

CITY OF HOLYROOD, KANSAS

Financial Statement With Independent Auditors' Report

For the Year Ended December 31, 2022

CITY OF HOLYROOD, KANSAS
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For the Year Ended December 31, 2022

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INDEPENDENT AUDITORS' REPORT

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

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **City of Holyrood, Kansas**, as of and for the year ended December 31, 2022 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2022, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2022, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by the City on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

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

In preparing the financial statement, 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 statement as a whole is 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 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 statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 statement.
- 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.

Supplementary Information

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City as of and for the year ended December 31, 2021 (not presented herein), and have issued our report thereon dated March 7, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/oar/municipal-services>. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2022 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2021 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2021 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2021, on the basis of accounting described in Note 1.



ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

February 22, 2023

CITY OF HOLYROOD, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2022

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Fund	\$ 72,625	-	245,644	307,662	10,607	862	11,469
Special Purpose Funds							
Special Highway Fund	1,680	-	11,061	11,120	1,621	-	1,621
Recreation Fund	7,787	-	23,198	21,303	9,682	-	9,682
Capital Improvement Fund	22,230	-	32,000	-	54,230	-	54,230
Medical Building Fund	66,724	-	4,200	1,735	69,189	-	69,189
Equipment Reserve Fund	62,607	-	10,000	-	72,607	-	72,607
Park Refurbish Fund	3,113	-	2,213	-	5,326	-	5,326
Holyrood Lake Fund	2,107	-	2,734	1,803	3,038	-	3,038
ARPA Fund	31,666	-	31,666	31,666	31,666	-	31,666
Business Funds							
Electric Utility Fund	23,221	-	518,434	464,910	76,745	31,981	108,726
Electric Reserve Fund	18,422	-	2,500	-	20,922	-	20,922
Water Utility Fund	9,916	-	104,696	88,168	26,444	478	26,922
Sewer Fund	78,246	-	76,970	77,312	77,904	-	77,904
Sewer Reserve Fund	61,628	-	5,640	-	67,268	-	67,268
Trash Fund	2,797	-	45,899	45,323	3,373	-	3,373
Total Reporting Entity (Excluding Agency Funds)	\$ 464,769	-	1,116,855	1,051,002	530,622	33,321	563,943
			Composition of Cash				
							\$ 466,258
							168,944
							<u>635,202</u>
							<u>(71,259)</u>
							Total Reporting Entity (Excluding Agency Funds) \$ 563,943

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

CITY OF HOLYROOD, KANSAS

Notes to Financial Statement

December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

Basis of Presentation – Fund Accounting

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

The following types of funds comprise the financial activities of the City for the year ended December 31, 2022.

Regulatory Basis Fund Types

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

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

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

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

Basis of Accounting

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

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2022

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

Reimbursements

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

NOTE 2 – BUDGETARY INFORMATION

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

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

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The City did hold a revenue neutral rate hearing this year.

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

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

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

CITY OF HOLYROOD, KANSAS

Notes to Financial Statement

December 31, 2022

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

NOTE 3 – DEPOSITS AND INVESTMENTS

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

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

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

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not use "peak periods". All deposits were legally secured at December 31, 2022.

At December 31, 2022, the City's carrying amount of deposits was \$635,202 and the bank balance was \$657,087. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and \$407,087 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2022.

CITY OF HOLYROOD, KANSAS

Notes to Financial Statement

December 31, 2022

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **City of Holyrood, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2022 were as follows:

From	To	Regulatory Authority	Amount
Trash Fund	General Fund	K.S.A. 12-825d	\$ 1,500
Sewer Fund	General Fund	K.S.A. 12-825d	5,000
Sewer Fund	Sewer Reserve Fund	K.S.A. 12-631o	5,640
Electric Utility Fund	Electric Reserve Fund	K.S.A. 12-825d	2,500
Sewer Fund	Equipment Reserve Fund	K.S.A. 12-1,117	5,000
Water Utility Fund	Equipment Reserve Fund	K.S.A. 12-1,117	5,000
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	32,000

NOTE 5 – LITIGATION

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

NOTE 6 – RISK MANAGEMENT

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

NOTE 7 – GRANTS AND SHARED REVENUES

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

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Plan Description

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

CITY OF HOLYROOD, KANSAS

Notes to Financial Statement

December 31, 2022

Contributions

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.90% for the fiscal year ended December 31, 2022. Contributions to the pension plan from the City were \$15,293 for the year ended December 31, 2022.

Net Pension Liability

At December 31, 2022, the City's proportionate share of the collective net pension liability reported by KPERS was \$184,988. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS

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

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

As provided by K.S.A.74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2022.

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2022

NOTE 10 – COMPENSATED ABSENCES

Comp Time

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

Vacation

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

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

Employees are allowed to carryover one week of vacation.

Sick Leave

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

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

Personal Leave

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

NOTE 11 – COMMITMENTS

City of Holyrood, Kansas entered into a Water Tank Maintenance Contract with Utility Service Co., Inc. on September 19, 2002 for the repairs, renovation and continued service of the water tank. The City has the right to continue the contract for an indefinite period of time providing the annual fee is paid. The contract started with a base fee of \$4,858 in 2002 and in year 2005 and each third year thereafter, the annual fee is adjusted to reflect the current cost of service but is limited to a maximum of 5% annually. Payments totaling \$8,186 were made in 2022.

NOTE 12 – CONDUIT DEBT

City of Holyrood, Kansas has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are generally payable from and secured by the project financed and if needed, additional assets or revenues of the private-sector serviced by the bond issuance. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of December 31, 2022, the industrial revenue bond remaining balance was paid in full. The original issue of the bond was \$725,000.

CITY OF HOLYROOD, KANSAS

Notes to Financial Statement

December 31, 2022

NOTE 13 – DEBT RESTRICTIONS AND COVENANTS

KDHE Water Pollution Control Revolving Loan

City of Holyrood, Kansas entered into a revolving loan agreement with the Kansas Department of Health and Environment to fund certain improvements for wastewater treatment in the amount of \$318,917. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2022 as it is providing dedicated funds through a combination of sewer rates and fees charged.

City of Holyrood, Kansas entered into a loan agreement with the Kansas Department of Health and Environment to fund certain improvements for the wastewater collection system in the amount of \$397,236. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2022 as it is providing dedicated funds through a combination of water rates and fees charged.

KDHE Public Water Supply Revolving Loan

City of Holyrood, Kansas entered into a loan agreement with the Kansas Department of Health and Environment to fund certain improvements for the water supply in the amount of \$262,259. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2022 as it is providing dedicated funds through a combination of water rates and fees charged.

NOTE 14 – LONG-TERM DEBT

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

KDHE Revolving Loans

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

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

The City entered into a \$525,000 revolving loan agreement with the Kansas Department of Health and Environment on June 19, 2018, for the purpose of adding a wetland cell to the existing three cell wastewater treatment system. The final amendment on September 7, 2021, reduced the amount of the loan to \$397,236.

CITY OF HOLYROOD, KANSAS

Notes to Financial Statement

December 31, 2022

Changes in long-term liabilities for the City for the year ended December 31, 2022, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/Payments	Balance End of Year	Interest Paid
KDHE Loans									
Kansas Water Pollution Control Revolving Loan Fund - Sewer	3.14%	9/28/2000	\$ 318,917	3/1/2022	\$ 10,800	-	(10,800)	-	170
Kansas Public Water Supply Revolving Loan Fund - Water	3.58%	2/3/2005	262,259	2/1/2026	76,133	-	(15,883)	60,250	2,332
Kansas Water Pollution Control Revolving Loan Fund - Sewer	2.33%	10/23/2019	397,236	9/1/2040	372,078	-	(15,771)	356,307	920
Total Contractual Indebtedness					\$ 459,011	-	(42,454)	416,557	3,422

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

	YEAR								Total
	2023	2024	2025	2026	2027	2028 - 2032	2033 - 2037	2038 - 2040	
Principal									
Kansas Public Water Supply Revolving Loan Fund - Water	\$ 16,458	17,052	17,668	9,072	-	-	-	-	60,250
Kansas Water Pollution Control Revolving Loan Fund - Sewer	16,140	16,518	16,905	17,302	17,302	95,364	106,618	70,158	356,307
Total Principal	32,598	33,570	34,573	26,374	17,302	95,364	106,618	70,158	416,557
Interest									
Kansas Public Water Supply Revolving Loan Fund - Water	1,814	1,278	722	147	-	-	-	-	3,961
Kansas Water Pollution Control Revolving Loan Fund - Sewer	881	840	6,645	6,291	6,291	23,911	13,501	2,578	60,938
Total Interest	2,695	2,118	7,367	6,438	6,291	23,911	13,501	2,578	64,899
Total Principal and Interest	\$ 35,293	35,688	41,940	32,812	23,593	119,275	120,119	72,736	481,456

CITY OF HOLYROOD, KANSAS

Regulatory-Required Supplementary Information

CITY OF HOLYROOD, KANSAS
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds					
General Fund	\$ 333,000	-	333,000	307,662	(25,338)
Special Purpose Funds					
Special Highway Fund	11,120	-	11,120	11,120	-
Recreation Fund	12,800	13,928	26,728	21,303	(5,425)
Medical Building Fund	54,384	-	54,384	1,735	(52,649)
Business Funds					
Electric Utility Fund	470,546	-	470,546	464,910	(5,636)
Water Utility Fund	114,654	-	114,654	88,168	(26,486)
Sewer Fund	135,162	-	135,162	77,312	(57,850)
Trash Fund	46,369	-	46,369	45,323	(1,046)

CITY OF HOLYROOD, KANSAS
General Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 141,138	138,754	144,128	(5,374)
Delinquent Tax	4,509	4,062	4,000	62
Motor Vehicle Tax	18,797	16,803	16,271	532
Recreational Vehicle Tax	854	814	1,077	(263)
Sales Tax	19,115	21,124	18,000	3,124
Fines	994	3,123	750	2,373
Rent	-	-	550	(550)
Beer Licenses	150	225	200	25
Gas and Cable Franchise	3,610	4,502	4,000	502
Dog Tags	120	165	500	(335)
Van Reimbursements	18,330	1,625	15,000	(13,375)
Other Income	4,834	3,713	5,000	(1,287)
Interest Income	1,821	2,035	2,000	35
Reimbursed Expenses	29,009	33,178	500	32,678
State Grant	10,000	9,021	5,000	4,021
Transfers In	67,500	6,500	72,000	(65,500)
Total Receipts	320,781	245,644	288,976	(43,332)
Expenditures				
Salaries	90,368	64,867	100,250	(35,383)
Employee Benefits	87,771	69,026	81,800	(12,774)
Insurance	10,915	13,605	11,200	2,405
Utilities	5,850	6,780	8,000	(1,220)
Accounting	12,065	12,030	12,500	(470)
Legal and Publishing	4,710	3,567	4,500	(933)
Animal	-	129	1,000	(871)
Repairs	3,199	5,217	10,000	(4,783)
Supplies	5,562	9,347	8,500	847
Fuel	3,392	3,796	5,500	(1,704)
Van	3,731	4,536	7,000	(2,464)
Fire	20,760	20,760	21,000	(240)
Police	17,120	14,432	15,000	(568)
Street and Alley	20,778	20,565	25,000	(4,435)
Miscellaneous	11,614	9,734	10,750	(1,016)
Capital Outlay	11,454	4,817	1,950	2,867
Law Enforcement	177	186	1,000	(814)
Economic Development	3,600	3,600	1,550	2,050
Noxious Weeds	1,849	7,362	4,000	3,362
Municipal Court	684	1,306	2,500	(1,194)
Transfers Out	-	32,000	-	32,000
Total Expenditures	315,599	307,662	333,000	(25,338)
Receipts Over (Under) Expenditures	5,182	(62,018)		
Unencumbered Cash - Beginning	67,443	72,625		
Unencumbered Cash - Ending	\$ 72,625	10,607		

CITY OF HOLYROOD, KANSAS
Special Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State of Kansas - Gasoline Tax	\$ 11,960	11,061	10,670	391
Expenditures				
Salaries	10,330	11,120	11,120	-
Receipts Over (Under) Expenditures	1,630	(59)		
Unencumbered Cash - Beginning	50	1,680		
Unencumbered Cash - Ending	\$ 1,680	1,621		

CITY OF HOLYROOD, KANSAS
Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 4,650	5,859	6,064	(205)
Delinquent Tax	152	145	150	(5)
Motor Vehicle Tax	641	702	534	168
Recreational Vehicle Tax	29	34	31	3
Local Alcoholic Liquor Tax	-	-	5	(5)
Other Grant	-	13,928	-	13,928
Miscellaneous	3,796	2,530	1,000	1,530
Total Receipts	<u>9,268</u>	<u>23,198</u>	<u>7,784</u>	<u>15,414</u>
Expenditures				
Utilities	1,156	1,417	1,400	17
Supplies	169	-	2,250	(2,250)
Miscellaneous	2,186	3,374	500	2,874
Contractual Services	-	-	1,000	(1,000)
Capital Outlay	3,000	14,987	4,150	10,837
Recreational Dues - Claflin Rec Center	3,317	1,525	2,500	(975)
Central Plains - Reimbursement	-	-	1,000	(1,000)
(a) Adjustment for Qualifying Budget Credit	-	-	13,928	(13,928)
Total Expenditures	<u>9,828</u>	<u>21,303</u>	<u>26,728</u>	<u>(5,425)</u>
Receipts Over (Under) Expenditures	(560)	1,895		
Unencumbered Cash - Beginning	<u>8,347</u>	<u>7,787</u>		
Unencumbered Cash - Ending	\$ <u>7,787</u>	<u>9,682</u>		
(a) Adjustment for Qualifying Budget Credit				
Other Grant Over Amount Budgeted			\$ 13,928	

CITY OF HOLYROOD, KANSAS
Capital Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ -	32,000
Expenditures	-	-
Receipts Over (Under) Expenditures	-	32,000
Unencumbered Cash - Beginning	22,230	22,230
Unencumbered Cash - Ending	\$ 22,230	54,230

CITY OF HOLYROOD, KANSAS
Medical Building Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Rent	\$ 4,200	3,850	4,200	(350)
Miscellaneous	-	350	-	350
Total Receipts	<u>4,200</u>	<u>4,200</u>	<u>4,200</u>	<u>-</u>
Expenditures				
Maintenance	-	-	5,000	(5,000)
Salaries	1,500	1,500	3,000	(1,500)
Contractual Services	-	-	100	(100)
Miscellaneous	60	235	100	135
Capital Outlay	-	-	46,184	(46,184)
Total Expenditures	<u>1,560</u>	<u>1,735</u>	<u>54,384</u>	<u>(52,649)</u>
Receipts Over (Under) Expenditures	2,640	2,465		
Unencumbered Cash - Beginning	<u>64,084</u>	<u>66,724</u>		
Unencumbered Cash - Ending	<u>\$ 66,724</u>	<u>69,189</u>		

CITY OF HOLYROOD, KANSAS
Equipment Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 10,000	10,000
Expenditures	-	-
Receipts Over (Under) Expenditures	10,000	10,000
Unencumbered Cash - Beginning	52,607	62,607
Unencumbered Cash - Ending	<u>\$ 62,607</u>	<u>72,607</u>

CITY OF HOLYROOD, KANSAS
Park Refurbish Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Donations	\$ 10,730	2,213
Expenditures		
Capital Outlay	9,890	-
Receipts Over (Under) Expenditures	840	2,213
Unencumbered Cash - Beginning	2,273	3,113
Unencumbered Cash - Ending	\$ 3,113	5,326

CITY OF HOLYROOD, KANSAS
Holyrood Lake Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Donations	\$ 4,421	2,734
Expenditures		
Contractual	2,314	1,803
Receipts Over (Under) Expenditures	2,107	931
Unencumbered Cash - Beginning	-	2,107
Unencumbered Cash - Ending	\$ 2,107	3,038

CITY OF HOLYROOD, KANSAS
ARPA Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Federal Funds	\$ 31,666	31,666
Expenditures		
Contractual	-	31,666
Receipts Over (Under) Expenditures	31,666	-
Unencumbered Cash - Beginning	-	31,666
Unencumbered Cash - Ending	<u>\$ 31,666</u>	<u>31,666</u>

CITY OF HOLYROOD, KANSAS
Sewer Project Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
KDHE Loan Proceeds	\$ 143,275	-
Expenditures	-	-
Receipts Over (Under) Expenditures	143,275	-
Unencumbered Cash - Beginning	(143,275)	-
Unencumbered Cash - Ending	\$ -	-

CITY OF HOLYROOD, KANSAS
Electric Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Sales to Customers	\$ 423,432	499,902	420,000	79,902
Penalties	6,059	6,673	6,000	673
Reimbursed Expenses	-	164	500	(336)
Other Income	508	8,850	1,500	7,350
Connection Fee	3,503	2,845	2,000	845
Total Receipts	<u>433,502</u>	<u>518,434</u>	<u>430,000</u>	<u>88,434</u>
Expenditures				
Salaries	51,908	53,774	49,400	4,374
Utilities	4,225	4,976	7,000	(2,024)
Supplies	10,686	15,998	11,500	4,498
Fuel	1,193	2,397	3,000	(603)
Miscellaneous	21,984	4,487	11,000	(6,513)
Power	288,428	358,201	290,000	68,201
Sales Tax	8,442	10,010	9,000	1,010
Insurance	3,040	6,259	5,500	759
Capital Outlay	-	6,212	16,146	(9,934)
Bad Debt	921	96	-	96
Testing	-	-	500	(500)
Transfers Out	55,000	2,500	67,500	(65,000)
Total Expenditures	<u>445,827</u>	<u>464,910</u>	<u>470,546</u>	<u>(5,636)</u>
Receipts Over (Under) Expenditures	(12,325)	53,524		
Unencumbered Cash - Beginning	<u>35,546</u>	<u>23,221</u>		
Unencumbered Cash - Ending	\$ <u>23,221</u>	<u>76,745</u>		

CITY OF HOLYROOD, KANSAS
Electric Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ -	2,500
Expenditures	-	-
Receipts Over (Under) Expenditures	-	2,500
Unencumbered Cash - Beginning	18,422	18,422
Unencumbered Cash - Ending	\$ 18,422	20,922

CITY OF HOLYROOD, KANSAS
Water Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	
Receipts				
Sales to Customers	\$ 94,942	101,944	98,000	3,944
Connection Fees	1,073	955	500	455
Penalties	1,548	1,675	1,000	675
Reimbursed Expense	-	95	-	95
Dividend Revenue	-	-	700	(700)
Other Income	102	27	100	(73)
Total Receipts	<u>97,665</u>	<u>104,696</u>	<u>100,300</u>	<u>4,396</u>
Expenditures				
Salaries	31,182	32,380	34,000	(1,620)
Utilities	9,065	10,578	10,500	78
Supplies	2,971	4,551	8,000	(3,449)
Fuel	18	41	50	(9)
Miscellaneous	3,398	1,172	1,000	172
Sales Tax	674	663	1,500	(837)
Bad Debt	384	44	-	44
Maintenance	2,027	664	13,000	(12,336)
Insurance	3,410	5,700	5,000	700
Testing	3,071	721	3,500	(2,779)
Revolving Loan Principal	15,330	15,883	15,884	(1)
Revolving Loan Interest	2,832	2,332	2,332	-
Revolving Loan Fee	307	253	253	-
Capital Outlay	9,277	8,186	9,635	(1,449)
Transfers Out	15,000	5,000	10,000	(5,000)
Total Expenditures	<u>98,946</u>	<u>88,168</u>	<u>114,654</u>	<u>(26,486)</u>
Receipts Over (Under) Expenditures	(1,281)	16,528		
Unencumbered Cash - Beginning	<u>11,197</u>	<u>9,916</u>		
Unencumbered Cash - Ending	<u>\$ 9,916</u>	<u>26,444</u>		

CITY OF HOLYROOD, KANSAS
Sewer Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Sales to Customers	\$ 76,720	76,902	76,000	902
Reimbursed Expenses	-	68	-	68
Dividend Income	-	-	600	(600)
Total Receipts	<u>76,720</u>	<u>76,970</u>	<u>76,600</u>	<u>370</u>
Expenditures				
Salaries	8,660	8,957	10,815	(1,858)
Insurance	1,664	3,055	2,500	555
Utilities	7,317	8,529	5,500	3,029
Supplies	137	2,280	250	2,030
Miscellaneous	211	320	145	175
Bad Debt	250	79	-	79
Maintenance	1,589	3,121	6,500	(3,379)
Revolving Loan Principal	21,062	10,799	10,799	-
Revolving Loan Interest	837	170	170	-
Revolving Loan Fee	67	13	14	(1)
KDHE Loan Principal	25,158	15,771	20,878	(5,107)
KDHE Loan Interest	840	920	1,300	(380)
KDHE Loan Fee	6,991	7,658	10,812	(3,154)
Testing	-	-	5,500	(5,500)
Contractual	-	-	25,000	(25,000)
Capital Outlay	-	-	24,339	(24,339)
Transfers Out	10,640	15,640	10,640	5,000
Total Expenditures	<u>85,423</u>	<u>77,312</u>	<u>135,162</u>	<u>(57,850)</u>
Receipts Over (Under) Expenditures	(8,703)	(342)		
Unencumbered Cash - Beginning	<u>86,949</u>	<u>78,246</u>		
Unencumbered Cash - Ending	<u>\$ 78,246</u>	<u>77,904</u>		

CITY OF HOLYROOD, KANSAS
Sewer Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 5,640	5,640
Expenditures	-	-
Receipts Over (Under) Expenditures	5,640	5,640
Unencumbered Cash - Beginning	55,988	61,628
Unencumbered Cash - Ending	<u>\$ 61,628</u>	<u>67,268</u>

CITY OF HOLYROOD, KANSAS
Trash Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Sales to Customers	\$ 41,953	45,899	44,000	1,899
Expenditures				
Salaries	5,893	6,177	6,500	(323)
Collections	33,710	37,530	37,000	530
Miscellaneous	222	116	869	(753)
Transfers Out	2,500	1,500	2,000	(500)
Total Expenditures	42,325	45,323	46,369	(1,046)
Receipts Over (Under) Expenditures	(372)	576		
Unencumbered Cash - Beginning	3,169	2,797		
Unencumbered Cash - Ending	\$ 2,797	3,373		

CITY OF HOLYROOD, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2022

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Fire Fund	\$ 73,090	93,267	95,098	71,259