

CITY OF YATES CENTER, KANSAS

Independent Auditors' Report and
Financial Statement with
Supplementary Information
For the Year Ended December 31, 2020

CITY OF YATES CENTER, KANSAS

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Yates Center, Kansas

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

Management's Responsibility for the Financial Statement

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

Auditors' Responsibility

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

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

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

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

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Yates Center on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Unmodified Opinion on Regulatory Basis of Accounting

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

Other Matters*Supplementary Information*

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2021, on our consideration of the City of Yates Center’s 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 the City of Yates Center’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Yates Center’s internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

April 21, 2021
Chanute, Kansas

Statement 1

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

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Ending Cash Balance December 31, 2020
General	\$ 174,968.67	\$ 1,070,018.06	\$ 1,064,713.34	\$ 180,273.39	\$ 37,829.16	\$ 218,102.55
Special Purpose Funds:						
Special Highway	176,993.37	156,543.46	243,717.23	89,819.60	2,769.62	92,589.22
Library	-	66,273.76	66,273.76	-	-	-
Recreation Commission	3,329.11	24,495.32	25,117.25	2,707.18	-	2,707.18
Lincoln Park Memorial	14,655.44	-	1,063.86	13,591.58	-	13,591.58
Special Law and Emergency Vehicles	432,025.59	56,109.23	400,000.00	88,134.82	-	88,134.82
Special Parks and Recreation	4,843.62	536.65	-	5,380.27	-	5,380.27
Municipal Equipment	171,699.78	39,697.00	59,138.34	152,258.44	-	152,258.44
Multi-Year Capital Improvement	295,703.54	1,793,025.95	1,626,784.02	461,945.47	127,500.28	589,445.75
Fire Protection Building	62,959.45	14,812.37	6,139.63	71,632.19	355.10	71,987.29
Ball Field Improvements	31,253.74	11,109.28	12,597.37	29,765.65	748.15	30,513.80
Economic Development	54,125.21	29,624.77	32,169.40	51,580.58	3,654.04	55,234.62
Water Rescue	1,987.46	-	-	1,987.46	-	1,987.46
Special Recreational Facilities	89,287.90	29,101.09	8,749.23	109,639.76	155.66	109,795.42
Police Department Special Account	455.07	0.28	-	455.35	-	455.35
Business Funds:						
Water Works Utility	686,429.11	612,161.28	814,606.19	483,984.20	238,614.76	722,598.96
Water Reserve	284,196.99	21,245.15	-	305,442.14	-	305,442.14
Sewer System Utility	148,615.10	338,454.63	373,804.45	113,265.28	83,476.31	196,741.59
Sewer Debt Service	59,858.48	170,400.00	170,077.36	60,181.12	-	60,181.12
Sewer Replacement	87,785.19	-	-	87,785.19	-	87,785.19
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 2,781,172.82</u>	<u>\$ 4,433,608.28</u>	<u>\$ 4,904,951.43</u>	<u>\$ 2,309,829.67</u>	<u>\$ 495,103.08</u>	<u>\$ 2,804,932.75</u>

Composition of Cash:

Cash on Hand.....	\$ 10.00
Checking Accounts	
Operating Checking Account.....	2,110,113.33
Water Reserve	305,442.14
Sewer Debt	60,181.12
Swimming Pool	165,111.95
Police	455.35
Retirement	367.66
Municipal Court	332.00
Municipal Bonds	74.00
Petty Cash	285.00
Certificates of Deposit	163,333.86
Total Primary Government.....	2,805,706.41
Less: Agency Funds Per Schedule 3.....	(773.66)
Total Reporting Entity.....	<u>\$ 2,804,932.75</u>

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

CITY OF YATES CENTER, KANSAS

Notes to the Financial Statement
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the City of Yates Center, Kansas have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from generally accepted accounting principles.

Financial Reporting Entity

The City of Yates Center, Kansas, is a municipal corporation governed by an elected eight-member council and mayor. This financial statement presents the City of Yates Center.

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

Yates Center Public Library

The City of Yates Center Library Board operates the City's public library. Acquisition or disposition of real property by the Board must be approved by the City. Separate unaudited financial statements are available at the Library.

Recreation Commission – City of Yates Center Recreation Commission oversees recreational activities. The recreation commission can sue and be sued, but acquisition of real property by the commission, must be approved by the City. The City levies taxes for the recreation commission. Bond issuances must be approved by the City. The Recreation Commission funds in this financial statement only include tax levy money collected by the City and distributed to the Commission. Financial statements are available at the Commission.

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Yates Center, Kansas, for the year of 2020:

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
Regulatory Basis Fund Types (Continued)

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

Agency fund – funds 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 Presentation – Regulatory 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.

The municipality 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 municipality to use the regulatory basis of accounting.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as cash receipts. In the financial statement and budget comparisons schedules presented in this report, reimbursements and refunds are recorded as cash receipts. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Special assessments paid prior to the issuance of general obligation bonds are recorded as cash receipts in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as cash receipts in the bond and interest fund. Further, state statutes require levying additional general ad valorem property taxes in the City bond and interest fund to finance delinquent special assessments receivable.

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 timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended December 31, 2020, the City did not amend any funds.

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 the individual funds. Budget comparison schedules 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 municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds:

- Municipal Equipment Fund
- Multi-Year Capital Improvement Fund
- Lincoln Park Memorial Fund
- Water Rescue Fund
- Police Department Special Account Fund

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1, the City was in compliance with Kansas cash basis laws of the State of Kansas. As shown in Schedule 1, the City is in apparent violation of K.S.A. 79-2935, as the City has obligated expenditures in excess of budgeted limits in the Library Fund.

Management is not aware of any other material statute violations.

3. DEPOSITS AND INVESTMENTS

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 branch or branch bank in the county in which the City is located, or in an adjoin county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

Concentration of credit risk. State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 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. All deposits were legally secured at December 31, 2020.

Deposits: At year-end, the City's carrying amount of deposits was \$2,805,696.41 and the bank balance was \$3,296,216.84. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$332,562.28 was covered by FDIC insurance, and \$2,964,654.56 was collateralized with an irrevocable letter of credit with the Federal Home Loan Bank of Topeka.

4. CAPITAL LEASE OBLIGATIONS

The City has entered into a capital lease agreement in order to finance the acquisition of a 2016 Caterpillar Motor Grader. Payments are made annually, including interest at approximately 2.75%. Final maturity of the lease is April 1, 2021. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2021	\$ 25,610.17
Less imputed interest	(2,612.54)
Net Present Value of Minimum Lease Payments	22,997.63
Less: Current Maturities	(22,997.63)
Long-Term Capital Lease Obligations	<u>\$ 0.00</u>

The City has entered into a capital lease agreement in order to finance the construction of a sewer line replacement project. Payments are made annually, including interest at approximately 3.50%. Final maturity of the lease is July 18, 2026. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2021	\$ 11,562.48
2022	11,562.48
2023	11,562.48
2024	11,562.48
2025	11,562.48
2026	<u>11,562.45</u>
	69,374.85
Less imputed interest	(7,880.51)
Net Present Value of Minimum Lease Payments	61,494.34
Less: Current Maturities	(9,379.72)
Long-Term Capital Lease Obligations	<u>\$ 52,114.62</u>

The City has entered into a capital lease agreement in order to finance the acquisition of a 2005 Sterling L7500 Vacuum Truck. Payments are made annually, including interest at approximately 4.29%. Final maturity of the lease is April 25, 2023. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2021	\$ 22,453.77
2022	22,453.77
2023	<u>22,453.77</u>
	67,361.31
Less imputed interest	(5,460.74)
Net Present Value of Minimum Lease Payments	61,900.57
Less: Current Maturities	(19,761.37)
Long-Term Capital Lease Obligations	<u>\$ 42,139.20</u>

4. CAPITAL LEASE OBLIGATIONS (Continued)

The City has entered into a capital lease agreement in order to finance the construction and renovation of the city swimming pool. Payments are made annually, including interest at approximately 4.15%. Final maturity of the lease is July 1, 2040. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2021	\$ 46,098.44
2022	46,098.44
2023	46,098.44
2024	46,098.44
2025	46,098.44
2026-2030	230,492.20
2031-2035	231,392.20
2036-2040	<u>231,492.20</u>
	921,968.80
Less imputed interest	<u>(306,968.80)</u>
Net Present Value of Minimum	
Lease Payments	615,000.00
Less: Current Maturities	<u>(20,221.46)</u>
Long-Term Capital Lease Obligations	<u>\$ 594,778.54</u>

5. LONG-TERM DEBT

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

Issue	Interest Issue	Date of of Issue	Amount Maturity	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
Revolving Loans:									
Total be paid with Utility Receipts:									
Kansas Water Pollution	3.39%	September 1, 2003	\$ 2,738,507.38	March 1, 2023	\$ 556,879.88	\$ -	\$ 152,480.55	\$ 404,399.33	\$ 17,596.81
Kansas Public Water Supply	3.82%	February 1, 2011	576,897.24	August 1, 2030	277,978.52	-	20,765.66	257,212.86	10,422.34
Capital Leases:									
Grader	2.75%	October 17, 2016	118,129.00	April 1, 2021	47,331.00	-	24,333.37	22,997.63	1,298.20
Sewer Line Replacement	3.50%	July 18, 2018	79,310.00	July 18, 2026	70,546.00	-	9,051.66	61,494.34	2,510.82
Sewer Truck	4.29%	April 2, 2019	103,000.00	April 25, 2023	80,829.00	-	18,928.43	61,900.57	3,525.34
Swimming Pool	4.15%	July 1, 2020	615,000.00	July 1, 2040	-	615,000.00	-	615,000.00	-
Total Contractual Indebtedness					<u>\$ 1,033,564.40</u>	<u>\$ 615,000.00</u>	<u>\$ 225,559.67</u>	<u>\$ 1,423,004.73</u>	<u>\$ 35,353.51</u>

5. LONG-TERM DEBT (Continued)

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

Issue	2021	2022	2023	2024	2025	2026-2030	2031-2035	2036-2040	Total
Principal									
Revolving Loan									
Kansas Water Pollution	\$ 157,693.46	\$ 163,084.57	\$ 83,621.30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 404,399.33
Kansas Public Water Supply	21,566.49	22,398.19	23,261.97	24,159.06	25,090.75	140,736.40	-	-	257,212.86
Capital Leases:									
Grader	22,997.63	-	-	-	-	-	-	-	22,997.63
Sewer Line Replacement	9,379.72	9,712.57	10,057.23	10,410.98	10,783.57	11,150.27	-	-	61,494.34
Sewer Truck	19,761.37	20,620.91	21,518.29	-	-	-	-	-	61,900.57
Swimming Pool	20,221.46	21,072.31	21,958.95	22,819.30	23,843.06	135,078.21	166,003.03	204,003.68	615,000.00
Total Principal Payments	72,360.18	51,405.79	53,534.47	33,230.28	34,626.63	11,150.27	166,003.03	204,003.68	1,423,004.73
Interest									
Revolving Loan									
Kansas Water Pollution	12,383.90	6,992.79	1,417.38	-	-	-	-	-	20,794.07
Kansas Public Water Supply	9,621.51	8,789.81	7,926.03	7,028.94	6,097.25	15,203.60	-	-	54,667.14
Capital Leases:									
Grader	2,612.54	-	-	-	-	-	-	-	2,612.54
Sewer Line Replacement	2,182.76	1,849.91	1,505.25	1,151.50	778.91	412.18	-	-	7,880.51
Sewer Truck	2,692.40	1,832.86	935.48	-	-	-	-	-	5,460.74
Swimming Pool	25,876.98	25,026.13	24,139.49	23,279.14	22,255.38	95,413.99	64,489.17	26,488.52	306,968.80
Total Interest Payments	33,364.68	28,708.90	26,580.22	24,430.64	23,034.29	95,826.17	64,489.17	26,488.52	398,383.80
Total Principal and Interest	<u>\$ 105,724.86</u>	<u>\$ 80,114.69</u>	<u>\$ 80,114.69</u>	<u>\$ 57,660.92</u>	<u>\$ 57,660.92</u>	<u>\$ 106,976.44</u>	<u>\$ 230,492.20</u>	<u>\$ 230,492.20</u>	<u>\$ 1,821,388.53</u>

6. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The City 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 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

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. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 6% of covered salary. 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, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.61% for KPERS for the fiscal year ended December 31, 2020. Contributions to the pension plan from the City were \$41,003.11 for KPERS for the year ended December 31, 2020.

Net Pension Liability

At December 31, 2020, the City's proportionate share of the collective net pension liability reported by KPERS was \$415,158.00. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to December 31, 2020. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Death and Disability Other Post-Employment Benefits

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, 2019.

Compensated Absences

All full-time employees of the City are eligible for vacation benefits in varying annual amounts. Full time employees will be granted paid vacation time according to the following schedules:

After one year employment	5 Days
After two years of employment	10 Days
After eleven years of employment	15 Days
After twenty-one years of employment	20 Days

Police Officers

After one year employment	4 Days
After two years of employment	8 Days
After eleven years of employment	12 Days
After twenty-one years of employment	16 Days

In the event of termination employees will be compensated for unused vacation leave.

All full time employees are eligible for paid sick leave and is accrued at a rate of eight hours for each full month of service. Police department employees shall earn twelve hours of sick leave for each full month of service. Maximum accumulation of 90 days is allowed and not paid upon termination.

The City determines a liability for compensated absences when the following conditions are met:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the City has estimated a liability for vacation benefits of \$19,358.00, and not estimated a liability for sick pay which has been earned, but not taken by City employees, inasmuch as the amount cannot be reasonably estimated.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government 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 Federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

8. **RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

9. **INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Special Highway	K.S.A. 12-197	\$ 29,624.77
General	Special Highway	K.S.A. 12-1,117	50,000.00
General	Economic Development	K.S.A. 12-197	29,624.77
General	Special Law and Emergency Vehicle	K.S.A. 12-197	37,030.96
General	Multi-Year Capital Improvement	K.S.A. 12-197	93,993.23
General	Fire Protection Building	K.S.A. 12-197	14,812.37
General	Ball Field Improvements	K.S.A. 12-197	11,109.28
Special Highway	Municipal Equipment	K.S.A. 12-1,117	36,697.00
Water Works Utility	Sewer System Utility	K.S.A. 12-825d	48,000.00
Water Works Utility	Water Reserve	K.S.A. 12-825d	20,400.00
Sewer System Utility	Sewer Debt Service	K.S.A. 12-825d	170,400.00

10. **SUBSEQUENT EVENTS**

The City evaluated events and transactions occurring subsequent to year end, and there were no subsequent events requiring recognition in the financial statements. On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2020. Future potential impacts include a decline in sales tax collections and utility collections. Our results of operations for full year 2021 may be materially adversely affected.

SUPPLEMENTARY INFORMATION

CITY OF YATES CENTER, KANSAS

Summary of Expenditures - Actual and Budget
 (Budgeted Funds Only)
 Regulatory Basis
 For the Year Ended December 31, 2020

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Fund	\$ 1,164,040.00	\$ 45,624.17	\$ 1,209,664.17	\$ 1,064,713.34	\$ (144,950.83)
Special Purpose Funds:					
Special Highway	296,697.00	-	296,697.00	243,717.23	(52,979.77)
Library	66,231.00	-	66,231.00	66,273.76	42.76
Recreation Commission	26,250.00	-	26,250.00	25,117.25	(1,132.75)
Special Law and Emergency Vehicles	475,929.00	-	475,929.00	400,000.00	(75,929.00)
Special Parks and Recreation	5,224.00	-	5,224.00	-	(5,224.00)
Fire Protection Building	47,905.00	-	47,905.00	6,139.63	(41,765.37)
Ball Field Improvements	23,033.00	-	23,033.00	12,597.37	(10,435.63)
Economic Development	65,024.00	-	65,024.00	32,169.40	(32,854.60)
Special Recreation Facilities	83,326.00	-	83,326.00	8,749.23	(74,576.77)
Business Funds:					
Water Works Utility	930,090.00	-	930,090.00	814,606.19	(115,483.81)
Sewer System Utility	426,707.00	-	426,707.00	373,804.45	(52,902.55)

CITY OF YATES CENTER, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Property Tax	\$ 267,257.66	\$ 282,625.00	\$ (15,367.34)
Delinquent Tax	9,648.75	4,000.00	5,648.75
Motor Vehicle Tax	54,471.53	48,440.00	6,031.53
Recreational Vehicle Tax	819.33	720.00	99.33
16 & 20M Truck Tax	690.96	686.00	4.96
Commercial Vehicle Tax	4,018.82	3,233.00	785.82
Watercraft Tax	-	238.00	(238.00)
State Assessed	-	30,000.00	(30,000.00)
Mineral Tax	4.07	-	4.07
Special Assessments	80.00	1,000.00	(920.00)
Local Sales Tax	394,996.87	360,000.00	34,996.87
County Sales Tax	81,267.29	83,000.00	(1,732.71)
Franchise Tax	67,508.39	77,000.00	(9,491.61)
Intergovernmental			
Local Alcoholic Liquor Tax	536.66	216.00	320.66
Federal Grants - SPARKS	38,705.04	-	38,705.04
Charges for Services			
Licenses and Permits	3,510.00	5,800.00	(2,290.00)
Swimming Pool	-	9,250.00	(9,250.00)
Golf Cart Permit	2,460.00	1,400.00	1,060.00
Impound Fees	225.00	300.00	(75.00)
Fines, Forfeitures and Penalties			
Fines	68,066.25	105,000.00	(36,933.75)
Use of Money and Property			
Sale of Assets	1,052.00	-	1,052.00
Royalty Income	217.30	-	217.30
Interest Income	10,532.46	4,000.00	6,532.46
Dividends	18,018.91	12,000.00	6,018.91
Other Receipts			
Reimbursed Expense	45,624.17	20,000.00	25,624.17
Miscellaneous	306.60	-	306.60
Total Receipts	1,070,018.06	\$ 1,048,908.00	\$ 21,110.06
Expenditures			
General Government			
Personal Services	78,530.80	\$ 111,750.00	\$ (33,219.20)
Contractual Services	128,876.75	105,000.00	23,876.75
Commodities	15,116.37	18,500.00	(3,383.63)
Capital Outlay	45,611.11	50,000.00	(4,388.89)
Library Reserve	-	10,000.00	(10,000.00)

CITY OF YATES CENTER, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year		Variance - Over (Under)
	Actual	Budget	
Expenditures			
Employee Benefits			
Workmen's Compensation	\$ 20,745.00	\$ 15,000.00	\$ 5,745.00
Retirement Contributions	41,060.82	39,000.00	2,060.82
FICA Payments	36,694.37	47,000.00	(10,305.63)
Unemployment Contributions	473.75	1,190.00	(716.25)
Fire Department			
Personal Services	22,936.87	23,100.00	(163.13)
Contractual Services	16,206.98	16,000.00	206.98
Commodities	10,831.43	10,000.00	831.43
Capital Outlay	9,358.79	14,500.00	(5,141.21)
Law Enforcement			
Personal Services	239,353.30	252,000.00	(12,646.70)
Contractual Services	39,295.47	52,000.00	(12,704.53)
Commodities	10,725.55	16,500.00	(5,774.45)
Capital Outlay	9,392.35	3,650.00	5,742.35
Utilities Services			
Contractual Services	46,918.65	57,750.00	(10,831.35)
Swimming Pool			
Personal Services	94.88	22,000.00	(21,905.12)
Contractual Services	7,331.73	14,500.00	(7,168.27)
Commodities	124.20	17,000.00	(16,875.80)
Capital Outlay	-	2,200.00	(2,200.00)
Parks Department			
Personal Services	2,650.59	18,900.00	(16,249.41)
Contractual Services	15,001.14	10,000.00	5,001.14
Commodities	1,187.06	2,500.00	(1,312.94)
Capital Outlay	-	5,000.00	(5,000.00)

CITY OF YATES CENTER, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year		Variance - Over (Under)
	Actual	Budget	
Expenditures			
Operating Transfer to:			
Special Highway Fund	\$ 79,624.77	\$ 75,600.00	\$ 4,024.77
Economic Development Fund	29,624.77	25,600.00	4,024.77
Special Law and Emergency Vehicle Fund	37,030.96	32,000.00	5,030.96
Multi-Year Capital Improvements Fund	93,993.23	73,400.00	20,593.23
Fire Protection Building Fund	14,812.37	12,800.00	2,012.37
Ball Field Improvements Fund	11,109.28	9,600.00	1,509.28
Total Certified Budget		1,164,040.00	(99,326.66)
Adjustments for Qualifying Budget Credits		45,624.17	(45,624.17)
Total Expenditures	1,064,713.34	\$ 1,209,664.17	\$ (144,950.83)
Receipts Over(Under) Expenditures	5,304.72		
Unencumbered Cash, Beginning	174,968.67		
Unencumbered Cash, Ending	\$ 180,273.39		

CITY OF YATES CENTER, KANSAS
SPECIAL HIGHWAY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Intergovernmental			
Special Highway Tax	\$ 34,707.61	\$ 36,410.00	\$ (1,702.39)
KDOT - Connecting Links	40,217.66	23,960.00	16,257.66
Other Receipts			
Reimbursed Expense	838.42	-	838.42
Miscellaneous	1,155.00	1,000.00	155.00
Operating Transfer from General Fund	79,624.77	75,600.00	4,024.77
Total Receipts	156,543.46	\$ 136,970.00	\$ 19,573.46
Expenditures			
General Government			
Personal Services	92,678.42	\$ 102,000.00	\$ (9,321.58)
Contractual Services	21,916.79	30,000.00	(8,083.21)
Commodities	84,017.60	125,000.00	(40,982.40)
Capital Outlay	5,407.42	-	5,407.42
Operating Transfer to Municipal Equipment Fund	39,697.00	39,697.00	-
Total Expenditures	243,717.23	\$ 296,697.00	\$ (52,979.77)
Receipts Over(Under) Expenditures	(87,173.77)		
Unencumbered Cash, Beginning	176,993.37		
Unencumbered Cash, Ending	\$ 89,819.60		

CITY OF YATES CENTER, KANSAS
LIBRARY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Taxes	\$ 53,030.63	\$ 56,077.00	\$ (3,046.37)
Delinquent Taxes	1,832.70	-	1,832.70
Motor Vehicle Taxes	10,358.03	9,225.00	1,133.03
Recreational Vehicle Taxes	155.69	137.00	18.69
16/20M Truck Taxes	130.65	131.00	(0.35)
Commercial Vehicle Taxes	765.25	616.00	149.25
Watercraft Taxes	-	45.00	(45.00)
Mineral Tax	0.81	-	0.81
Total Receipts	66,273.76	\$ 66,231.00	\$ 42.76
Expenditures			
Culture and Recreation			
Appropriation to Library Board	66,273.76	\$ 66,231.00	\$ 42.76
Total Expenditures	66,273.76	\$ 66,231.00	\$ 42.76
Receipts Over(Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	\$ -		

CITY OF YATES CENTER, KANSAS
RECREATION COMMISSION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Taxes	\$ 19,507.22	\$ 20,628.00	\$ (1,120.78)
Delinquent Taxes	688.62	-	688.62
Motor Vehicle Taxes	3,903.64	3,428.00	475.64
Recreational Vehicle Taxes	59.02	51.00	8.02
16/20M Truck Taxes	51.88	49.00	2.88
Commercial Vehicle Taxes	284.65	229.00	55.65
Watercraft Taxes	-	17.00	(17.00)
Mineral Tax	0.29	-	0.29
Total Receipts	24,495.32	24,402.00	93.32
Expenditures			
General Government			
Personal Services	14,616.17	\$ 24,250.00	\$ (9,633.83)
Culture and Recreation			
Golf Course Allocation	2,000.00	2,000.00	-
Appropriation to Recreation Commission Board	8,501.08	-	8,501.08
Total Expenditures	25,117.25	\$ 26,250.00	\$ (1,132.75)
Receipts Over(Under) Expenditures	(621.93)		
Unencumbered Cash, Beginning	3,329.11		
Unencumbered Cash, Ending	\$ 2,707.18		

CITY OF YATES CENTER, KANSAS
LINCOLN PARK MEMORIAL FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year Actual
Receipts	
Other Receipts	
Donations	\$ -
Total Receipts	-
Expenditures	
Culture and Recreation	
Commodities	1,063.86
Total Expenditures	1,063.86
Receipts Over(Under) Expenditures	(1,063.86)
Unencumbered Cash, Beginning	14,655.44
Unencumbered Cash, Ending	\$ 13,591.58

CITY OF YATES CENTER, KANSAS
SPECIAL LAW AND EMERGENCY VEHICLES FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Taxes and Shared Receipts			
Ad Valorem Taxes	\$ 11,932.80	\$ 12,619.00	\$ (686.20)
Delinquent Taxes	424.30	-	424.30
Motor Vehicle Taxes	2,399.51	2,137.00	262.51
Recreational Vehicle Taxes	36.09	32.00	4.09
16/20M Truck Taxes	30.23	30.00	0.23
Commercial Vehicle Taxes	177.30	143.00	34.30
Watercraft Taxes	-	10.00	(10.00)
Mineral Tax	0.18	-	0.18
Other Receipts			
Reimbursed Expense	4,077.86	-	4,077.86
Operating Transfer from General Fund	37,030.96	32,000.00	5,030.96
Total Receipts	56,109.23	\$ 46,971.00	\$ 9,138.23
Expenditures			
Public Safety			
Capital Outlay	400,000.00	\$ 475,929.00	\$ (75,929.00)
Total Expenditures	400,000.00	\$ 475,929.00	\$ (75,929.00)
Receipts Over(Under) Expenditures	(343,890.77)		
Unencumbered Cash, Beginning	432,025.59		
Unencumbered Cash, Ending	\$ 88,134.82		

CITY OF YATES CENTER, KANSAS
SPECIAL PARKS AND RECREATION FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Intergovernmental			
Local Alcoholic Liquor Tax	\$ 536.65	\$ 215.00	\$ 321.65
Total Receipts	536.65	\$ 215.00	\$ 321.65
Expenditures			
General Government			
Contractual Services	-	\$ 5,224.00	\$ (5,224.00)
Total Expenditures	-	\$ 5,224.00	\$ (5,224.00)
Receipts Over(Under) Expenditures	536.65		
Unencumbered Cash, Beginning	4,843.62		
Unencumbered Cash, Ending	\$ 5,380.27		

CITY OF YATES CENTER, KANSAS
MUNICIPAL EQUIPMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year Actual
Receipts	
Operating Transfer from Special Highway Fund	\$ 39,697.00
Total Receipts	39,697.00
Expenditures	
Operating Expenditures	
Capital Outlay	33,506.77
Debt Services	
Principal	24,333.37
Interest	1,298.20
Total Expenditures	59,138.34
Receipts Over(Under) Expenditures	(19,441.34)
Unencumbered Cash, Beginning	171,699.78
Unencumbered Cash, Ending	\$ 152,258.44

CITY OF YATES CENTER, KANSAS
MULTI-YEAR CAPITAL IMPROVEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year Actual
Receipts	
Taxes and Shared Receipts	
Delinquent Tax	\$ 33.83
Intergovernmental	
Federal Grant - Pool	603,986.20
Federal Grant - Fire Truck	395,922.15
Federal Grant - COVID	72,497.06
Use of Money and Property	
Interest Income	11,593.48
Loan Proceeds	615,000.00
Operating Transfer from General Fund	93,993.23
Total Receipts	1,793,025.95
Expenditures	
General Government	
Capital Outlay	588,369.16
Pool Renovations	965,917.80
COVID Loans	72,497.06
Total Expenditures	1,626,784.02
Receipts Over(Under) Expenditures	166,241.93
Unencumbered Cash, Beginning	295,703.54
Unencumbered Cash, Ending	\$ 461,945.47

CITY OF YATES CENTER, KANSAS
FIRE PROTECTION BUILDING FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Operating Transfer from General Fund	\$ 14,812.37	\$ 12,800.00	\$ 2,012.37
Total Receipts	14,812.37	\$ 12,800.00	\$ 2,012.37
Expenditures			
Fire Fighting Equipment			
Contractual	5,924.03	\$ 11,336.00	\$ (5,411.97)
Commodities	215.60	4,300.00	(4,084.40)
Capital Outlay	-	32,269.00	(32,269.00)
Total Expenditures	6,139.63	\$ 47,905.00	\$ (41,765.37)
Receipts Over(Under) Expenditures	8,672.74		
Unencumbered Cash, Beginning	62,959.45		
Unencumbered Cash, Ending	\$ 71,632.19		

CITY OF YATES CENTER, KANSAS
BALL FIELD IMPROVEMENTS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Operating Transfers from General Fund	\$ 11,109.28	\$ 9,600.00	\$ 1,509.28
Total Receipts	11,109.28	\$ 9,600.00	\$ 1,509.28
Expenditures			
General Government Capital Outlay	12,597.37	\$ 23,033.00	\$ (10,435.63)
Total Expenditures	12,597.37	\$ 23,033.00	\$ (10,435.63)
Receipts Over(Under) Expenditures	(1,488.09)		
Unencumbered Cash, Beginning	31,253.74		
Unencumbered Cash, Ending	\$ 29,765.65		

CITY OF YATES CENTER, KANSAS
ECONOMIC DEVELOPMENT FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Operating Transfers from General Fund	\$ 29,624.77	\$ 25,600.00	\$ 4,024.77
Total Receipts	29,624.77	\$ 25,600.00	\$ 4,024.77
Expenditures			
General Government			
Contractual Services	8,247.40	\$ 22,760.00	\$ (14,512.60)
Capital Outlay	5,000.00	23,342.00	(18,342.00)
Culture and Recreation			
Allocation to Chamber	18,922.00	18,922.00	-
Total Expenditures	32,169.40	\$ 65,024.00	\$ (32,854.60)
Receipts Over(Under) Expenditures	(2,544.63)		
Unencumbered Cash, Beginning	54,125.21		
Unencumbered Cash, Ending	\$ 51,580.58		

CITY OF YATES CENTER, KANSAS
WATER RESCUE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year Actual
Receipts	
Other Receipts	
Miscellaneous	\$ -
Total Receipts	-
Expenditures	
Contractual Services	-
Capital Outlay	-
Total Expenditures	-
Receipts Over(Under) Expenditures	-
Unencumbered Cash, Beginning	1,987.46
Unencumbered Cash, Ending	\$ 1,987.46

CITY OF YATES CENTER, KANSAS
SPECIAL RECREATIONAL FACILITIES FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Charges for Services			
Program Fees	\$ 20,689.59	\$ 14,000.00	\$ 6,689.59
Taxes and Shared Receipts			
State Aid	2,903.00	-	2,903.00
Use of Money and Property			
Rental Income	4,428.50	-	4,428.50
Other Receipts			
Donations	980.00	-	980.00
Miscellaneous	100.00	-	100.00
Total Receipts	29,101.09	\$ 14,000.00	\$ 15,101.09
Expenditures			
General Government			
Contractual Services	3,946.49	\$ 5,700.00	\$ (1,753.51)
Commodities	4,270.80	15,000.00	(10,729.20)
Capital Outlay	531.94	62,626.00	(62,094.06)
Total Expenditures	8,749.23	\$ 83,326.00	\$ (74,576.77)
Receipts Over(Under) Expenditures	20,351.86		
Unencumbered Cash, Beginning	89,287.90		
Unencumbered Cash, Ending	\$ 109,639.76		

CITY OF YATES CENTER, KANSAS
POLICE DEPARTMENT SPECIAL ACCOUNT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year Actual
Receipts	
Use of Money and Property	
Interest Income	\$ 0.28
Total Receipts	0.28
Expenditures	
Public Safety	
Commodities	-
Total Expenditures	-
Receipts Over(Under) Expenditures	0.28
Unencumbered Cash, Beginning	455.07
Unencumbered Cash, Ending	\$ 455.35

CITY OF YATES CENTER, KANSAS
WATER WORKS UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year		Variance - Over (Under)
	Actual	Budget	
Receipts			
Charges for Services			
Water Sales	\$ 547,214.60	\$ 512,000.00	\$ 35,214.60
Service Charges	22,795.00	23,000.00	(205.00)
Connection Fees	4,615.00	2,500.00	2,115.00
Other Charges	1,006.58	2,000.00	(993.42)
Use of Money and Property			
Interest Income	26,398.01	16,000.00	10,398.01
Crane Sales	3,166.91	-	3,166.91
Sale of Assets	4,150.00	-	4,150.00
Other Receipts			
State Set-off Program	1,873.78	-	1,873.78
Reimbursed Expense	144.12	-	144.12
Miscellaneous	797.28	350.00	447.28
Total Receipts	612,161.28	\$ 555,850.00	\$ 56,311.28
Expenditures			
Operating Expenditures			
Personal Services	152,734.41	\$ 192,000.00	\$ (39,265.59)
Contractual Services	99,242.61	85,000.00	14,242.61
Commodities	106,036.83	110,000.00	(3,963.17)
Capital Outlay	357,004.34	433,502.00	(76,497.66)
Debt Service			
Principal	20,765.66	30,766.00	(10,000.34)
Interest	10,422.34	10,422.00	0.34
Operating Transfers to:			
Sewer System Utility Fund	48,000.00	48,000.00	-
Water Reserve Fund	20,400.00	20,400.00	-
Total Expenditures	814,606.19	\$ 930,090.00	\$ (115,483.81)
Receipts Over(Under) Expenditures	(202,444.91)		
Unencumbered Cash, Beginning	686,429.11		
Unencumbered Cash, Ending	\$ 483,984.20		

CITY OF YATES CENTER, KANSAS
WATER RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year Actual
Receipts	
Use of Money and Property	
Interest Income	\$ 845.15
Operating Transfer from	
Water Work Utility Fund	20,400.00
Total Receipts	21,245.15
Expenditures	
Operating Expenditures	
Contractual	-
Total Expenditures	-
Receipts Over(Under) Expenditures	21,245.15
Unencumbered Cash, Beginning	284,196.99
Unencumbered Cash, Ending	\$ 305,442.14

CITY OF YATES CENTER, KANSAS
SEWER SYSTEM UTILITY FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year		Variance -
	Actual	Budget	Over (Under)
Receipts			
Charges for Services			
Sewer Collections	\$ 247,018.42	\$ 250,000.00	\$ (2,981.58)
Service Charges	41,000.82	42,000.00	(999.18)
Other Receipts			
State Set-off Program	1,873.75	-	1,873.75
Reimbursed Expense	38.64	-	38.64
Miscellaneous	523.00	-	523.00
Operating Transfer from Water Works Utility Fund	48,000.00	48,000.00	-
Total Receipts	338,454.63	\$ 340,000.00	\$ (1,545.37)
Expenditures			
Operating Expenditures			
Contractual Services	56,719.87	\$ 90,546.00	\$ (33,826.13)
Commodities	4,555.28	5,000.00	(444.72)
Capital Outlay	130,566.82	149,198.00	(18,631.18)
Debt Services - Sewer Truck			
Principal	9,051.66	9,053.00	(1.34)
Interest	2,510.82	2,510.00	0.82
Operating Transfer to Sewer Debt Service Fund	170,400.00	170,400.00	-
Total Expenditures	373,804.45	\$ 426,707.00	\$ (52,902.55)
Receipts Over(Under) Expenditures	(35,349.82)		
Unencumbered Cash, Beginning	148,615.10		
Unencumbered Cash, Ending	\$ 113,265.28		

CITY OF YATES CENTER, KANSAS
SEWER DEBT SERVICE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year Actual
Receipts	
Operating Transfer from Sewer System Utility Fund	\$ 170,400.00
Total Receipts	170,400.00
Expenditures	
Debt Services	
Principal	152,480.55
Interest	17,596.81
Cash Reserve	-
Total Expenditures	170,077.36
Receipts Over(Under) Expenditures	322.64
Unencumbered Cash, Beginning	59,858.48
Unencumbered Cash, Ending	\$ 60,181.12

CITY OF YATES CENTER, KANSAS
SEWER REPLACEMENT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2020

	Current Year Actual
Receipts	
Operating Transfer from Sewer System Utility Fund	\$ -
Total Receipts	-
Expenditures	
Operating Expenditures Contractual	-
Total Expenditures	-
Receipts Over(Under) Expenditures	-
Unencumbered Cash, Beginning	87,785.19
Unencumbered Cash, Ending	\$ 87,785.19

CITY OF YATES CENTER, KANSAS
AGENCY FUNDS
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2020

Funds	Beginning Cash Balances	Receipts	Disbursements	Ending Cash Balances
Municipal Court	\$ 55.00	\$ 77,835.43	\$ 77,816.43	\$ 74.00
Municipal Court Bonds	1,325.00	1,200.00	2,193.00	332.00
Tax Withholding	4,899.33	113,061.34	117,960.67	-
Retirement Withholding	3,405.02	67,423.66	70,461.02	367.66
Total Agency Funds	<u>\$ 9,684.35</u>	<u>\$ 259,520.43</u>	<u>\$ 268,431.12</u>	<u>\$ 773.66</u>

CITY OF YATES CENTER, KANSAS

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor/ Pass Through Grantor/ Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Provided to Sub Recipients	Receipts	Disbursements/ Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>					
Passed through the Kansas Department of Commerce					
Community Development Block Grant - Fire Truck	20-PF-017	14.228	\$ -	\$ 395,922.15	\$ 392,922.15
Community Development Block Grant - Pool	19-NC-011	14.228	-	603,986.20	673,986.20
Community Development Block Grant - COVID-19	20-CV-122	14.228	-	72,497.06	72,497.06
		Total 14.228	-	1,072,405.41	1,139,405.41
Total U.S. Department of Housing and Urban Development			-	1,072,405.41	1,139,405.41
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
Direct Grant					
Community Facility Disaster Grant	N/A	10.766	-	-	36,708.22
Total U.S. Department of Agriculture			-	-	36,708.22
<u>U.S. DEPARTMENT OF THE TREASURY</u>					
Passed through Woodson County, Kansas					
Coronavirus Relief Fund (SPARKS)	Not Assigned	21.019	-	38,705.04	38,705.04
Total U.S. Department of the Treasury			-	38,705.04	38,705.04
TOTAL FEDERAL AWARDS			\$ -	\$ 1,111,110.45	\$ 1,214,818.67

Notes to the Schedule of Expenditures of Federal Awards:

NOTE A -- BASIS OF PRESENTATION

Federal expenditures are recorded on the accrual basis of accounting, which records expenses when the goods or services are received, and not necessarily when paid.

NOTE B --INDIRECT COST RATE

City of Yates Center, Kansas did not elect to use the 10% de minimis cost rate.

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**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**

Honorable Mayor and City Council
City of Yates Center, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of City of Yates Center, Kansas, as of and for the year ended December 31, 2020, and the related notes to the financial statement, which collectively comprise the City of Yates Center's basic financial statement, and have issued our report thereon dated April 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City of Yates Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Yates Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Yates Center's 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 City's financial statement 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Yates Center's financial statement is 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 determination of financial statement amounts. 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
April 21, 2021

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

Honorable Mayor and City Council
City of Yates Center, Kansas

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Yates Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Yates Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
April 21, 2021

CITY OF YATES CENTER, KANSAS

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

I. SUMMARY OF AUDITORS' RESULTS

Financial Statement:

The auditors' report expresses an adverse opinion on the basic financial statement of City of Yates Center on the Generally Accepted Accounting Principles (GAAP) basis of accounting and an unmodified opinion on the regulatory basis of accounting.

Internal Control over Financial Reporting:

Material weakness(es) identified?	_____	Yes	<u> X </u>	No
Significant deficiencies identified?	_____	Yes	<u> X </u>	None Reported
Noncompliance or other matters required to be reported under <i>Government Auditing Standards</i>	_____	Yes	<u> X </u>	No

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	<u> X </u>	No
Significant deficiencies identified?	_____	Yes	<u> X </u>	None Reported

The auditors' report on compliance for the major federal award programs for City of Yates Center expresses an unmodified opinion.

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

Identification of major programs:

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Community Development Block Grant CFDA No. 14.228

The threshold for distinguishing Types A and B programs was \$750,000.00.

Auditee qualified as a low risk auditee? _____ Yes X No

II. FINANCIAL STATEMENT FINDINGS

NONE

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

CITY OF YATES CENTER, KANSAS

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

NONE