
Assigned	<u>191,959</u>	<u>153,107</u>
Total Fund Balance	<u>471,545</u>	<u>196,855</u>
Total Liabilities and Fund Balance	\$ <u>612,936</u>	<u>196,855</u>

See independent auditors' report.

CITY OF HAYS, KANSAS

Special Highway Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2021

(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021		Variance	2020
	Original and Final Budget	Actual	Positive (Negative)	Actual
Revenues				
Intergovernmental				
State Gasoline Tax	\$ 471,150	603,280	132,130	541,146
Connecting Link Maintenance	74,500	104,570	30,070	74,651
Reimbursements	-	40,837	40,837	-
Prior Year Encumbrances Cancelled	-	21,665	21,665	31,879
Total Revenues	<u>545,650</u>	<u>770,352</u>	<u>224,702</u>	<u>647,676</u>
Expenditures				
Contractual Services	50,000	6,571	43,429	-
Capital Outlay	<u>995,650</u>	<u>1,027,121</u>	<u>(31,471)</u>	<u>1,200,318</u>
Total Expenditures	<u>1,045,650</u>	<u>1,033,692</u>	<u>11,958</u>	<u>1,200,318</u>
Excess Revenues Over (Under)				
Expenditures	(500,000)	(263,340)	236,660	(552,642)
Other Financing Sources (Uses)				
Transfers In	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Excess Revenues and Other Financing Sources				
(Uses) Over (Under) Expenditures	-	236,660	236,660	(52,642)
Fund Balance - Beginning	-	196,855	196,855	449,832
Increase (Decrease) in				
Reserve for Encumbrances	<u>-</u>	<u>38,030</u>	<u>38,030</u>	<u>(200,335)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>471,545</u>	<u>471,545</u>	<u>196,855</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Employee Benefits Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ 1,819,578	1,374,556
Taxes Receivable	<u>2,811,552</u>	<u>2,596,926</u>
Total Assets	\$ <u>4,631,130</u>	<u>3,971,482</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>56,136</u>	<u>706</u>
Deferred Inflows of Resources		
Deferred Property Tax Receivable	<u>2,811,552</u>	<u>2,596,926</u>
Fund Balance		
Assigned - Reserved for Encumbrances	-	50
Assigned - Designated for Subsequent Year Expenditures	1,068,616	1,096,095
Assigned	<u>694,826</u>	<u>277,705</u>
Total Fund Balance	<u>1,763,442</u>	<u>1,373,850</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>4,631,130</u>	<u>3,971,482</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Employee Benefits Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021		Variance	2020
	Original and Final Budget	Actual	Positive (Negative)	Actual
Revenues				
Taxes				
Ad Valorem	\$ 2,705,131	2,683,138	(21,993)	2,696,662
Delinquent	-	19,300	19,300	43,559
Motor Vehicle	227,217	325,078	97,861	322,400
Recreational Vehicle	3,917	6,115	2,198	5,530
16/20M Truck	1,846	1,756	(90)	1,681
Commercial Vehicle	13,444	17,604	4,160	16,872
Neighborhood Revit Rebate	(12,101)	(11,026)	(1,075)	(7,005)
Tax Increment Financing Dist. (TIF)	(44,178)	(44,522)	344	(44,318)
Interest Income	12,553	8,776	(3,777)	39,681
Miscellaneous	-	30,891	30,891	411,012
Prior Year Encumbrances Cancelled	-	-	-	50
Total Revenues	<u>2,907,829</u>	<u>3,037,110</u>	<u>127,819</u>	<u>3,486,124</u>
Expenditures				
Workmen's Compensation	166,516	159,160	7,356	152,855
Unemployment Compensation	11,080	9,675	1,405	9,989
Social Security	740,729	698,093	42,636	716,818
Employee Retirement	1,427,380	1,325,672	101,708	1,329,589
Contingency	589,436	488	588,948	-
Health Insurance	1,991,000	1,381,543	609,457	1,846,933
Contractual Services	52,103	47,157	4,946	47,048
Total Expenditures	<u>4,978,244</u>	<u>3,621,788</u>	<u>1,356,456</u>	<u>4,103,232</u>
Excess Revenues Over (Under) Expenditures	(2,070,415)	(584,678)	1,484,275	(617,108)
Other Financing Sources (Uses)				
Transfers In	<u>974,320</u>	<u>974,320</u>	<u>-</u>	<u>868,234</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(1,096,095)	389,642	1,484,275	251,126
Fund Balance - Beginning	1,096,095	1,373,850	277,755	1,122,724
Increase (Decrease) in Reserve for Encumbrances	<u>-</u>	<u>(50)</u>	<u>(50)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>1,763,442</u>	<u>1,761,980</u>	<u>1,373,850</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Public Safety Equipment Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ 65,395	13,823
Taxes Receivable	<u>477,547</u>	<u>439,809</u>
Total Assets	\$ <u>542,942</u>	<u>453,632</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>15,280</u>	<u>1,834</u>
Deferred Inflows of Resources		
Deferred Property Tax Receivable	<u>477,547</u>	<u>439,809</u>
Fund Balance		
Assigned - Reserved for Encumbrances	43,197	11,989
Assigned - Designated for Subsequent Year Expenditures	<u>6,918</u>	<u>-</u>
Total Fund Balance	<u>50,115</u>	<u>11,989</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ <u>542,942</u>	<u>453,632</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Public Safety Equipment Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021		Variance	2020
	Original and Final Budget	Actual	Positive (Negative)	Actual
Revenues				
Taxes				
Ad Valorem	\$ 458,134	454,448	(3,686)	452,105
Delinquent	-	3,174	3,174	7,066
Motor Vehicle	38,082	53,996	15,914	52,151
Recreational Vehicle	656	1,016	360	895
16/20M Truck	309	282	(27)	278
Commercial Vehicle	2,253	2,947	694	2,716
Neighborhood Revit Rebate	(1,869)	(1,867)	2	(1,173)
Federal Aid	-	10,185	10,185	-
Miscellaneous	-	348	348	-
Tax Increment Financing Dist. (TIF)	(7,488)	(7,541)	53	(7,431)
Prior Year Encumbrances Cancelled	-	-	-	2,237
Total Revenues	490,077	516,988	27,017	508,844
Expenditures				
Capital Outlay	179,500	126,757	52,743	114,575
Excess Revenues Over (Under) Expenditures	310,577	390,231	79,760	394,269
Other Financing Sources (Uses)				
Transfers Out	(337,441)	(378,000)	(40,559)	(450,000)
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(26,864)	12,231	39,201	(55,731)
Fund Balance - Beginning	26,864	11,989	(14,875)	62,984
Increase (Decrease) in Reserve for Encumbrances	-	25,895	25,895	4,736
Fund Balance - Ending	\$ -	50,115	50,221	11,989

See independent auditors' report.

CITY OF HAYS, KANSAS
Airport Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ 687,692	244,397
Taxes Receivable	358,160	329,856
Total Assets	\$ <u>1,045,852</u>	<u>574,253</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ 11,676	3,380
Accrued Payroll	4,567	3,180
Accrued Paid Time Off	12,290	13,819
Total Liabilities	<u>28,533</u>	<u>20,379</u>
Deferred Inflows of Resources		
Deferred Property Tax Receivable	358,160	329,856
Fund Balance		
Assigned - Reserved for Encumbrances	14,070	4,255
Assigned - Designated for Subsequent Year Expenditures	645,089	31,574
Assigned	-	188,189
Total Fund Balance	<u>659,159</u>	<u>224,018</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ <u>1,045,852</u>	<u>574,253</u>

See independent auditors' report.

CITY OF HAYS, KANSAS

Airport Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended December 31, 2021

(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021			
	Original and Final Budget	Actual	Variance Positive (Negative)	2020 Actual
Revenues				
Taxes				
Ad Valorem	\$ 343,600	340,949	(2,651)	338,872
Delinquent	-	1,867	1,867	3,636
Motor Vehicle	28,562	37,590	9,028	26,096
Recreational Vehicle	492	708	216	448
16/20M Truck	232	141	(91)	139
Commercial Vehicle	1,690	2,186	496	1,359
Neighborhood Revit Rebate	(1,118)	(1,401)	(283)	(872)
Tax Increment Financing Dist. (TIF)	(5,616)	(5,657)	(41)	(5,574)
Intergovernmental				
Federal Grant	-	418,388	418,388	241,595
Licenses and Fees Collected	122,300	136,401	14,101	128,684
Farming Leases	11,888	17,409	5,521	17,409
Miscellaneous	7,000	7,272	272	8,070
Prior Year Encumbrances Cancelled	-	823	823	74
Total Revenues	<u>509,030</u>	<u>956,676</u>	<u>447,646</u>	<u>759,936</u>
Expenditures				
Personal Services	218,722	240,349	(21,627)	205,382
Contractual Services	151,500	120,088	31,412	107,071
Commodities	110,900	120,473	(9,573)	127,906
Total Expenditures	<u>481,122</u>	<u>480,910</u>	<u>212</u>	<u>440,359</u>
Excess Revenues Over (Under)				
Expenditures	<u>27,908</u>	<u>475,766</u>	<u>447,858</u>	<u>319,577</u>
Other Financing (Uses)				
Transfers In	30,000	30,000	-	-
Transfers Out	<u>(89,482)</u>	<u>(80,440)</u>	<u>9,042</u>	<u>(158,614)</u>
Net Other Financing Sources (Uses)	<u>(59,482)</u>	<u>(50,440)</u>	<u>9,042</u>	<u>(158,614)</u>
Excess Revenues and Other Financing				
Sources (Uses) Over (Under) Expenditures	<u>(31,574)</u>	<u>425,326</u>	<u>456,900</u>	<u>160,963</u>
Fund Balance - Beginning	31,574	224,018	192,444	63,091
Increase (Decrease) in				
Reserve for Encumbrances	<u>-</u>	<u>9,815</u>	<u>9,815</u>	<u>(36)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>659,159</u>	<u>659,159</u>	<u>224,018</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Convention and Visitor's Bureau Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ <u>417,944</u>	<u>333,665</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ 10,167	16,362
Accrued Payroll	3,897	3,324
Accrued Paid Time Off	<u>14,257</u>	<u>14,398</u>
Total Liabilities	<u>28,321</u>	<u>34,084</u>
Fund Balance		
Assigned - Reserved for Encumbrances	835	29,191
Assigned - Designated for Subsequent Year Expenditures	388,788	259,393
Assigned	<u>-</u>	<u>10,997</u>
Total Fund Balance	<u>389,623</u>	<u>299,581</u>
Total Liabilities and Fund Balance	\$ <u>417,944</u>	<u>333,665</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Convention and Visitor's Bureau Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021			
	Original and Final Budget	Actual	Variance Positive (Negative)	2020 Actual
Revenues				
Intergovernmental				
Guest Tax	\$ 1,180,000	1,207,361	27,361	990,416
Federal Grant	-	-	-	13,866
Miscellaneous	12,696	16,151	3,455	13,954
Reimbursements	-	294,230	294,230	-
Prior Year Encumbrances Cancelled	-	955	955	8,545
Total Revenues	<u>1,192,696</u>	<u>1,518,697</u>	<u>326,001</u>	<u>1,026,781</u>
Expenditures				
Personal Services	271,371	263,065	8,306	260,897
Contractual Services	329,436	227,041	102,395	267,252
Commodities	42,070	33,211	8,859	43,094
Capital Outlay	96,205	87,415	8,790	97,160
Total Expenditures	<u>739,082</u>	<u>610,732</u>	<u>128,350</u>	<u>668,403</u>
Excess Revenues Over (Under) Expenditures	453,614	907,965	454,351	358,378
Other Financing Sources (Uses)				
Transfers Out	<u>(713,007)</u>	<u>(789,567)</u>	<u>(76,560)</u>	<u>(419,484)</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(259,393)	118,398	377,791	(61,106)
Fund Balance - Beginning	259,393	299,581	40,188	376,965
Increase (Decrease) in Reserve for Encumbrances	<u>-</u>	<u>(28,356)</u>	<u>(28,356)</u>	<u>(16,278)</u>
Fund Balance - Ending	<u>\$ -</u>	<u>389,623</u>	<u>389,623</u>	<u>299,581</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
New Equipment Reserve Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ <u>4,743,931</u>	<u>4,533,303</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>70,400</u>	<u>-</u>
Fund Balance		
Assigned - Reserved for Encumbrances	<u>496,606</u>	62,765
Assigned	<u>4,176,925</u>	<u>4,470,538</u>
Total Fund Balance	<u>4,673,531</u>	<u>4,533,303</u>
Total Liabilities and Fund Balance	\$ <u>4,743,931</u>	<u>4,533,303</u>
 New Equipment Reserve Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balance		
For the Year Ended December 31, 2021		
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)		
	<u>2021</u>	<u>2020</u>
Revenues		
Interest Income	\$ <u>20,365</u>	99,427
Miscellaneous	<u>46,315</u>	<u>30,518</u>
Total Revenues	<u>66,680</u>	129,945
Expenditures		
Capital Outlay	<u>1,124,990</u>	<u>1,061,533</u>
Excess Revenues Over (Under) Expenditures	(1,058,310)	(931,588)
Other Financing Sources (Uses)		
Transfers In	<u>764,697</u>	<u>839,601</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(293,613)	(91,987)
Fund Balance - Beginning	<u>4,533,303</u>	4,599,031
Increase (Decrease) in Reserve for Encumbrances	<u>433,841</u>	<u>26,259</u>
Fund Balance - Ending	\$ <u>4,673,531</u>	<u>4,533,303</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Alcohol Program Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ <u>33,542</u>	<u>66,479</u>
<u>FUND BALANCE</u>		
Fund Balance		
Assigned - Designated for Subsequent Year Expenditures	\$ -	66,479
Assigned	<u>33,542</u>	<u>-</u>
Total Fund Balance	\$ <u>33,542</u>	<u>66,479</u>

Special Alcohol Program Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	<u>2021</u>			
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2020 Actual</u>
Revenues				
Intergovernmental				
Liquor Tax	\$ 139,918	148,542	8,624	115,373
Expenditures				
Contractual	60,000	60,000	-	60,000
Contingency	13,358	-	13,358	-
Total Expenditures	<u>73,358</u>	<u>60,000</u>	<u>13,358</u>	<u>60,000</u>
Excess Revenues Over (Under) Expenditures	66,560	88,542	21,982	55,373
Other Financing Sources (Uses)				
Transfers Out	(158,863)	(121,479)	37,384	(76,465)
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(92,303)	(32,937)	59,366	(21,092)
Fund Balance - Beginning	<u>92,303</u>	<u>66,479</u>	<u>(25,824)</u>	<u>87,571</u>
Fund Balance - Ending	\$ <u>-</u>	<u>33,542</u>	<u>33,542</u>	<u>66,479</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Park and Recreation Fund
 Balance Sheets
 December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ <u>133,216</u>	<u>393,126</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>39,825</u>	<u>495</u>
Fund Balance		
Assigned - Reserved for Encumbrances	5,000	10,515
Assigned - Designated for Subsequent Year's Expenditures	41,061	382,116
Assigned	<u>47,330</u>	<u>-</u>
Total Fund Balance	<u>93,391</u>	<u>392,631</u>
Total Liabilities and Fund Balance	\$ <u>133,216</u>	<u>393,126</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Park and Recreation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021			
	Original and Final Budget	Actual	Variance Positive (Negative)	2020 Actual
Revenues				
Intergovernmental				
Liquor Tax	\$ 139,918	148,542	8,624	115,372
Reimbursements	-	29,816	29,816	-
Prior Year Encumbrances Cancelled	-	-	-	5,000
Total Revenues	139,918	178,358	38,440	120,372
Expenditures				
Capital Outlay	631,132	547,083	84,049	79,462
Excess Revenues Over (Under)				
Expenditures	(491,214)	(368,725)	122,489	40,910
Other Financing Sources (Uses)				
Transfers In	75,000	75,000	-	75,000
Excess Revenues and Other Financing				
Sources (Uses) Over (Under) Expenditures	(416,214)	(293,725)	122,489	115,910
Fund Balance - Beginning	416,214	392,631	(23,583)	294,466
Increase (Decrease) in Reserve				
For Encumbrances	-	(5,515)	(5,515)	(17,745)
Fund Balance - Ending	\$ -	93,391	93,391	392,631

See independent auditors' report.

CITY OF HAYS, KANSAS
Parks Improvement Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ <u>47,001</u>	<u>23,646</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>-</u>	<u>555</u>
Fund Balance		
Assigned - Reserved for Encumbrances	8,796	8,266
Assigned	<u>38,205</u>	<u>14,825</u>
Total Fund Balance	<u>47,001</u>	<u>23,091</u>
Total Liabilities and Fund Balance	\$ <u>47,001</u>	<u>23,646</u>

Parks Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
	<u>Actual</u>	<u>Actual</u>
Revenues		
Donations	\$ 540	414
Miscellaneous	37,995	124,508
Prior Year Encumbrances Cancelled	<u>996</u>	<u>555</u>
Total Revenues	<u>39,531</u>	<u>125,477</u>
Expenditures		
Contractual	-	47,330
Projects	<u>16,151</u>	<u>42,306</u>
Total Expenditures	<u>16,151</u>	<u>89,636</u>
Excess Revenues Over (Under)		
Expenditures	23,380	35,841
Fund Balance - Beginning	23,091	2,882
Increase (Decrease) in Reserve		
For Encumbrances	<u>530</u>	<u>(15,632)</u>
Fund Balance - Ending	\$ <u>47,001</u>	<u>23,091</u>

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CITY OF HAYS, KANSAS
Department of Justice Program Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ -	-
<u>FUND BALANCE</u>		
Fund Balance Assigned	\$ -	-

Department of Justice Program Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	<u>2021 Actual</u>	<u>2020 Actual</u>
Revenues	\$ -	-
Expenditures		
Capital Outlay	-	281
Excess Revenues Over (Under) Expenditures	-	(281)
Fund Balance - Beginning	-	281
Fund Balance - Ending	\$ -	-

See independent auditors' report.

CITY OF HAYS, KANSAS
City Commission Capital Reserve Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ <u>1,380,023</u>	<u>3,900,184</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>735</u>	<u>-</u>
Fund Balance		
Assigned - Reserved for Encumbrances	<u>972,514</u>	<u>-</u>
Assigned	<u>406,774</u>	<u>3,900,184</u>
Total Fund Balance	<u>1,379,288</u>	<u>3,900,184</u>
Total Liabilities and Fund Balance	\$ <u>1,380,023</u>	<u>3,900,184</u>
City Commission Capital Reserve Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balance		
For the Year Ended December 31, 2021		
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)		
	<u>2021</u>	<u>2020</u>
	<u>Actual</u>	<u>Actual</u>
Revenues		
Interest	\$ <u>15,392</u>	<u>73,094</u>
Miscellaneous	<u>375,000</u>	<u>148,531</u>
Total Revenues	<u>390,392</u>	<u>221,625</u>
Expenditures		
Projects	<u>2,289,995</u>	<u>499,524</u>
Excess Revenues Over (Under) Expenditures	<u>(1,899,603)</u>	<u>(277,899)</u>
Other Financing Sources (Uses)		
Transfers In	<u>1,600,000</u>	<u>1,000,000</u>
Transfers Out	<u>(3,193,807)</u>	<u>(86,745)</u>
Net Other Financing Sources (Uses)	<u>(1,593,807)</u>	<u>913,255</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>(3,493,410)</u>	<u>635,356</u>
Fund Balance - Beginning	<u>3,900,184</u>	<u>3,264,828</u>
Increase (Decrease) in Reserve For Encumbrances	<u>972,514</u>	<u>-</u>
Fund Balance - Ending	\$ <u>1,379,288</u>	<u>3,900,184</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Bond and Interest Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ 172,528	173,252
Taxes Receivable	650,621	<u>662,220</u>
Total Assets	\$ <u>823,149</u>	<u>835,472</u>
<u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>		
Deferred Inflows of Resources		
Deferred Property Tax Receivable	\$ <u>650,621</u>	<u>662,220</u>
Fund Balance		
Assigned - Designated for Subsequent Year Expenditures	97,036	76,217
Assigned	<u>75,492</u>	<u>97,035</u>
Total Fund Balance	<u>172,528</u>	<u>173,252</u>
Total Deferred Inflows of Resources and Fund Balance	\$ <u>823,149</u>	<u>835,472</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Bond and Interest Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021		Variance	2020
	Original and Final Budget	Actual	Positive (Negative)	Actual
Revenues				
Taxes				
Ad Valorem	\$ 689,813	684,379	(5,434)	673,999
Delinquent	-	4,584	4,584	10,031
Motor Vehicle	56,660	78,045	21,385	70,568
Recreational Vehicle	977	1,469	492	1,214
16/20M Truck	460	363	(97)	445
Commercial Vehicle	3,352	4,374	1,022	3,531
Special Assessments	617,993	611,632	(6,361)	620,706
Tax Increment Financing Dist. (TIF)	(11,259)	(11,356)	(97)	(11,081)
Neighborhood Revitalization Rebate	(2,810)	(2,811)	(1)	(1,742)
Total Revenues	<u>1,355,186</u>	<u>1,370,679</u>	<u>15,493</u>	<u>1,367,671</u>
Expenditures				
Bond Principal	1,491,000	1,196,000	295,000	1,160,000
Interest Expense	212,153	175,403	36,750	200,802
Cash Basis Reserve	60,000	-	60,000	-
Total Expenditures	<u>1,763,153</u>	<u>1,371,403</u>	<u>391,750</u>	<u>1,360,802</u>
Excess Revenues Over (Under)				
Expenditures	(407,967)	(724)	407,243	6,869
Other Financing Sources (Uses)				
Transfers In	331,750	-	(331,750)	-
Excess Revenues and Other Financing				
Sources (Uses) Over (Under) Expenditure	(76,217)	(724)	75,493	6,869
Fund Balance - Beginning	<u>76,217</u>	<u>173,252</u>	<u>97,035</u>	<u>166,383</u>
Fund Balance - Ending	<u>\$ -</u>	<u>172,528</u>	<u>172,528</u>	<u>173,252</u>

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CITY OF HAYS, KANSAS
Economic Development Bond Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ <u>360,292</u>	<u>277,353</u>
<u>FUND BALANCE</u>		
Fund Balance		
Assigned - Designated for Subsequent Year Expenditures	\$ 296,301	253,143
Assigned	<u>63,991</u>	<u>24,210</u>
Total Fund Balance	\$ <u>360,292</u>	<u>277,353</u>

Economic Development Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	<u>2021</u>			
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2020 Actual</u>
Revenues				
Taxes				
Tax Increment Financing	\$ -	94,268	94,268	92,883
Intergovernmental				
Local Sales Tax	248,002	217,726	(30,276)	199,856
Total Revenues	<u>248,002</u>	<u>311,994</u>	<u>63,992</u>	<u>292,739</u>
Expenditures				
Bond Principal	185,000	185,000	-	170,000
Interest Expense	44,055	44,055	-	53,065
Total Expenditures	<u>229,055</u>	<u>229,055</u>	<u>-</u>	<u>223,065</u>
Excess Revenues Over (Under)				
Expenditures	18,947	82,939	63,992	69,674
Fund Balance - Beginning	<u>253,143</u>	<u>277,353</u>	<u>24,210</u>	<u>207,679</u>
Fund Balance - Ending	\$ <u>272,090</u>	<u>360,292</u>	<u>88,202</u>	<u>277,353</u>

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CITY OF HAYS, KANSAS
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		Solid Waste Fund	Stormwater Management Fund	Water Production and Distribution Reserve Fund	Water Reclamation and Reuse Reserve Fund	Solid Waste Reserve Fund	Stormwater Reserve Fund	Totals	
								2021	2020
<u>ASSETS</u>									
Current Assets									
Cash	\$	125,261	10,911	1,568,869	1,791,100	642,735	1,306,439	5,445,315	5,265,384
Accounts Receivable, Net of Allowance for Uncollectibles		95,105	37,747	-	-	-	-	132,852	125,737
Total Current Assets		220,366	48,658	1,568,869	1,791,100	642,735	1,306,439	5,578,167	5,391,121
Noncurrent Assets									
Capital Assets									
Infrastructure		-	102,194	-	-	-	-	102,194	102,194
Equipment		1,775,228	105,401	-	-	-	-	1,880,629	2,337,709
Building and Structures		294,594	130,000	-	-	-	-	424,594	424,594
Capital Asset Not In Use		47,500	-	-	-	-	-	47,500	-
		2,117,322	337,595	-	-	-	-	2,454,917	2,864,497
Accumulated Depreciation		(1,363,336)	(70,872)	-	-	-	-	(1,434,208)	(1,749,148)
Net Capital Assets		753,986	266,723	-	-	-	-	1,020,709	1,115,349
Total Assets		974,352	315,381	1,568,869	1,791,100	642,735	1,306,439	6,598,876	6,506,470
<u>LIABILITIES</u>									
Current Liabilities									
Accounts Payable		43,712	2,048	10,848	-	-	-	56,608	10,558
Accrued Payroll		6,680	2,644	-	-	-	-	9,324	9,392
Accrued Paid Time Off		27,414	11,462	-	-	-	-	38,876	44,553
Total Current Liabilities		77,806	16,154	10,848	-	-	-	104,808	64,503
<u>NET POSITION</u>									
Net Position									
Unrestricted	\$	896,546	299,227	1,558,021	1,791,100	642,735	1,306,439	6,494,068	6,441,967

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CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Nonmajor Enterprise Funds
December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Solid Waste Fund	Stormwater Management Fund	Water Production and Distribution Reserve Fund	Water Reclamation and Reuse Reserve Fund	Solid Waste Reserve Fund	Stormwater Reserve Fund	Totals	
							2021	2020
Operating Revenues								
Charges for Sales and Services								
Refuse Collections	\$ 1,627,774	-	-	-	-	-	1,627,774	1,451,286
Stormwater Fees	-	806,213	-	-	-	-	806,213	803,803
Miscellaneous Revenue	-	-	-	31,543	-	-	31,543	3,350
Reimbursed Expense	-	238	-	1,868	-	-	2,106	1,868
Total Operating Revenues	<u>1,627,774</u>	<u>806,451</u>	<u>-</u>	<u>33,411</u>	<u>-</u>	<u>-</u>	<u>2,467,636</u>	<u>2,260,307</u>
Operating Expenses								
Refuse Collection	923,514	-	-	-	-	-	923,514	882,541
Stormwater Management	-	217,491	-	-	-	-	217,491	225,268
Projects	-	-	479,980	321,909	16,952	833,695	1,652,536	676,957
Depreciation	199,735	15,036	-	-	-	-	214,771	235,880
Total Operating Expenses	<u>1,123,249</u>	<u>232,527</u>	<u>479,980</u>	<u>321,909</u>	<u>16,952</u>	<u>833,695</u>	<u>3,008,312</u>	<u>2,020,646</u>
Net Operating Income (Loss)	<u>504,525</u>	<u>573,924</u>	<u>(479,980)</u>	<u>(288,498)</u>	<u>(16,952)</u>	<u>(833,695)</u>	<u>(540,676)</u>	<u>239,661</u>
Nonoperating Revenues (Expenses)								
Interest Income	2,897	-	-	-	-	-	2,897	20,784
Federal Grant	-	-	-	-	-	-	-	3,827
Gain (Loss) on Sale of Assets	(277)	-	-	-	-	-	(277)	(56,045)
Net Nonoperating Revenues (Expenses)	<u>2,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,620</u>	<u>(31,434)</u>
Income (Loss) Before Transfers	<u>507,145</u>	<u>573,924</u>	<u>(479,980)</u>	<u>(288,498)</u>	<u>(16,952)</u>	<u>(833,695)</u>	<u>(538,056)</u>	<u>208,227</u>
Transfers In	120,407	16,500	965,000	700,000	200,000	500,000	2,501,907	2,080,476
Transfers Out	(623,977)	(694,480)	(326,329)	(50,067)	(120,407)	(96,490)	(1,911,750)	(2,124,894)
Change in Net Position	<u>3,575</u>	<u>(104,056)</u>	<u>158,691</u>	<u>361,435</u>	<u>62,641</u>	<u>(430,185)</u>	<u>52,101</u>	<u>163,809</u>
Net Position - Beginning of Year	<u>892,971</u>	<u>403,283</u>	<u>1,399,330</u>	<u>1,429,665</u>	<u>580,094</u>	<u>1,736,624</u>	<u>6,441,967</u>	<u>6,278,158</u>
Net Position - End of Year	<u>\$ 896,546</u>	<u>299,227</u>	<u>1,558,021</u>	<u>1,791,100</u>	<u>642,735</u>	<u>1,306,439</u>	<u>6,494,068</u>	<u>6,441,967</u>

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CITY OF HAYS, KANSAS
Combining Balance Sheet
Enterprise Funds
December 31, 2021
(With Comparative Totals as of December 31, 2020)

	2021					2020
	Water Production and Distribution Fund	Water Reclamation and Reuse Fund	Water Conservation Fund	Solid Waste Fund	Stormwater Management Fund	
<u>ASSETS</u>						
Current Assets						
Cash						
Operating Account	\$ 1,012,510	719,878	656,430	125,261	10,911	2,032,612
Accounts Receivable (Net)	156,453	228,792	-	95,105	37,747	546,687
Total Current Assets	1,168,963	948,670	656,430	220,366	48,658	2,579,299
Restricted Assets						
Customer Deposits	488,238	-	-	-	-	430,886
Capital Assets						
Land and Right-of-Ways	350,848	-	-	-	-	446,274
Infrastructure	15,603,989	34,189,526	-	-	102,194	49,584,346
Equipment	5,247,316	354,444	-	1,775,228	105,401	14,758,607
Building and Structures	2,619,503	-	-	294,594	130,000	3,044,097
R-9 Ranch	3,243,065	-	-	-	-	4,262,040
Capital Asset Not In Use	-	-	-	47,500	-	-
Construction in Process	-	90,917	-	-	-	-
Total Capital Assets	27,064,721	34,634,887	-	2,117,322	337,595	72,095,364
Accumulated Depreciation	(13,069,996)	(2,618,432)	-	(1,363,336)	(70,872)	(23,863,326)
Net Capital Assets	13,994,725	32,016,455	-	753,986	266,723	48,232,038
Other Assets						
Early Retirement on Debt Refunding (Net)	25,423	10,896	-	-	-	54,477
Total Assets	\$ 15,677,349	32,976,021	656,430	974,352	315,381	51,296,700

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CITY OF HAYS, KANSAS
Combining Balance Sheet
Enterprise Funds
December 31, 2021
(With Comparative Totals as of December 31, 2020)

	2021						
	Water Production and Distribution Fund	Water Reclamation and Reuse Fund	Water Conservation Fund	Solid Waste Fund	Stormwater Management Fund	Total	2020
<u>LIABILITIES AND EQUITY</u>							
Current Liabilities							
Accounts Payable	\$ 39,729	23,016	15,313	43,712	2,048	123,818	68,441
Sales Tax	8,209	-	-	-	-	8,209	5,754
State Water Fee	8,116	-	-	-	-	8,116	7,690
Accrued Payroll	10,636	8,517	1,129	6,680	2,644	29,606	25,238
Accrued Paid Time Off	52,782	21,522	3,981	27,414	11,462	117,161	127,121
Total Current Liabilities	119,472	53,055	20,423	77,806	16,154	286,910	234,244
Current Liabilities Payable From Restricted Assets							
2016-A GO Refunding Bonds	210,000	90,000	-	-	-	300,000	295,000
KDHE Wastewater Revolving Loan	-	1,293,982	-	-	-	1,293,982	1,265,102
Customer Deposits	483,738	-	-	-	-	483,738	426,386
Monitoring Well Deposits	4,500	-	-	-	-	4,500	4,500
Accrued Interest - Bonds	6,510	175,022	-	-	-	181,532	193,000
Total Current Liabilities Payable From Restricted Assets	704,748	1,559,004	-	-	-	2,263,752	2,183,988
Noncurrent Liabilities							
2016-A GO Refunding Bonds	441,000	189,000	-	-	-	630,000	930,000
KDHE Wastewater Revolving Loan	-	24,284,996	-	-	-	24,284,996	25,578,978
Bond Premium (Net)	26,865	11,514	-	-	-	38,379	57,569
Total Noncurrent Liabilities	467,865	24,485,510	-	-	-	24,953,375	26,566,547
Total Liabilities	1,292,085	26,097,569	20,423	77,806	16,154	27,504,037	28,984,779
Equity							
Reserve for Encumbrances	48,887	58,580	26,085	409	10,037	143,998	345,584
Contributed Capital	4,071,475	1,226,945	-	308,563	77,472	5,684,455	5,566,919
Unreserved	10,264,902	5,592,927	609,922	587,574	211,718	17,267,043	16,399,418
Total Equity	14,385,264	6,878,452	636,007	896,546	299,227	23,095,496	22,311,921
Total Liabilities and Equity	\$ 15,677,349	32,976,021	656,430	974,352	315,381	50,599,533	51,296,700

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Production and Distribution Fund
Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021			
	Original and Final Budget	Actual	Variance Positive (Negative)	2020 Actual
Revenues				
Water Sales	\$ 3,307,577	3,477,273	169,696	3,346,262
Water Tap - Turn-Ons	35,000	24,186	(10,814)	20,611
Water Sales Conservation Rate	397,841	456,265	58,424	382,421
Sales and Other Charges	10,000	13,085	3,085	2,704
Penalty	17,000	20,432	3,432	18,869
Interest on Investments	12,553	10,379	(2,174)	40,953
Federal Grant	-	-	-	7,115
Prior Year Encumbrances Cancelled	-	4,592	4,592	22,520
Total Revenues	\$ 3,779,971	4,006,212	226,241	3,841,455
Expenditures				
Personal Services				
Salaries	\$ 613,067	613,434	(367)	591,553
Contractual Services				
Communications	7,000	19,108	(12,108)	15,150
Publications	500	177	323	728
Heat, Light and Power	234,200	213,977	20,223	203,487
Professional Services	20,000	225	19,775	20,555
Travel and Training	8,500	5,304	3,196	3,155
Other Contractual Services	120,000	100,778	19,222	85,952
Total Contractual Services	390,200	339,569	50,631	329,027
Commodities				
Office Supplies	1,500	908	592	758
General Supplies and Materials	70,000	83,160	(13,160)	50,429
Chemicals	300,000	317,186	(17,186)	309,516
Repairs to Buildings and Structures	30,000	40,027	(10,027)	8,745
Equipment Expense	160,000	165,601	(5,601)	129,331
Projects	80,000	76,464	3,536	103,021
Uniforms	8,500	7,320	1,180	6,658
Total Commodities	650,000	690,666	(40,666)	608,458
Debt Service				
Principal Payment - 2009 Revenue Bond	206,500	206,500	-	199,500
Interest Payment - 2009 Revenue Bond	25,725	25,725	-	31,710
Total Debt Service	232,225	232,225	-	231,210
Nonoperating Expenditures				
Water Taps, Hydrants, Meters	150,000	144,666	5,334	142,294
Contingency	50,000	29,445	20,555	16,815
Interest on Deposits	6,000	539	5,461	6,408
Clean Drinking Water Fee	15,500	15,765	(265)	15,295
Transfer to Water Reserve Fund	961,936	965,000	(3,064)	600,000
Transfer to General Fund	563,612	563,612	-	553,538
Transfer to Employee Benefits Fund	261,843	261,843	-	256,376
Transfer to New Equipment Reserve Fund	22,267	22,267	-	16,618
Total Nonoperating Expenditures	2,031,158	2,003,137	28,021	1,607,344
Total Expenditures	\$ 3,916,650	3,879,031	37,619	3,367,592

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Reclamation and Reuse Fund
Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021			
	Original and Final Budget	Actual	Variance Positive (Negative)	2020 Actual
Revenues				
Sewer Service Charges	\$ 5,040,000	5,137,191	97,191	4,535,024
Sales and Other Charges	6,000	4,056	(1,944)	4,054
Penalty	17,500	20,292	2,792	18,775
Interest on Investments	33,473	11,555	(21,918)	70,175
Prior Year Encumbrances Cancelled	-	9,509	9,509	54,923
Federal Grant	-	-	-	299
Total Revenues	\$ 5,096,973	5,182,603	85,630	4,683,250
Expenditures				
Personal Services				
Salaries	\$ 511,220	494,117	17,103	487,958
Contractual Services				
Communications	9,500	11,314	(1,814)	7,966
Heat, Light and Power	300,000	303,675	(3,675)	283,774
Travel and Training	8,000	2,041	5,959	2,253
Other Contractual Services	45,000	44,704	296	36,417
Professional Services	35,000	29,846	5,154	17,211
Total Contractual Services	397,500	391,580	5,920	347,621
Commodities				
Office Supplies	600	25	575	166
General Supplies and Materials	35,000	21,154	13,846	26,489
Chemicals	80,000	163,672	(83,672)	93,704
Equipment Expense	75,000	71,199	3,801	47,405
Uniforms	6,000	5,939	61	4,477
Projects	40,000	34,100	5,900	-
Repairs to Buildings and Structures	245,000	230,659	14,341	235,118
Total Commodities	481,600	526,748	(45,148)	407,359
Debt Service				
KDHE Loan Payment	1,867,323	1,867,323	-	1,867,324
Principal Payment - 2009 Revenue Bond	88,500	88,500	-	85,500
Interest Payment - 2009 Revenue Bond	11,025	11,025	-	13,590
Total Debt Service	1,966,848	1,966,848	-	1,966,414
Nonoperating Expenditures				
Contingency	50,000	35,757	14,243	6,073
Transfer to Water Reclamation Reserve Fund	793,357	700,000	93,357	700,000
Transfer to General Fund	758,625	758,625	-	692,325
Transfer to Employee Benefits Fund	208,551	208,551	-	204,629
Transfer to New Equipment Reserve Fund	51,634	51,634	-	37,627
Total Nonoperating Expenditures	1,862,167	1,754,567	107,600	1,640,654
Total Expenditures	\$ 5,219,335	5,133,860	85,475	4,850,006

See independent auditors' report.

CITY OF HAYS, KANSAS

Water Conservation Fund

Comparison of Actual Revenues and Expenditures to Budget

For the Year Ended December 31, 2021

(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021			
	Original and Final Budget	Actual	Variance Positive (Negative)	2020 Actual
Revenues				
Local Sales Tax	\$ 3,009,610	3,506,596	496,986	3,136,473
Rent on R-9 Ranch	20,000	21,772	1,772	21,772
Sales and Other Charges	-	4,929	4,929	467
Interest on Sales Tax Collections	284,524	203,144	(81,380)	855,351
Prior Year Encumbrances Cancelled	-	1,179	1,179	10,960
Total Revenues	<u>\$ 3,314,134</u>	<u>3,737,620</u>	<u>423,486</u>	<u>4,025,023</u>
Expenditures				
Personal Services				
Salaries	\$ 64,992	65,096	(104)	64,765
Contractual Services				
Communications	1,500	374	1,126	1,530
Publications	2,000	718	1,282	2,420
Travel and Training	2,450	1,809	641	975
Other Contractual Services	2,500	2,445	55	3,331
Total Contractual Services	<u>8,450</u>	<u>5,346</u>	<u>3,104</u>	<u>8,256</u>
Commodities				
General Supplies and Materials	4,250	4,044	206	3,665
Projects	185,000	153,008	31,992	133,227
Uniforms	250	166	84	232
Total Commodities	<u>189,500</u>	<u>157,218</u>	<u>32,282</u>	<u>137,124</u>
Nonoperating Expenditures				
R-9 Ranch Expenditures	25,000	84,775	(59,775)	47,490
Grant Funding	5,000	-	5,000	-
Transfer to Water Sales Tax Reserve Fund	2,502,530	2,483,037	19,493	3,345,415
Transfer to General Fund - Water Sales Tax	532,858	532,858	-	518,055
Transfer to Employee Benefits Fund	26,401	26,401	-	25,692
Transfer to New Equipment Reserve Fund	1,909	1,909	-	2,802
Total Nonoperating Expenditures	<u>3,093,698</u>	<u>3,128,980</u>	<u>(35,282)</u>	<u>3,939,454</u>
Total Expenditures	<u>\$ 3,356,640</u>	<u>3,356,640</u>	<u>-</u>	<u>4,149,599</u>

See independent auditors' report.

CITY OF HAYS, KANSAS

Solid Waste Fund

Comparison of Actual Revenues and Expenditures to Budget

For the Year Ended December 31, 2021

(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021		Variance	
	Original and Final Budget	Actual	Positive (Negative)	2020 Actual
Revenues				
Refuse Collections	\$ 1,552,344	1,580,383	28,039	1,442,031
Interest on Investments	8,368	2,897	(5,471)	20,784
Yard Waste Tags	700	898	198	572
Federal Grant	-	-	-	3,827
Recycling Revenue	5,000	46,493	41,493	8,683
Prior Year Encumbrances Cancelled	-	3,833	3,833	-
Total Revenues	<u>\$ 1,566,412</u>	<u>1,634,504</u>	<u>68,092</u>	<u>1,475,897</u>
Expenditures				
Personal Services				
Salaries	\$ 413,153	382,993	30,160	402,774
Transfer to Employee Benefits Fund	191,125	191,125	-	185,840
Total Personal Services	<u>604,278</u>	<u>574,118</u>	<u>30,160</u>	<u>588,614</u>
Contractual Services				
Communications	1,850	1,218	632	1,465
Publications	3,500	1,497	2,003	-
Utility - Water, Light and Power	7,800	7,309	491	5,898
Contingency	50,000	-	50,000	-
Other Contractual Services	455,000	455,679	(679)	481,408
Travel and Training	1,300	1,964	(664)	369
Transfer to Solid Waste Reserve Fund	174,465	200,000	(25,535)	175,000
Transfer to General Fund	232,852	232,852	-	224,204
Total Contractual Services	<u>926,767</u>	<u>900,519</u>	<u>26,248</u>	<u>888,344</u>
Commodities				
Office Supplies	550	248	302	77
General Supplies	23,960	19,871	4,089	23,358
Equipment Expense	10,000	6,239	3,761	2,049
Uniforms	3,800	3,866	(66)	3,578
Repairs to Buildings and Structures	3,600	824	2,776	3,338
Total Commodities	<u>41,910</u>	<u>31,048</u>	<u>10,862</u>	<u>32,400</u>
Total Expenditures	<u>\$ 1,572,955</u>	<u>1,505,685</u>	<u>67,270</u>	<u>1,509,358</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Stormwater Management Fund
Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2021		Variance	2020
	Original and Final Budget	Actual	Positive (Negative)	Actual
Revenues				
Stormwater Fee	\$ 801,940	806,213	4,273	803,803
Prior Year Encumbrances Cancelled	-	17,452	17,452	6,330
Miscellaneous	-	238	238	-
Transfer From General Fund	16,500	16,500	-	16,500
Total Revenues	<u>\$ 818,440</u>	<u>840,403</u>	<u>21,963</u>	<u>826,633</u>
Expenditures				
Personal Services				
Salaries	\$ 168,329	169,117	(788)	142,462
Transfer to Employee Benefits Fund	67,595	67,595	-	60,409
Total Personal Services	<u>235,924</u>	<u>236,712</u>	<u>(788)</u>	<u>202,871</u>
Contractual Services				
Communications	940	387	553	238
Other Contractual Services	20,000	13,201	6,799	21,050
Contingency	50,000	-	50,000	-
Professional Services	30,000	14,556	15,444	5,090
Travel and Training	2,000	582	1,418	170
Transfer to General Fund	81,844	81,844	-	81,050
Total Contractual Services	<u>184,784</u>	<u>110,570</u>	<u>74,214</u>	<u>107,598</u>
Commodities				
General Supplies	70,000	19,945	50,055	62,227
Uniforms	1,150	1,150	-	1,013
Transfer to Stormwater Reserve Fund	364,591	500,000	(135,409)	425,000
Transfer to New Equipment Reserve Fund	45,041	45,041	-	38,712
Total Commodities	<u>480,782</u>	<u>566,136</u>	<u>(85,354)</u>	<u>526,952</u>
Capital Outlay	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>52,683</u>
Total Expenditures	<u>\$ 1,001,490</u>	<u>913,418</u>	<u>88,072</u>	<u>890,104</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Production and Distribution Reserve Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ <u>1,568,869</u>	<u>1,399,330</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>10,848</u>	<u>-</u>
Fund Balance		
Assigned - Reserved for Encumbrances	<u>828,978</u>	<u>451,499</u>
Assigned	<u>729,043</u>	<u>947,831</u>
Total Fund Balance	<u>1,558,021</u>	<u>1,399,330</u>
Total Liabilities and Fund Balance	\$ <u>1,568,869</u>	<u>1,399,330</u>

Water Production and Distribution Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Revenues		
Prior Year Encumbrances Cancelled	\$ <u>930</u>	<u>7,733</u>
Expenditures		
Capital Outlay	<u>1,024,741</u>	<u>502,840</u>
Excess Revenues Over (Under) Expenditures	<u>(1,023,811)</u>	<u>(495,107)</u>
Other Financing Sources (Uses)		
Transfers In	<u>965,000</u>	<u>600,000</u>
Transfers Out	<u>(159,977)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>805,023</u>	<u>600,000</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>(218,788)</u>	<u>104,893</u>
Fund Balance - Beginning	<u>1,399,330</u>	<u>2,013,315</u>
Increase (Decrease) in Reserve for Encumbrances	<u>377,479</u>	<u>(718,878)</u>
Fund Balance - Ending	\$ <u>1,558,021</u>	<u>1,399,330</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Reclamation and Reuse Reserve Fund
Balance Sheets
December 31, 2021 and 2020

	<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash		\$ <u>1,791,100</u>	<u>1,429,665</u>

	<u>FUND BALANCE</u>		
Fund Balance			
Assigned		\$ <u>1,791,100</u>	<u>1,429,665</u>

Water Reclamation and Reuse Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Revenues		
Reimbursed Expenses	\$ 1,868	1,868
Miscellaneous Revenue	31,544	3,349
Prior Year Encumbrances Cancelled	<u>-</u>	<u>916</u>
Total Revenues	33,412	6,133
Expenditures		
Capital Outlay	<u>369,262</u>	<u>147,649</u>
Excess Revenues Over (Under) Expenditures	<u>(335,850)</u>	<u>(141,516)</u>
Other Financing Sources (Uses)		
Transfers In	700,000	700,000
Transfers Out	<u>(2,715)</u>	<u>-</u>
Net Other Financing Sources (Uses)	<u>697,285</u>	<u>700,000</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	361,435	558,484
Fund Balance - Beginning	1,429,665	944,556
Increase (Decrease) in Reserve for Encumbrances	<u>-</u>	<u>(73,375)</u>
Fund Balance - Ending	\$ <u>1,791,100</u>	<u>1,429,665</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Sales Tax Reserve Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ <u>40,443,874</u>	<u>38,731,149</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>1,176</u>	<u>22,785</u>
Fund Balance		
Assigned - Reserved for Encumbrances	-	51,308
Assigned	<u>40,442,698</u>	<u>38,657,056</u>
Total Fund Balance	<u>40,442,698</u>	<u>38,708,364</u>
Total Liabilities and Fund Balance	\$ <u>40,443,874</u>	<u>38,731,149</u>

Water Sales Tax Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Revenues		
Prior Year Encumbrances Cancelled	\$ <u>48,532</u>	-
Expenditures		
Capital Outlay	<u>745,927</u>	<u>739,205</u>
Excess Revenues Over (Under) Expenditures	<u>(697,395)</u>	<u>(739,205)</u>
Other Financing Sources (Uses)		
Transfers In	<u>2,483,037</u>	<u>3,345,415</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>1,785,642</u>	<u>2,606,210</u>
Fund Balance - Beginning	<u>38,708,364</u>	<u>36,098,436</u>
Increase (Decrease) in Reserve for Encumbrances	<u>(51,308)</u>	<u>3,718</u>
Fund Balance - Ending	\$ <u>40,442,698</u>	<u>38,708,364</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Solid Waste Reserve Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ <u>642,734</u>	<u>580,094</u>
 <u>FUND BALANCE</u>		
Fund Balance		
Assigned - Reserved for Encumbrances	\$ <u>57,483</u>	6,968
Assigned	<u>585,251</u>	<u>573,126</u>
 Total Fund Balance	 \$ <u>642,734</u>	 <u>580,094</u>
 Solid Waste Reserve Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balance		
For the Year Ended December 31, 2021		
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)		
	<u>2021</u>	<u>2020</u>
Revenues	\$ -	-
Expenditures		
Capital Outlay	<u>187,875</u>	<u>54,511</u>
Excess Revenues Over (Under) Expenditures	(187,875)	(54,511)
Other Financing Sources (Uses)		
Transfers In	<u>200,000</u>	<u>175,000</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	12,125	120,489
Fund Balance - Beginning	580,094	452,637
Increase (Decrease) in Reserve for Encumbrances	<u>50,515</u>	<u>6,968</u>
Fund Balance - Ending	\$ <u>642,734</u>	<u>580,094</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Stormwater Reserve Fund
Balance Sheets
December 31, 2021 and 2020

<u>ASSETS</u>		
	<u>2021</u>	<u>2020</u>
Cash	\$ <u>1,306,439</u>	<u>1,736,624</u>
<u>FUND BALANCE</u>		
Fund Balance		
Assigned - Reserved for Encumbrances	\$ -	13,600
Assigned	<u>1,306,439</u>	<u>1,723,024</u>
Total Fund Balance	<u>\$ 1,306,439</u>	<u>1,736,624</u>
Stormwater Reserve Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balance		
For the Year Ended December 31, 2021		
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)		
	<u>2021</u>	<u>2020</u>
Revenues	\$ -	-
Expenditures		
Capital Outlay	<u>820,095</u>	<u>130,000</u>
Excess Revenues Over (Under) Expenditures	<u>(820,095)</u>	<u>(130,000)</u>
Other Financing Sources (Uses)		
Transfers In	<u>500,000</u>	425,000
Transfers Out	<u>(96,490)</u>	-
Net Other Financing Sources (Uses)	<u>403,510</u>	<u>425,000</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>(416,585)</u>	295,000
Fund Balance - Beginning	<u>1,736,624</u>	1,441,624
Increase (Decrease) in Reserve for Encumbrances	<u>(13,600)</u>	-
Fund Balance - Ending	<u>\$ 1,306,439</u>	<u>1,736,624</u>

See independent auditors' report.

CITY OF HAYS, KANSAS

Single Audit Information

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Mayor and City Commission
City of Hays, Kansas
Hays, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of **City of Hays, Kansas**, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise **City of Hays, Kansas'** basic financial statements, and have issued our report thereon dated May 26, 2022. The financial statements of Hays Public Library were not audited in accordance with *Government Auditing Standards*; accordingly, this report does not extend to the component unit. The report on the audited basic financial statements was qualified because it did not include the required annual cost and long-term obligations of the other postemployment benefits as required by Governmental Auditing Standards Board Statements Number 75 and accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

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
Hays, Kansas

May 26, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND FOR
THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Mayor and City Commission
City of Hays, Kansas
Hays, Kansas

Report on Compliance for Each Major Program and for the Passenger Facility Charge Program

Opinion on Each Major Federal Program and the Passenger Facility Charge Program

We have audited **City of Hays, Kansas'** compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of **City of Hays, Kansas'** major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the Guide) for the City's passenger facility charge program for the year ended December 31, 2021. **City of Hays, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **City of Hays, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its passenger facility charge program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program and the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the *Passenger Facility Charge Audit Guide for Public Agencies*, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **City of Hays, Kansas** and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program and for the passenger facility charge program. Our audit does not provide a legal determination of **City of Hays, Kansas'** compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to **City of Hays, Kansas'** federal programs, and the terms and conditions of its passenger facility charge program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on **City of Hays, Kansas'** compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance and the Guide and will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **City of Hays, Kansas'** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 **City of Hays, Kansas'** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **City of Hays, Kansas'** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of **City of Hays, Kansas'** internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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
Hays, Kansas

May 26, 2022

CITY OF HAYS, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Grantor/ Pass-through Grantor/ Program Title	Assistance Listing Number	Agency or Pass-through Number	Passed Through to Sub-Recipients	Federal Expenditures
U.S. Department of Transportation				
Direct Award				
Airport Improvement Program	20.106	AIP 3-20-0028-36	\$ -	431,069
Airport Improvement Program	20.106	AIP 3-20-0028-38	-	710,779
Airport Improvement Program	20.106	AIP 3-20-0028-40	-	122,130
Airport Improvement Program	20.106	AIP 3-20-0028-41	-	235,624
Airport Improvement Program	20.106	AIP 3-20-0028-43	-	112,591
CARES Act Funding				
Airport Improvement Program	20.106	AIP 3-20-0028-42	-	418,388
Passed Through the Kansas Department of Transportation				
Highway Safety Cluster				
State and Community Highway Safety	20.600	SP-1300-21	-	3,038
State and Community Highway Safety	20.600	SP-1300-22	-	326
Total U.S. Department of Transportation			-	2,033,945
U.S. Department of the Interior				
Sport Fish Restoration Program	15.605	N/A	-	1,030
U.S. Department of Justice				
Bulletproof Vest Partnership Program	16.607	N/A	-	8,044
Total Expenditures of Federal Awards			\$ -	2,043,019

See accompanying notes to schedule of expenditures of federal awards.

CITY OF HAYS, KANSAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **City of Hays, Kansas**, and is presented in accordance with generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 – INDIRECT COST RATE

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

NOTE 3 – OTHER EXPENDITURES

The City did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees, and incurred no expenditures in relation thereof for the year ended December 31, 2021.

NOTE 4 – PASSENGER FACILITY CHARGES

The accompanying schedule of passenger facility charges is presented on the cash basis of accounting. The information in the schedule is presented in accordance with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies. Therefore, some amounts presented in the schedule may differ from amounts in or used in the preparation of the basic financial statements.

Approved Application Project Number		Unliquidated PFC Beginning Balance	PFC Collected	PFC Expended	Unliquidated PFC Ending Balance
15-01-C-00-HYS	\$	-	207,045	207,045	-
20-02-C-01-HYS		-	71,375	71,375	-

CITY OF HAYS, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Qualified

Internal control over financial reporting

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

FEDERAL AWARDS

Internal control over major programs:

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

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

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

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee? Yes X No

See accompanying notes to schedule of expenditures of federal awards.

CITY OF HAYS, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted in current year.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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



Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters noted for the year ended December 31, 2020.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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