

CITY OF HAYS, KANSAS

Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2019

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For the Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Commission

City of Hays, Kansas

Hays, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of **City of Hays, Kansas**, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's primary government financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 statements.

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

Summary of Opinions

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

Basis for Qualified Opinion on Governmental Activities, Business-Type Activities and Aggregate Discretely Presented Component Unit

The financial statements do not include the required annual cost and long-term obligations of the City and the Aggregate Discretely Presented Component Unit's other postemployment benefits as required by Governmental Auditing Standards Board Statements Number 75. Accounting principles generally accepted in the United States of America require the financial data for these other postemployment benefits be reported in the primary government financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities and net position of the primary government financial statements are not reasonably determinable and are presumed to be material.

Qualified Opinion

In our opinion, based on our audit report, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities, Business-Type Activities and Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, Business-Type Activities and Aggregate Discretely Presented Component Unit of **City of Hays, Kansas** as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, based on our audit report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of **City of Hays, Kansas** as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements referred to above include only the primary government of the **City of Hays, Kansas**, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. These primary government financial statements do not include financial data for the City's legally separate component unit, Housing Authority of the City of Hays, Kansas, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not present fairly the financial position of the reporting entity of **City of Hays, Kansas** as of December 31, 2019, the changes in its financial position or, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Hays Public Library, as of and for the year ended December 31, 2019, and our report thereon, dated March 11, 2020, expressed a qualified opinion on those financial statements with an adverse opinion on the Aggregate Discretely Presented Component Unit of the Library.

We have not audited the financial statements of the Housing Authority of the City of Hays, Kansas. These financial statements were audited by another auditor in accordance with auditing standards generally accepted in the United States of America and furnished to the City.

As discussed in Note 1 to the financial statements, in 2019, the City adopted GASB Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*". Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **City of Hays, Kansas'** primary government financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the primary government financial statements. The schedule of passenger facility charges required by the *Passenger Facility Charge Audit Guide for Public Agencies* is also presented for purposes of additional analysis. Both are not a required part of the primary government financial statements.

The combining and individual fund financial statements and schedules and schedule of passenger facility charges required by the *Passenger Facility Charge Audit Guide* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the primary or to the primary government financial statements themselves, and other additional procedures in accordance government financial statements. Such information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the primary government financial statements with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the "Basis for Qualified Opinion" paragraph, the combining and individual fund financial statements and schedules and the schedule of passenger facility charges are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2020 on our consideration of **City of Hays, Kansas**' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **City of Hays, Kansas**' internal control over financial reporting and compliance.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

May 28, 2020

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the **City of Hays, Kansas'** financial performance provides an overview of the City's financial activities for the year ended December 31, 2019. The Hays Public Library issues a complete financial statement that includes a discussion and analysis. The address for retrieval of this report is in Note 1. This narrative should be read in conjunction with the City's financial statements, which begins after this letter.

FINANCIAL HIGHLIGHTS

As reflected in this audit, the **City of Hays, Kansas'** overall financial position is stable and continues to improve. In 2019, the City maintained a balanced budget while setting aside reserves for future capital projects and unexpected expenditures. The City was also able to keep a budgeted unreserved fund balance of 10% of operating expenditures. All this while sales tax receipts for the General Fund were up 3.7%.

The change in net position for Primary Governmental Activities was \$4,207,434. This includes the decision to transfer \$800,000 to the Commission Capital Reserve to pay cash for future capital projects. The Comprehensive Financial Management Policy continues to ensure the wise use and investment of excess funds. This policy gives the citizens of Hays and future City leaders a defined process for the handling of City debt and excess revenue. In 2004, through a general election, the City passed a 3/4 cent sales tax increase to replace the property tax levy for the General Fund. In 2019, the 3/4 cent additional sales tax generated \$4,560,012, or the equivalent of 20.1 mills. The replacement of property tax revenue with sales tax revenue has spread the cost of funding general City operations across a broader tax base and helped to alleviate the tax burden for local property owners.

Residential and business water consumption were down a combined 4.25% for 2019. Given the new rates, as discussed below, this translates into an increase in total water revenue of \$57,498 or 1.6%. A financial analysis and rate study was conducted in 2015 by Springsted, Inc. to determine future rate structures so as to maintain operations and future capital needs. This information revealed that a several year increase in the rate structures was needed beginning January 1, 2016 to provide sufficient revenue to cover anticipated operating and maintenance expenses, debt service including principal and interest, capital improvements, replacements, and cash reserves. In 2019, the Water Production and Distribution Fund was able to set aside \$815,000 into capital reserves for such purposes. Review of the sufficiency of the rates on an annual basis concurrent with the development of each year's budget will be conducted based upon actual performance and on the final construction costs of the anticipated capital improvements.

The Water Reclamation and Reuse Fund had a strong 2019 finishing with revenues up \$350,799 or 9.5%. As in Water Production and Distribution, a financial analysis and rate study was conducted in 2015 by Springsted, Inc. to determine future rate structures to maintain operations and future capital needs. This was in response to the fund facing regulatory requirements to reconstruct the waste water treatment facility with expected costs to exceed \$27,000,000. In anticipation of those needs, the City was able to set aside \$45,000 into capital reserves for such purposes. A full review of the adequacy of the new rate structure will continue to be performed each year.

The Solid Waste Utility Fund continues to be a self-supported enterprise fund. The City set aside reserves of \$195,240 in 2019 to help continue to build reserves for future capital expenditures associated with the solid waste utility. Staff completed an evaluation of the Solid Waste Division and made recommendations for a new rate structure as well as changed to an automated collection process in 2006. In 2019, staff budgeted a recommended rate increase in an effort to continue to support reserves as future capital expenditures will increase in the near future including three new refuse trucks for 2020.

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

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

USING THIS ANNUAL REPORT

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

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

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

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

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

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Analysis of the City's major funds begins on page 15. The budgetary fund financial statements begin on page 58 and provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law and by bond covenant. However, the City Commission establishes other funds to help or control money for particular purposes or to show that it is meeting legal responsibility for using certain taxes, grants and other monies. The City's two types of funds, governmental and proprietary, use different accounting approaches.

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

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

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

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

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

THE CITY AS A WHOLE

TABLE 1
NET POSITION

		Governmental Activities	Business Type Activities	2019 Total Primary Government	2018 Total Primary Government
Current and Other Assets	\$	27,744,011	43,903,523	71,647,534	60,990,201
Capital Assets		106,317,663	52,475,817	158,793,480	151,789,463
Total Assets		134,061,674	96,379,340	230,441,014	212,779,664
Deferred Outflows of Resources		1,816,428	72,637	1,889,065	1,806,967
Long-Term Debt					
Outstanding		8,690,000	29,590,945	38,280,945	30,255,610
Other Liabilities		12,212,599	1,022,094	13,234,693	12,601,054
Total Liabilities		20,902,599	30,613,039	51,515,638	42,856,664
Deferred Inflows of Resources		5,853,788	-	5,853,788	5,987,471
Net Investment in Capital Assets		97,523,531	22,880,750	120,404,281	110,600,201
Restricted		3,270,857	-	3,270,857	3,511,545
Unrestricted		8,327,327	42,958,188	51,285,515	51,630,750
Total Net Position	\$	109,121,715	65,838,938	174,960,653	165,742,496

TABLE 2
STATEMENT OF ACTIVITIES

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		Totals	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	2019	2018
Primary Government								
Governmental Activities								
General Government	\$ 17,970,814	767,804	8,355	-	(17,194,655)	-	(17,194,655)	(11,902,833)
Highway and Street	1,013,670	-	-	-	(1,013,670)	-	(1,013,670)	(2,120,501)
Culture and Recreation	3,270,129	294,640	-	-	(2,975,489)	-	(2,975,489)	(2,847,150)
Airport	473,680	205,131	-	73,081	(195,468)	-	(195,468)	(710,804)
Interest on Long-Term Debt	259,920	-	-	-	(259,920)	-	(259,920)	(431,591)
Total Governmental Activities	22,988,213	1,267,575	8,355	73,081	(21,639,202)	-	(21,639,202)	(18,012,879)
Business-Type Activities								
Water Production and Distribution	1,947,801	3,622,343	-	-	-	1,674,542	1,674,542	1,534,386
Water Reclamation and Reuse	2,080,832	4,026,567	-	-	-	1,945,735	1,945,735	2,315,742
Water Conservation	307,539	437	-	-	-	(307,102)	(307,102)	(336,958)
Solid Waste and Stormwater	1,264,697	2,141,810	-	-	-	877,113	877,113	733,032
Enterprise Reserves	1,476,700	28,118	-	-	-	(1,448,582)	(1,448,582)	(1,740,783)
Total Business-Type Activities	7,077,569	9,819,275	-	-	-	2,741,706	2,741,706	2,505,419
Total Primary Government	\$ 30,065,782	11,086,850	8,355	73,081	(21,639,202)	2,741,706	(18,897,496)	(15,507,460)
Component Unit								
Hays Public Library	\$ 1,707,916	6,088	5,775	218,183	-	-	-	-
General Revenues								
Property Taxes					\$ 6,273,092	-	6,273,092	6,257,316
Sales Tax					7,605,170	3,040,010	10,645,180	11,878,324
County Reimbursed Sales Tax					324,745	-	324,745	-
Franchise Taxes					1,397,819	-	1,397,819	1,415,111
Motor Fuel Taxes					630,772	-	630,772	614,326
Alcoholic Liquor Taxes					411,813	-	411,813	421,015
Transient Guest Taxes					1,238,519	-	1,238,519	910,234
Special Assessments					-	-	-	626,804
Unrestricted Interest Income					223,445	776,600	1,000,045	628,770
Miscellaneous					1,099,684	70,261	1,169,945	229,189
Reimbursements					-	-	-	1,084,797
Gain on Sale of Assets					-	13,000	13,000	-
Transfers					2,484,272	(2,484,272)	-	-
Total General Revenues and Transfers					21,689,331	1,415,599	23,104,930	24,065,886
Change in Net Position					50,129	4,157,305	4,207,434	8,558,426
Net Position - Beginning of Year					104,060,863	61,681,633	165,742,496	157,184,070
Prior Period Restatement					5,010,723	-	5,010,723	-
Net Position - End of Year					\$ 109,121,715	65,838,938	174,960,653	165,742,496

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of 2019, the City had \$158,793,480 invested in capital assets net of depreciation.

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

		Governmental Activities	Business-Type Activities	2019 Total Primary Government	2018 Total Primary Government
Land and Infrastructure	\$	93,538,497	42,001,298	135,539,795	98,999,039
R-9 Ranch		-	2,871,478	2,871,478	3,097,986
Building and Equipment		9,935,502	7,543,181	17,478,683	19,432,144
Construction in Process		2,843,664	59,860	2,903,524	30,260,294
Total	\$	<u>106,317,663</u>	<u>52,475,817</u>	<u>158,793,480</u>	<u>151,789,463</u>

The City reports its governmental-type infrastructure assets (e.g., streets, bridges, traffic signals, signs and storm sewer systems) using the modified approach as defined by GASB No. 34. Infrastructure assets reported by the modified approach are not required to be depreciated as long as the City manages the eligible infrastructure assets using an asset management system that meets certain criteria and documents that infrastructure assets are being preserved approximately at a condition level established by the City. It is the City's policy to maintain and preserve infrastructure assets at a minimum condition level of "Fair". While some infrastructure needs replaced, the average assessed condition level for 2019 is "Good" to "Very Good". There were no significant changes in the assessed condition levels from the previous year's assessments. There were no significant differences from the estimated annual amount of expenditures to maintain and preserve the infrastructure assets compared with the actual amounts expended during 2019. The City's estimated annual amount of expenditures was \$1,064,554 compared to the actual expenditures of \$1,078,719.

Debt

At the end of 2019, the City had the following debt:

TABLE 4
OUTSTANDING DEBT AT YEAR-END

		Governmental Activities	Business-Type Activities	2019 Total Primary Government	2018 Total Primary Government
G.O. Bonds	\$	8,690,000	1,510,000	10,200,000	11,705,000
KDHE Revolving Loan		-	28,080,945	28,080,945	18,550,610
Total	\$	<u>8,690,000</u>	<u>29,590,945</u>	<u>38,280,945</u>	<u>30,255,610</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Toby Dougherty
City Manager
City of Hays, Kansas

CITY OF HAYS, KANSAS
Statement of Net Position
December 31, 2019
(With Comparative Totals as of December 31, 2018)

ASSETS	Primary Government				Hays Public Library
	Governmental	Business-Type	Totals		
	Activities	Activities	2019	2018	
Cash	\$ 14,852,612	43,031,956	57,884,568	51,563,216	2,901,751
Receivables, Net of Allowance for Uncollectibles	9,838,140	469,604	10,307,744	5,870,339	1,384,979
Due From Other Governments	41,248	-	41,248	56,344	-
Restricted Assets - Cash					
Budget Stabilization	3,012,011	-	3,012,011	3,150,761	-
Customer Deposits	-	401,963	401,963	349,541	-
Capital Assets, Net of Depreciation					
Land and Infrastructure	93,538,497	42,001,298	135,539,795	98,999,039	-
Depreciable Buildings and Equipment	9,935,502	7,543,181	17,478,683	19,432,144	3,033,758
R-9 Ranch	-	2,871,478	2,871,478	3,097,986	-
Construction in Process	2,843,664	59,860	2,903,524	30,260,294	76,201
Deferred Outflows of Resources					
Early Retirement on Debt Refunding, Net of Amortization	34,303	72,637	106,940	130,816	-
Deferred Outflows - Pension	1,782,125	-	1,782,125	1,676,151	118,862
Total Assets	\$ 135,878,102	96,451,977	232,330,079	214,586,631	7,515,551

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

CITY OF HAYS, KANSAS
Statement of Net Position
December 31, 2019
(With Comparative Totals as of December 31, 2018)

LIABILITIES	Primary Government				Hays Public Library
	Governmental	Business-Type	Totals		
	Activities	Activities	2019	2018	
Accounts Payable	\$ 690,912	159,938	850,850	832,052	56,263
Accrued Payroll	341,216	68,165	409,381	412,335	20,385
Accrued Paid Time Off	528,098	111,091	639,189	629,908	23,210
Accrued Sick Leave Payout	14,605	-	14,605	28,879	-
Accrued Interest Payable	251,216	204,178	455,394	420,514	-
Customer Deposits	-	401,963	401,963	349,541	-
Net Pension Liability	10,248,117	-	10,248,117	9,676,954	484,888
Bond Premium, Net of Amortization	138,435	76,759	215,194	250,871	-
KDHE Water Pollution Revolving Loan					
Due Within One Year	-	1,236,865	1,236,865	1,224,447	-
Due in More Than One Year	-	26,844,080	26,844,080	17,326,163	-
General Obligation Bonds Payable					
Due Within One Year	1,330,000	285,000	1,615,000	1,570,000	-
Due in More Than One Year	7,360,000	1,225,000	8,585,000	10,135,000	-
Total Liabilities	20,902,599	30,613,039	51,515,638	42,856,664	584,746
Deferred Inflows of Resources					
Deferred Other Pension	410,690	-	410,690	631,475	22,444
Deferred Property Tax Receivable	5,443,098	-	5,443,098	5,355,996	1,384,979
Total Deferred Inflows of Resources	5,853,788	-	5,853,788	5,987,471	1,407,423
Total Liabilities and Deferred Inflows of Resources	\$ 26,756,387	30,613,039	57,369,426	48,844,135	1,992,169

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

CITY OF HAYS, KANSAS
Statement of Net Position
December 31, 2019
(With Comparative Totals as of December 31, 2018)

NET POSITION	Primary Government				Hays Public Library
	Governmental	Business-Type	Totals		
	Activities	Activities	2019	2018	
Net Investment in Capital Assets	\$ 97,523,531	22,880,750	120,404,281	110,600,201	3,109,959
Restricted for					
Budget Stabilization	3,012,011	-	3,012,011	3,012,011	-
Capital Improvements	92,463	-	92,463	221,687	-
Debt Service	166,383	-	166,383	277,847	-
Unrestricted	8,327,327	42,958,188	51,285,515	51,630,750	2,413,423
Total Net Position	\$ 109,121,715	65,838,938	174,960,653	165,742,496	5,523,382

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

CITY OF HAYS, KANSAS
Statement of Activities
For the Year Ended December 31, 2019
(With Comparative Totals as of December 31, 2018)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		Totals		Hays Public Library
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-Type Activities			
Primary Government							2019	2018	
Governmental Activities									
General Government	\$ 17,970,814	767,804	8,355	-	(17,194,655)	-	(17,194,655)	(11,902,833)	-
Highway and Street	1,013,670	-	-	-	(1,013,670)	-	(1,013,670)	(2,120,501)	-
Culture and Recreation	3,270,129	294,640	-	-	(2,975,489)	-	(2,975,489)	(2,847,150)	-
Airport	473,680	205,131	-	73,081	(195,468)	-	(195,468)	(710,804)	-
Interest on Long-Term Debt	259,920	-	-	-	(259,920)	-	(259,920)	(431,591)	-
Total Governmental Activities	22,988,213	1,267,575	8,355	73,081	(21,639,202)	-	(21,639,202)	(18,012,879)	-
Business-Type Activities									
Water Production and Distribution	1,947,801	3,622,343	-	-	-	1,674,542	1,674,542	1,534,386	-
Water Reclamation and Reuse	2,080,832	4,026,567	-	-	-	1,945,735	1,945,735	2,315,742	-
Water Conservation	307,539	437	-	-	-	(307,102)	(307,102)	(336,958)	-
Solid Waste and Stormwater	1,264,697	2,141,810	-	-	-	877,113	877,113	733,032	-
Enterprise Reserves	1,476,700	28,118	-	-	-	(1,448,582)	(1,448,582)	(1,740,783)	-
Total Business-Type Activities	7,077,569	9,819,275	-	-	-	2,741,706	2,741,706	2,505,419	-
Total Primary Government	\$ 30,065,782	11,086,850	8,355	73,081	(21,639,202)	2,741,706	(18,897,496)	(15,507,460)	-
Component Unit									
Hays Public Library	\$ 1,707,916	6,088	5,775	218,183	-	-	-	-	(1,477,870)
		General Revenues							
		Property Taxes			\$ 6,273,092	-	6,273,092	6,257,316	1,704,000
		Sales Tax			7,605,170	3,040,010	10,645,180	11,878,324	-
		County Reimbursed Sales Tax			324,745	-	324,745	-	-
		Franchise Taxes			1,397,819	-	1,397,819	1,415,111	-
		Motor Fuel Taxes			630,772	-	630,772	614,326	-
		Alcoholic Liquor Taxes			411,813	-	411,813	421,015	-
		Transient Guest Taxes			1,238,519	-	1,238,519	910,234	-
		Special Assessments			-	-	-	626,804	-
		Unrestricted Interest Income			223,445	776,600	1,000,045	628,770	50,961
		Miscellaneous			1,099,684	70,261	1,169,945	229,189	27,562
		Reimbursements			-	-	-	1,084,797	-
		Gain on Sale of Assets			-	13,000	13,000	-	-
		Transfers			2,484,272	(2,484,272)	-	-	-
		Total General Revenues and Transfers			21,689,331	1,415,599	23,104,930	24,065,886	1,782,523
		Change in Net Position			50,129	4,157,305	4,207,434	8,558,426	304,653
		Net Position - Beginning of Year			104,060,863	61,681,633	165,742,496	157,184,070	5,218,729
		Prior Period Restatement			5,010,723	-	5,010,723	-	-
		Net Position - End of Year			\$ 109,121,715	65,838,938	174,960,653	165,742,496	5,523,382

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

CITY OF HAYS, KANSAS
Balance Sheet
Governmental Funds
December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	General Fund	Employee Benefits Fund	Bond and Interest Fund	Airport Improvement Fund	Capital Projects Fund	Other Governmental Funds	Totals	
							2019	2018
<u>ASSETS</u>								
Cash	\$ 2,767,226	1,122,774	166,383	168,323	(207,301)	10,835,207	14,852,612	8,930,463
Receivables, Net								
Due From Other Governments	41,248	-	-	-	-	-	41,248	56,344
Taxes	-	2,598,168	647,896	-	-	2,197,034	5,443,098	5,355,996
Special Assessments	-	-	4,395,042	-	-	-	4,395,042	5,010,723
Reserved Cash	3,012,011	-	-	-	-	-	3,012,011	3,150,761
Total Assets	\$ 5,820,485	3,720,942	5,209,321	168,323	(207,301)	13,032,241	27,744,011	22,504,287
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>								
Liabilities								
Accounts Payable	\$ 126,419	50	-	75,860	444,888	43,695	690,912	578,277
Accrued Payroll	323,675	-	-	-	-	17,541	341,216	341,901
Accrued Paid Time Off	508,568	-	-	-	-	19,530	528,098	513,863
Accrued Sick Leave Payout	14,605	-	-	-	-	-	14,605	28,879
Total Liabilities	973,267	50	-	75,860	444,888	80,766	1,574,831	1,462,920
Deferred Inflows of Resources								
Deferred Special Assessments Receivable	-	-	4,395,042	-	-	-	4,395,042	5,010,723
Deferred Property Tax Receivable	-	2,598,168	647,896	-	-	2,197,034	5,443,098	5,355,996
Total Deferred Inflows of Resources	-	2,598,168	5,042,938	-	-	2,197,034	9,838,140	10,366,719
Total Liabilities and Deferred Inflows of Resources	973,267	2,598,218	5,042,938	75,860	444,888	2,277,800	11,412,971	11,829,639
Fund Balance								
Committed - Budget Stabilization	3,012,011	-	-	-	-	-	3,012,011	3,012,011
Assigned - Reserved for Encumbrances	50,952	50	-	465,706	239,061	395,073	1,150,842	6,415,567
Assigned - Designated for Subsequent Year Expenditures	1,784,255	840,176	90,167	-	-	2,268,062	4,982,660	3,369,854
Assigned	-	282,498	76,216	(373,243)	(891,250)	8,091,306	7,185,527	(2,122,784)
Total Fund Balance	4,847,218	1,122,724	166,383	92,463	(652,189)	10,754,441	16,331,040	10,674,648
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 5,820,485	3,720,942	5,209,321	168,323	(207,301)	13,032,241	27,744,011	22,504,287

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

CITY OF HAYS, KANSAS
Reconciliation of the Statement of Net Position to the
Balance Sheet for Governmental Funds
December 31, 2019

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

Fund balances of governmental funds from the balance sheet.	\$ 16,331,040
Capital assets and construction in process, net of depreciation, have not been included as financial resources in governmental fund activity on the balance sheet.	106,317,663
Long-term debt has not been included in the governmental funds activity on the balance sheet.	
General Obligation Bonds	(8,690,000)
Unamortized early retirement on debt, which results in a consumption of net position applicable to a future reporting period is recognized as deferred outflows in the government-wide financial	34,303
Premium on bonds payable is not due and payable in the current period and therefore, not reported as a liability in the funds.	(138,435)
Net pension liability has not been included in the governmental fund activity on the balance sheet.	(10,248,117)
Deferred pension contributions and other resulting from the pension liability are recognized as deferred outflows and inflows on the balance sheet.	1,371,435
Special assessments are not considered available to liquidate liabilities of the current period and, therefore, are deferred in the funds. However, they are properly recognized as revenue in the government-wide statements as soon as the related improvement is completed.	4,395,042
Accrued interest payable for the current portion of interest due on bonds and capital leases has not been reported in the governmental funds on the balance sheet.	<u>(251,216)</u>
Net position of governmental activities as reported.	<u>\$ 109,121,715</u>

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

CITY OF HAYS, KANSAS
Statement of Revenues, Expenditures, and Change in Fund Balance
Governmental Funds
December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	General Fund	Employee Benefits Fund	Bond and Interest Fund	Airport Improvement Fund	Capital Projects Fund	Other Governmental Funds	Totals	
							2019	2018
Revenues								
Taxes	\$ 7,416,387	3,084,098	1,254,118	-	-	2,723,222	14,477,825	15,833,114
Intergovernmental	469,981	-	-	133,853	-	2,143,833	2,747,667	3,181,685
Licenses and Fees	1,542,855	-	-	-	-	-	1,542,855	1,529,194
Fines and Forfeitures	606,308	-	-	-	-	-	606,308	617,951
Use of Money and Property	197,564	27,080	-	-	-	-	224,644	166,811
Collections	281,850	-	-	-	-	172,800	454,650	457,960
Prior Year Encumbrances Cancelled	3,936	-	-	7,099	-	40,646	51,681	26,592
Reimbursements	-	-	-	-	-	-	-	48,908
Miscellaneous	190,966	121,216	-	77,836	426,802	182,037	998,857	1,035,889
Total Revenues	10,709,847	3,232,394	1,254,118	218,788	426,802	5,262,538	21,104,487	22,898,104
Expenditures								
General Government	8,477,223	4,069,214	-	-	12,991	1,513,004	14,072,432	13,857,563
Highway and Street	960,339	-	-	-	-	58,327	1,018,666	2,116,816
Culture and Recreation	1,574,129	-	-	-	-	1,704,000	3,278,129	3,170,301
Airport	-	-	-	363,012	-	354,807	717,819	1,951,075
Debt Service	-	-	1,365,582	-	-	221,546	1,587,128	1,584,000
Capital Outlay	-	-	-	-	3,600,469	2,113,369	5,713,838	5,923,800
Total Expenditures	11,011,691	4,069,214	1,365,582	363,012	3,613,460	5,965,053	26,388,012	28,603,555
Excess (Deficiency) of Revenues Over Expenditures	(301,844)	(836,820)	(111,464)	(144,224)	(3,186,658)	(702,515)	(5,283,525)	(5,705,451)
Other Financing Sources (Uses)								
Debt Proceeds	-	-	-	-	6,400,523	65,000	6,465,523	-
Transfers In	2,390,783	839,870	-	15,000	3,406,497	2,112,228	8,764,378	9,174,798
Transfers Out	(1,561,232)	-	-	-	-	(2,728,752)	(4,289,984)	(6,065,269)
Total Other Financing Sources (Uses)	829,551	839,870	-	15,000	9,807,020	(551,524)	10,939,917	3,109,529
Net Change in Fund Balance	527,707	3,050	(111,464)	(129,224)	6,620,362	(1,254,039)	5,656,392	(2,595,922)
Fund Balance - Beginning of Year	4,319,511	1,119,674	277,847	221,687	(7,272,551)	12,008,480	10,674,648	13,455,570
Decrease in Budget Stabilization	-	-	-	-	-	-	-	(185,000)
Fund Balance - End of Year	\$ 4,847,218	1,122,724	166,383	92,463	(652,189)	10,754,441	16,331,040	10,674,648

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

CITY OF HAYS, KANSAS
Reconciliation of the Statement of Revenues,
Expenditures, and Change in Fund Balance of Governmental Funds
to the Statement of Activities
December 31, 2019

Net change in fund balance - total governmental funds	\$ 5,656,392
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Amounts reported for governmental activities in the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$3,181,298) and change in construction in process (\$-8,035,396) exceeded depreciation (\$1,165,056) in the current period.	(6,019,154)
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Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. There were bond proceeds (\$65,000) and repayments (\$1,295,000), which are recorded in the	1,230,000
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The amortization of bond premiums and discounts affects long-term liabilities on the statement of net position, but does not provide or consume current financial resources of the governmental funds.	16,488
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Early retirement of debt costs reduces current financial resources of governmental funds, but does not decrease long-term liabilities in the statement of net position.	(5,717)
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Revenues for long-term special assessment receivables are recorded in the statement of activities that do not provide current financial resources are not recorded in the governmental funds.	(615,683)
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An expense is recorded for pension liability when incurred. In the governmental funds, an expense is recorded when the benefits are paid.	(244,404)
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Accrued interest payable increased from the prior year. This balance is not accounted for in the governmental funds. However, the changes are reflected in the statement of activities.	<div style="border-top: 1px solid black; border-bottom: 3px double black;">32,207</div>
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Change in net position of governmental activities.	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 50,129</div>
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The notes to the financial statements are an integral part of these statements.

CITY OF HAYS, KANSAS
Statement of Net Position
Proprietary Funds
December 31, 2019
(With Comparative Totals as of December 31, 2018)

		Business-type Activities Enterprise Funds					Totals	
		Water Production and Distribution Fund	Water Reclamation and Reuse Fund	Water Conservation Fund	Water Sales Tax Reserve Fund	Other Non-Major Enterprise Funds	2019	2018
<u>ASSETS</u>								
Current Assets								
Cash								
Operating Account	\$	446,629	1,020,465	395,113	36,113,447	5,056,302	43,031,956	42,632,753
Accounts Receivable, Net of Allowance for Uncollectibles		151,268	185,015	-	-	133,321	469,604	514,343
Total Current Assets		597,897	1,205,480	395,113	36,113,447	5,189,623	43,501,560	43,147,096
Noncurrent Assets								
Restricted Cash								
Customer Deposits		401,963	-	-	-	-	401,963	349,541
Capital Assets								
Land and Right-of-Ways		446,274	-	-	-	-	446,274	446,274
Infrastructure		15,475,387	33,713,610	-	-	102,194	49,291,191	17,156,272
Equipment		11,185,710	1,090,138	-	-	2,709,603	14,985,451	14,029,154
Building and Structures		1,790,520	10,285,544	-	-	294,594	12,370,658	12,370,658
R-9 Ranch		4,262,040	-	-	-	-	4,262,040	4,262,040
Construction in Process		59,860	-	-	-	-	59,860	19,381,233
Total Capital Assets		33,219,791	45,089,292	-	-	3,106,391	81,415,474	67,645,631
Accumulated Depreciation		(19,705,163)	(7,318,720)	-	-	(1,915,775)	(28,939,658)	(28,192,987)
Net Capital Assets		13,514,628	37,770,572	-	-	1,190,616	52,475,816	39,452,644
Other Assets								
Early Retirement on Debt Refunding, Net of Amortization		50,846	21,791	-	-	-	72,637	90,796
Total Noncurrent Assets		13,967,437	37,792,363	-	-	1,190,616	52,950,416	39,892,981
Total Assets	\$	14,565,334	38,997,843	395,113	36,113,447	6,380,239	96,451,976	83,040,077

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

CITY OF HAYS, KANSAS
Statement of Net Position
Proprietary Funds
December 31, 2019
(With Comparative Totals as of December 31, 2018)

		Business-type Activities Enterprise Funds					Totals	
		Water Production and Distribution Fund	Water Reclamation and Reuse Fund	Water Conservation Fund	Water Sales Tax Reserve Fund	Other Non-Major Enterprise Funds	2019	2018
<u>LIABILITIES</u>								
Current Liabilities								
Accounts Payable	\$	52,335	11,455	22,288	15,011	45,124	146,213	238,631
Sales Tax		6,097	-	-	-	-	6,097	7,579
State Water Fee		7,628	-	-	-	-	7,628	7,565
Accrued Payroll		24,663	20,125	2,720	-	20,657	68,165	70,434
Accrued Paid Time Off		46,499	24,603	3,689	-	36,300	111,091	116,045
Total Current Liabilities		137,222	56,183	28,697	15,011	102,081	339,194	440,254
Current Liabilities Payable From Restricted Assets								
GO Refunding Bond - Series 2017-B		199,500	85,500	-	-	-	285,000	275,000
KDHE Water Pollution Revolving Loan		-	1,236,865	-	-	-	1,236,865	1,224,447
Customer Deposits		397,463	-	-	-	-	397,463	345,041
Monitoring Well Deposits		4,500	-	-	-	-	4,500	4,500
Accrued Interest		10,570	193,608	-	-	-	204,178	137,091
Total Current Liabilities Payable From Restricted Assets		612,033	1,515,973	-	-	-	2,128,006	1,986,079
Noncurrent Liabilities								
GO Refunding Bond - Series 2017-B		857,500	367,500	-	-	-	1,225,000	1,510,000
KDHE Water Pollution Revolving Loan		-	26,844,080	-	-	-	26,844,080	17,326,163
Bond Premium, Net of Amortization		53,731	23,028	-	-	-	76,759	95,948
Total Noncurrent Liabilities		911,231	27,234,608	-	-	-	28,145,839	18,932,111
Total Liabilities		1,660,486	28,806,764	28,697	15,011	102,081	30,613,039	21,358,444
<u>NET POSITION</u>								
Net Position								
Invested in Capital Assets, Net of Related Debt		12,454,743	9,235,390	-	-	1,190,616	22,880,749	19,021,086
Unrestricted		450,105	955,689	366,416	36,098,436	5,087,542	42,958,188	42,660,547
Total Net Position	\$	12,904,848	10,191,079	366,416	36,098,436	6,278,158	65,838,937	61,681,633

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

CITY OF HAYS, KANSAS
Statement of Revenues, Expenses, and Change in Net Position
Proprietary Funds
For the Year Ended December 31, 2019
(With Comparative Totals as of December 31, 2018)

	Business-type Activities					Totals	
	Enterprise Funds						
	Water Production and Distribution Fund	Water Reclamation and Reuse Fund	Water Conservation Fund	Water Sales Tax Reserve Fund	Other Non-Major Enterprise Funds	2019	2018
Operating Revenues							
Charges for Sales and Services							
Water Sales	\$ 3,186,757	-	-	-	-	3,186,757	3,114,267
Water Sales Conservation Rate	359,768	-	-	-	-	359,768	331,624
Total Water Sales	3,546,525	-	-	-	-	3,546,525	3,445,891
Sewer Charges	-	4,001,382	-	-	-	4,001,382	3,580,426
Refuse Collections	-	-	-	-	1,343,109	1,343,109	1,300,400
Stormwater Fees	-	-	-	-	798,701	798,701	793,588
Tap Fees	35,177	-	-	-	-	35,177	30,218
Sales and Other Charges	40,641	25,185	-	-	-	65,826	193,695
Reimbursed Expense	-	-	-	1,250	26,868	28,118	90,868
Total Operating Revenues	3,622,343	4,026,567	-	1,250	2,168,678	9,818,838	9,435,086
Operating Expenses							
Wastewater Treatment and Collection	-	1,210,681	-	-	-	1,210,681	1,082,028
Water Production and Distribution	1,505,525	-	-	-	-	1,505,525	1,604,039
Refuse Collection	-	-	-	-	849,098	849,098	852,932
Stormwater Management	-	-	-	-	289,917	289,917	420,333
Projects	-	-	-	578,453	898,247	1,476,700	1,831,651
Amortization	(721)	(309)	-	-	-	(1,030)	(1,030)
Depreciation	397,550	243,039	-	-	125,682	766,271	704,668
Total Operating Expenses	1,902,354	1,453,411	-	578,453	2,162,944	6,097,162	6,494,621
Net Operating Income (Loss)	1,719,989	2,573,156	-	(577,203)	5,734	3,721,676	2,940,465
Nonoperating Revenues (Expenses)							
Local Sales Tax	-	-	3,040,010	-	-	3,040,010	2,929,331
Interest Income	28,196	68,252	660,413	-	19,739	776,600	463,409
Rent on R-9 Ranch	-	-	20,000	-	-	20,000	146,590
Other Charges	-	-	437	-	-	437	-
Prior Year Encumbrances Cancelled	7,289	12,317	30,654	-	-	50,260	56,007
Interest Expense	(45,447)	(15,240)	-	-	-	(60,687)	(66,030)
KDHE Loan Interest and Service Fee	-	(612,181)	-	-	-	(612,181)	(17,549)
R-9 Ranch Expenses	-	-	(61,803)	-	-	(61,803)	(160,648)
Water Exploration	-	-	(245,736)	-	-	(245,736)	(190,819)
Gain on Sale of Assets	-	13,000	-	-	-	13,000	-
Net Nonoperating Revenues (Expenses)	(9,962)	(533,852)	3,443,975	-	19,739	2,919,900	3,160,291
Income (Loss) Before Capital Contributed and Transfers	1,710,027	2,039,304	3,443,975	(577,203)	25,473	6,641,576	6,100,756
Capital Contributed - Non Cash	416,285	9,896	-	-	-	426,181	1,225,967
Transfers In	-	1,563,941	-	2,745,832	643,087	4,952,860	4,118,199
Transfers Out	(1,581,138)	(884,685)	(3,295,021)	-	(2,102,469)	(7,863,313)	(7,227,729)
Change in Net Position	545,174	2,728,456	148,954	2,168,629	(1,433,909)	4,157,304	4,217,193
Net Position - Beginning of Year	12,359,674	7,462,623	217,462	33,929,807	7,712,067	61,681,633	57,464,440
Net Position - End of Year	\$ 12,904,848	10,191,079	366,416	36,098,436	6,278,158	65,838,937	61,681,633

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

CITY OF HAYS, KANSAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019
(With Comparative Totals as of December 31, 2018)

	Business-type Activities Enterprise Funds					Totals	
	Water Production and Distribution Fund	Water Reclamation and Reuse Fund	Water Conservation Fund	Water Sales Tax Reserve Fund	Other Non-Major Enterprise Funds	2019	2018
Cash Flows From Operating Activities							
Receipts From Customers	\$ 3,707,284	4,048,663	-	1,250	2,158,805	9,916,002	9,310,483
Payments to Suppliers	(941,118)	(826,549)	-	(565,057)	(1,570,365)	(3,903,089)	(4,110,514)
Payments to Employees	(558,848)	(465,027)	-	-	(479,097)	(1,502,972)	(1,628,145)
Net Cash Provided (Used) by Operating Activities	2,207,318	2,757,087	-	(563,807)	109,343	4,509,941	3,571,824
Cash Flows From Investing Activities							
Rental Income	-	-	20,000	-	-	20,000	146,590
Rental Expenses	-	-	(38,463)	-	-	(38,463)	(160,648)
Interest on Investments	28,196	68,252	660,413	-	19,739	776,600	463,409
Net Cash Provided by Investing Activities	28,196	68,252	641,950	-	19,739	758,137	449,351
Cash Flows From Noncapital Financing Activities							
Transfers From (To) Other Funds	(1,581,138)	679,256	(3,295,021)	2,745,832	(1,459,382)	(2,910,453)	(3,109,530)
Cash Flows From Capital and Related Financing Activities							
Purchase and Construction of Capital Assets	(191,022)	(6,108,917)	-	-	(714,803)	(7,014,742)	(17,865,911)
Water Exploration	-	-	(245,300)	-	-	(245,300)	(190,819)
Interest Paid	(47,372)	(498,679)	-	-	-	(546,051)	49,650
KDHE Loan Proceeds	-	4,543,244	-	-	-	4,543,244	17,082,499
KDHE Service Fee	-	(59,730)	-	-	-	(59,730)	(17,549)
KDHE Principal Payments	-	(1,348,431)	-	-	-	(1,348,431)	(830,623)
Principal Payments - Bonds	(192,500)	(82,500)	-	-	-	(275,000)	(265,000)
Local Sales Tax	-	-	3,040,010	-	-	3,040,010	2,929,331
Net Cash Provided (Used) for Capital and Related Financing Activities	(430,894)	(3,555,013)	2,794,710	-	(714,803)	(1,906,000)	891,578
Net Increase (Decrease) in Cash	223,482	(50,418)	141,639	2,182,025	(2,045,103)	451,625	1,803,223
Cash - Beginning of Year	625,110	1,070,884	253,473	33,931,422	7,101,405	42,982,294	41,179,071
Cash - End of the Year	\$ 848,592	1,020,466	395,112	36,113,447	5,056,302	43,433,919	42,982,294
Cash							
Operating Account						\$ 43,031,956	42,632,753
Restricted Cash						401,963	349,541
Total Cash						\$ 43,433,919	42,982,294

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

CITY OF HAYS, KANSAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019
(With Comparative Totals as of December 31, 2018)

	Business-type Activities Enterprise Funds					Totals	
	Water Production and Distribution Fund	Water Reclamation and Reuse Fund	Water Conservation Fund	Water Conservation Reserve Fund	Other Non-Major Enterprise Funds	2019	2018
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Net Operating Income (Loss)	\$ 1,719,989	2,573,156	-	(577,203)	5,734	3,721,676	2,940,465
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities							
Depreciation and Amortization	396,829	242,730	-	-	125,682	765,241	703,638
(Increase) Decrease in Accounts Receivable	32,519	22,093	-	-	(9,873)	44,739	(146,953)
Increase (Decrease) in Accounts Payable	7,995	(71,317)	-	13,396	(15,092)	(65,018)	29,567
Increase (Decrease) in Accrued Liabilities	49,986	(9,576)	-	-	2,892	43,302	45,107
Net Cash Provided (Used) by Operating Activities	\$ 2,207,318	2,757,086	-	(563,807)	109,343	4,509,940	3,571,824

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

CITY OF HAYS, KANSAS
Statement of Net Position
Fiduciary Funds
December 31, 2019
(With Comparative Totals as of December 31, 2018)

	<u>Police Judge</u>	<u>TDD Sales Tax District</u>	<u>CID #1</u>	<u>CID #2</u>	<u>CID #3</u>	<u>Economic Development</u>	<u>Totals</u>	
<u>ASSETS</u>							<u>2019</u>	<u>2018</u>
Cash	\$ 89,210	569,917	16,926	23,081	3,727	(9,502)	693,359	430,097
<u>LIABILITIES AND NET POSITION</u>								
Liabilities								
Other Payables	5,781	22,417	-	-	-	-	28,198	34,817
Due to Other Funds	41,248	-	-	-	-	-	41,248	56,344
Total Liabilities	47,029	22,417	-	-	-	-	69,446	91,161
Net Position								
Reserved for Debt	42,181	547,500	-	-	-	-	589,681	298,241
Reserved for Improvements	-	-	16,926	23,081	3,727	(9,502)	34,232	40,695
Total Net Position	\$ 42,181	547,500	16,926	23,081	3,727	(9,502)	623,913	338,936

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

Discretely Presented Component Unit

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

Use of Estimates

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

Government-Wide and Fund Financial Statements

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

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

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2019

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Special assessments are recognized as revenue when levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2019

The government reports the following major governmental funds:

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

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

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

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

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

The government reports the following major proprietary funds:

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

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

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

The government also reports the following fund types:

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

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

Economic Development Fund – to account for the accumulation of resources for, and the payment of interest and principal on general obligation bonds, which were used to finance infrastructure for the TDD District.

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

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2019

Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the year ended December 31, 2019.

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

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute liabilities because the commitments will be honored during subsequent years.

A legal operating budget is not required for capital project funds, fiduciary funds and the following special revenue funds: New Equipment Reserve Fund, Parks Improvement Fund, Department of Justice Program Fund, Law Enforcement Trust Fund, Sales Tax Dedicated to Ellis County, Kansas Fund, and City Commission Capital Reserve Fund.

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

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

Fund	Expenses and		Beginning		Ending	
	Transfers Out		Reserve for		Reserve for	
	Per Fund	Beginning	Budget	Ending	Budget	Expenditures and
	Statement	Encumbrances	Stabilization	Encumbrances	Stabilization	Per Budget Basis
General Fund	\$ 12,572,922	(179,070)	(3,012,011)	50,952	3,012,011	12,444,804
Employee Benefits Fund	4,069,214	-	-	50	-	4,069,264

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2019

Accounting for Capital Assets and Depreciation

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

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

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

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

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

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

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

The City prepares a long-range capital improvement plan each year to ensure that infrastructure capital assets are being preserved approximately at or above the desired condition assessment levels set by the City. It is updated annually and now extends through 2024. The capital improvement plan is developed by the Public Works Department, reviewed by the City Manager, Assistant City Manager, and Director of Finance, and approved by the City Commission.

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

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2019

beyond routine maintenance. It is the City's policy to maintain and preserve infrastructure at a minimum condition level of "Fair".

During 2019, the infrastructure was assessed, and it was determined that the infrastructure was at condition levels of "Good to Very Good". No significant deterioration of the infrastructure had occurred, and there were no significant changes in condition levels from the previous year's assessments.

The following schedule shows the estimated annual amount of expenditures calculated during June 2019 to maintain and preserve the street infrastructure at a minimum condition level of "Fair" for 2019. It also shows the amounts actually expended for each of the past four reporting periods.

	2015	2016	2017	2018	2019	Totals
Estimated \$	708,082	1,172,237	1,255,293	1,277,465	1,184,462	5,597,539
Actual	578,463	1,057,792	1,164,516	1,180,255	1,126,485	5,107,511

Capital asset activity for the year ended December 31, 2019 was as follows:

Primary Government

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental				
Non-Depreciable Capital Assets				
Land and Rights of Ways	\$ 25,361,854	1,748,720	-	27,110,574
Infrastructure (Modified Approach)	65,609,276	818,647	-	66,427,923
Construction in Process	10,879,061	999,064	(9,034,461)	2,843,664
Total Non-Depreciable Capital Assets	101,850,191	3,566,431	(9,034,461)	96,382,161
Depreciable Capital Assets				
Buildings	13,633,256	52,400	-	13,685,656
Machinery and Equipment	16,948,157	561,530	(47,933)	17,461,754
Total Depreciable Capital Assets	30,581,413	613,930	(47,933)	31,147,410
Accumulated Depreciation	(20,094,785)	(1,165,056)	47,933	(21,211,908)
Depreciable Capital Assets, Net of Accumulated Depreciation	10,486,628	(551,126)	-	9,935,502
Governmental Activities, Capital Assets Net of Accumulated Depreciation	\$ 112,336,819	3,015,305	(9,034,461)	106,317,663

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2019

Primary Government				
	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities				
Non-Depreciable Capital Assets				
Land	\$ 446,274	-	-	446,274
Construction in Process	19,381,233	59,860	(19,381,233)	59,860
Total Non-Depreciable Capital Assets	19,827,507	59,860	(19,381,233)	506,134
Depreciable Capital Assets				
R-9 Ranch	4,262,040	-	-	4,262,040
Infrastructure	17,156,272	32,134,919	-	49,291,191
Buildings	12,370,660	-	-	12,370,660
Machinery and Equipment	14,029,154	975,897	(19,600)	14,985,451
Total Depreciable Capital Assets	47,818,126	33,110,816	(19,600)	80,909,342
Accumulated Depreciation	(28,192,989)	(766,271)	19,600	(28,939,660)
Depreciable Capital Assets, Net of Accumulated Depreciation	19,625,137	32,344,545	-	51,969,682
Business-Type Activities, Capital Assets Net of Accumulated Depreciation	\$ 39,452,644	32,404,405	(19,381,233)	52,475,816

Statement of Cash Flows

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

Deposits and Investments

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

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

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

As of December 31, 2019, the City had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>	<u>Rating</u>
		<u>Less than One</u>	
U.S. Treasury Notes	\$ 1,486,247	1,477,000	AAA

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2019

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of investments as of December 31, 2019, is as follows:

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City did not use "peak periods" during 2019. All deposits were legally secured at December 31, 2019.

At December 31, 2019, the City's carrying amount of deposits, including certificates of deposit, was \$60,505,651. The bank balance was \$60,722,137. Of the bank balance, \$1,000,000 was covered by FDIC insurance and \$59,722,137 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.

Restricted Assets

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

Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due From Other Funds" or "Due to Other Funds" on the statement of net position.

The City records utility revenues on a monthly basis. The balance shown as accounts receivable at December 31, 2019 is comprised of accounts considered to be collectible by management. Balances are stated at net of anticipated uncollectible accounts.

Property Tax Calendar and Receivable

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

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

Special Assessments

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

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

Compensated Absences

The City's policy is a general leave policy of paid time off (PTO). PTO shall be accrued by full-time employees, and all employees shall have a maximum amount of PTO accrual equal to the number of hours they accrue during their anniversary year. Employees who exceed the accrual maximum shall not be credited with further PTO until their accruals are reduced below the maximum level. Upon separation from employment with the City, employees who terminate in good standing will be paid for all accrued but unused PTO at their current rate of pay. The City's maximum potential liability under the plan at December 31, 2019 has been estimated at \$639,189.

Deferred Compensation Plan

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

Other Post Employment Benefits

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the City for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

As provided by K.S.A.74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a

CITY OF HAYS, KANSAS
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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. However, the cost of this benefit has not been quantified in these financial statements.

Deferred Outflows and Inflows of Resources

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

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

Net Position and Fund Balance

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

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

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

- Non-spendable: Assets legally or contractually required to be maintained or are not in spendable form. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.
- Restricted: Assets with externally imposed constraints, such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.

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- Committed: Assets with a purpose formally imposed by resolution by the City Commission, binding unless modified or rescinded by the City Commission.
- Assigned: Comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the City Commission or (2) a body or official to whom the City Commission has delegated the authority to assign amounts to be used for specific purposes as prescribed by the City's fund balance and cash policy.
- Unassigned: All amounts not included in the other fund balance classifications. The general fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

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

Budget Stabilization Reserve

In 2004, through a general election, the City passed a $\frac{3}{4}\%$ sales tax to replace the property tax levy for the general fund. At that time, a budget stabilization reserve was created in the general fund that amounted to the ending unencumbered cash balance prior to the change. The stabilization reserve, which was established by the City Commission, will have nothing more added to it. Any expenditures used with stabilization funds must be approved by City Commission.

Accounting Pronouncements Adopted

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "*Accounting for Interest Cost Incurred Before the End of a Construction Period*". The statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The guidance is effective for reporting periods beginning after December 15, 2019 and was early adopted by the City on January 1, 2019. Changes adopted to conform to the provisions of this Statement were applied prospectively.

NOTE 2 - LONG-TERM DEBT

General Obligation Bonds

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	1.10 – 5.375%	\$8,690,000
Business-Type Activities	3.00%	\$1,510,000

The annual requirements to retire G.O. Bonds as of December 31, 2019 are as follows:

<u>Year</u>	<u>Principal Due</u>	<u>Interest Due</u>	<u>Total</u>
2020	\$ 1,615,000	299,168	1,914,168
2021	1,676,000	256,208	1,932,208
2022	1,576,000	211,563	1,787,563
2023	1,416,000	165,648	1,581,648
2024	1,341,000	122,386	1,463,386
2025-2029	2,156,000	483,343	2,639,343

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2030-2032	\$	<u>420,000</u>	<u>27,015</u>	<u>447,015</u>
Total	\$	<u>10,200,000</u>	<u>1,565,331</u>	<u>11,765,331</u>

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

Year	Collections
2020	\$ 619,497
2021	617,901
2022	490,566
2023	385,971
2024	388,793
2025-2029	1,444,745
2030-2032	<u>447,569</u>
Total	\$ <u>4,395,042</u>

Revolving Loan

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

Purpose	Interest Rates	Amount
Business-Type Activities	2.27%	\$28,080,945

The annual requirements to retire revenue bonds and the revolving loan as of December 31, 2019 are as follows:

Year	Principal Due	Interest Due	Total
2020	\$ 1,236,865	561,024	1,797,889
2021	1,265,102	535,898	1,801,000
2022	1,293,983	510,198	1,804,181
2023	1,323,523	483,911	1,807,434
2024	1,353,737	457,024	1,810,761
2025-2029	7,246,602	1,859,837	9,106,439
2030-2034	8,112,397	1,089,393	9,201,790
2035-2038	<u>6,248,736</u>	<u>255,298</u>	<u>6,504,034</u>
Total	\$ <u>28,080,945</u>	<u>5,752,583</u>	<u>33,833,528</u>

Long-term debt activity for the year ended December 31, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
G.O. Bonds	\$ 9,920,000	65,000	(1,295,000)	8,690,000	1,330,000
Business-Type Activities					
G.O. Bond	1,785,000	-	(275,000)	1,510,000	285,000
KDHE Revolving Loan	<u>18,550,610</u>	<u>10,878,767</u>	<u>(1,348,432)</u>	<u>28,080,945</u>	<u>1,236,865</u>
Total Long-Term Liabilities	\$ <u>30,255,610</u>	<u>10,943,767</u>	<u>(2,918,432)</u>	<u>38,280,945</u>	<u>2,851,865</u>

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NOTE 3 - LITIGATION

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

NOTE 4 - GRANTS AND SHARED REVENUES

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

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis as authorized by Kansas statutes. The City's operating transfers and statutory authority for the year ended December 31, 2019 were as follows:

From Fund	To Fund	Statutory Authority	Amount
Water Production and Distribution	General	12-825d	\$ 561,990
Solid Waste	General	12-825d	222,750
Convention and Visitor's Bureau	General	Commission Approved	159,750
Special Alcohol Program	General	79-41a04	48,048
Water Reclamation and Reuse	General	12-825d	590,977
Stormwater Management	General	12-825d	66,356
Sports Complex	General	79-2925	219,812
Water Conservation	General	12-825d	521,100
Water Reclamation and Reuse	Employee Benefits	12-825d	201,320
Solid Waste	Employee Benefits	12-825d	184,297
Water Production and Distribution	Employee Benefits	12-825d	251,810
Water Conservation	Employee Benefits	12-825d	25,287
Convention and Visitor's Bureau	Employee Benefits	12-16,102	88,149
Special Alcohol Program	Employee Benefits	79-41a04	26,530
Stormwater Management	Employee Benefits	12-825d	42,747
Sports Complex	Employee Benefits	12-16,102	19,730
General	New Equipment Reserve	12-1,117	244,732
Airport	New Equipment Reserve	12-1,117	9,981
Convention and Visitor's Bureau	New Equipment Reserve	12-1,117	2,857
Water Production and Distribution	New Equipment Reserve	12-1,117	12,198
Water Conservation	New Equipment Reserve	12-1,117	2,802
Water Reclamation and Reuse	New Equipment Reserve	12-1,117	47,388
Public Safety Equipment	New Equipment Reserve	12-1,117	378,558
Stormwater Management	New Equipment Reserve	12-1,117	38,712
Solid Waste	Solid Waste Reserve	12-825d	195,240
Water Conservation	Water Sales Tax Reserve	12-825d	2,745,832
General	Stormwater Management	Commission Approved	16,500
General	Special Highway	Commission Approved	500,000
Water Reclamation and Reuse	Water Reclamation and Reuse Reserve	12-825d	45,000
Water Production and Distribution	Water Production and Distribution Reserve	12-825d	815,000
Water Production and Distribution Reserve	Capital Projects	12-1,118	143,869

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General	City Commission Capital Reserve	Commission Approved	800,000
Airport	Airport Improvement	12-1,118	15,000
Stormwater Management	Stormwater Reserve	12-825d	304,283
Convention and Visitor's Bureau	Special Parks and Recreation	Commission Approved	75,000
Convention and Visitor's Bureau	Capital Projects	12-1,118	444,594
Water Reclamation and Reuse Reserve	Capital Projects	12-1,118	1,563,941
Stormwater Reserve	Capital Projects	12-1,118	13,350
City Commission Capital Reserve	Capital Projects	Commission Approved	1,240,743

In the governmental fund financial statements, total transfers in of \$2,484,272 tie to the total transfers out of \$2,484,272 from the proprietary funds.

NOTE 6 – DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

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

Those employees participating in the Pension Plan for the Library are included in the Local employees group.

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

Benefits

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

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

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump sum payment of up to 50% of the actuarial present value of the member's

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lifetime benefit. The monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

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

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2019.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory employer capped contribution rate for local government employees are both 8.89%. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory employer capped contribution rate for police and firemen employees are both 22.13%. The member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2019 was 6.00% for local government employees and 7.15% for police and firemen.

Contributions to the pension plan for the City were \$517,902 for local government and \$717,279 for police and firemen for the year ended December 31, 2019.

Employer Allocations

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

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

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

CITY OF HAYS, KANSAS
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presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the City's share of the collective pension amounts as of December 31, 2019 were based on the ratio of each employer's contributions to the total employer and nonemployer contributions of the group for the fiscal year ended June 30, 2019.

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

Net Pension Liability

Net pension liability activity for the year ended December 31, 2019 was as follows:

	<u>Local Government</u>	<u>Police and Firemen</u>
Net Pension Liability	\$4,368,801	\$5,879,316
Measurement Date	June 30, 2019	June 30, 2019
Valuation Date	December 31, 2018	December 31, 2018
City's Proportion	0.313%	0.581%
Change in Proportion	0.007%	0.020%

Actuarial Assumptions

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

Actuarial Cost Method	Entry age normal
Price inflation	2.75%
Salary increase	3.50 to 12.00%, including inflation
Investment rate of return net of investment expense, including price inflation	7.75%

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the three year period January 1, 2013 through December 31, 2015. The experience study is dated November 18, 2016.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	47.00%	6.85%
Fixed Income	13.00	1.25
Yield Driven	8.00	6.55

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Real Return	11.00%	1.71%
Real Estate	11.00	5.05
Alternatives	8.00	9.85
Short-term Investments	<u>2.00</u>	(0.25)
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. The local groups do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap was 1.2%.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Local Employees	\$6,524,895	\$4,368,801	\$2,565,267
Police and Firemen	8,343,178	5,879,316	3,816,594

Pension Expense

For the year ended December 31, 2019, the City recognized pension expense of \$1,235,180, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for local employees and police and firemen:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between actual and expected experience	\$ 341,707	120,922
Net differences between projected and actual earnings on investments	221,120	-
Changes in assumptions	341,795	15,365
Changes in proportion	247,069	274,403
City contributions subsequent to measurement date	<u>630,434</u>	<u>-</u>
Total	\$ 1,782,125	410,690

The \$630,434 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended December 31		
2020	\$	328,199
2021		50,523
2022		201,075
2023		154,897
2024		6,307
Thereafter		-

NOTE 7 - RISK MANAGEMENT – CLAIMS AND JUDGMENTS

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

The City has been unable to obtain commercial insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other public entities in the State of Kansas and Missouri to participate in the Midwest Public Risk Pool (MPR), a public entity risk pool currently operating as a common risk management and insurance program for 101 participating members. The City joined MPR in July 2017. The agreement to participate provides that MPR will be self-sustaining through member premiums and will reinsure through commercial companies for property claims in excess of \$200,000 and liability claims in excess of \$500,000 for each insured event. During 2019, the City contributed \$228,228 to the fund for this insurance coverage. Additional premiums may be due if total claims for the pool are different than what has been anticipated by MPR management.

The City has been unable to obtain workers compensation insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other cities in the State to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for 162 participating members. The City joined KMIT in January 2005. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. During 2019, the City contributed \$150,513 to the fund for this insurance coverage. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

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

NOTE 8 – CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Project Authorization	Expenditures To Date
Wastewater Treatment Plant Improvements	\$ 31,823,941	\$ 31,823,941

NOTE 9 – COMPARATIVE DATA

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of the changes in **City of Hays, Kansas'** financial position and operations. The comparative totals appear in the government-wide financial statements, fund financial statements, and the accompanying supplemental financial statements. However, complete comparative data has not been

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presented in all the financial statements since their inclusion would make the statement unduly complex and difficult to read.

NOTE 10 – TAX ABATEMENTS

As of December 31, 2019, the City provides tax abatements through two programs - the Neighborhood Revitalization Rebate Program and the Economic Assistance Incentive Program.

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

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

Neighborhood Revitalization Rebate Program	\$ 13,889
Economic Assistance Initiative	<u>355,920</u>
Total Tax Abatements	\$ <u>369,809</u>

NOTE 11 – RESTATEMENT OF PRIOR YEARS' FINANCIAL STATEMENTS

In the governmental activities in prior years, the City presented operating revenues related to special assessment taxes in the year they were received. Governmental Accounting Standards Board No. 6 *"Accounting and Financial Reporting for Special Assessments"* states for capital improvements financed by special assessment related debt, at the time of the levy, a special assessments receivable should be recognized. During 2019, the City retroactively recorded the special assessment receivable and recognized all revenue. The changes to the government-wide financial statements include an increase to special assessment receivables and net position for \$5,010,723.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent to year end, the United States experienced a nationwide pandemic from the novel coronavirus known as COVID-19. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact the entire United States economy. As of the date of this financial statement, management is unable to reasonably determine the effects of this virus on the operations of the City. Management has evaluated subsequent events through May 28, 2020, which is the date the financial statement was available to be issued.

CITY OF HAYS, KANSAS

Required Supplementary Information

CITY OF HAYS, KANSAS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues	\$ 10,090,808	10,709,847	619,039	10,065,370
Expenditures	11,369,820	10,883,573	486,247	10,481,581
Excess Revenues Over (Under) Expenditures	(1,279,012)	(173,726)	1,105,286	(416,211)
Other Financing Sources (Uses)				
Transfers In	2,431,179	2,390,783	(40,396)	2,173,462
Transfers Out	(1,184,606)	(1,561,232)	(376,626)	(1,942,863)
Total Other Financing Sources (Uses)	1,246,573	829,551	(417,022)	230,599
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(32,439)	655,825	688,264	(185,612)
Fund Balance - Beginning	1,243,694	4,319,511	3,075,817	4,606,648
Decrease in Reserve for Budget Stabilization	-	-	-	(185,000)
Increase (Decrease) in Reserve for Encumbrances	-	(128,118)	(128,118)	83,475
Fund Balance - Ending	\$ <u>1,211,255</u>	<u>4,847,218</u>	<u>3,635,963</u>	<u>4,319,511</u>

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

CITY OF HAYS, KANSAS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues				
Taxes				
Local Sales	\$ 7,175,000	7,416,387	241,387	7,102,327
County Reimbursed Sales Tax	-	324,745	324,745	-
Total Taxes	<u>7,175,000</u>	<u>7,741,132</u>	<u>566,132</u>	<u>7,102,327</u>
Intergovernmental				
Liquor Tax	134,443	137,271	2,828	140,339
Federal Grant	-	7,964	7,964	14,543
Total Intergovernmental	<u>134,443</u>	<u>145,235</u>	<u>10,792</u>	<u>154,882</u>
Licenses and Permits				
Franchise Tax	1,413,000	1,397,819	(15,181)	1,415,111
Licenses	60,865	60,737	(128)	44,444
Permits	66,500	84,299	17,799	69,639
Total Licenses and Permits	<u>1,540,365</u>	<u>1,542,855</u>	<u>2,490</u>	<u>1,529,194</u>
Fines and Forfeitures				
Fines and Court Fees	620,000	606,308	(13,692)	617,951
Use of Money and Property				
Interest Income	175,000	196,364	21,364	165,361
Rent	1,200	1,200	-	1,450
Total Use of Money and Property	<u>176,200</u>	<u>197,564</u>	<u>21,364</u>	<u>166,811</u>
Miscellaneous				
Golf Course Fees	275,000	275,215	215	273,594
Cemetery Receipts	14,500	6,635	(7,865)	10,150
Miscellaneous Receipts	155,300	176,282	20,982	179,065
Sale of Assets	-	14,685	14,685	14,358
Prior Year Encumbrances Cancelled	-	3,936	3,936	17,038
Total Miscellaneous	<u>444,800</u>	<u>476,753</u>	<u>31,953</u>	<u>494,205</u>
Total Revenues	<u>\$ 10,090,808</u>	<u>10,709,847</u>	<u>619,039</u>	<u>10,065,370</u>

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

CITY OF HAYS, KANSAS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			2018 Actual
	Original and Final Budget	Actual	Variance Positive (Negative)	
Expenditures				
City Commission	\$ 26,175	17,493	8,682	16,090
City Manager	485,036	354,605	130,431	440,324
Human Resources	206,171	186,646	19,525	169,162
Information Technology	604,521	599,801	4,720	598,979
Project Management	167,453	181,745	(14,292)	679
Communication Center	573,009	566,419	6,590	532,453
City Attorney	131,200	102,233	28,967	109,361
Finance - City Clerk	404,057	401,313	2,744	384,689
Intergovernmental Account	801,930	788,102	13,828	334,784
Police Department	2,286,833	2,380,666	(93,833)	2,183,832
Municipal Court	128,929	105,409	23,520	125,664
Public Works - General Administration	219,824	176,910	42,914	171,450
Service Division	847,795	776,102	71,693	765,111
Planning, Inspection, and Enforcement	287,867	247,503	40,364	323,001
Building and Grounds	-	-	-	462,416
Fleet Maintenance	629,369	576,881	52,488	610,867
Fire Department	1,477,083	1,453,154	23,929	1,382,574
Parks and Playgrounds	949,342	903,049	46,293	870,132
Golf Course	393,418	387,830	5,588	373,005
Swimming Pool	102,100	100,943	1,157	79,896
Ballfield Maintenance	24,400	11,528	12,872	11,741
Cemeteries	11,600	7,915	3,685	10,472
Bickle-Schmidt Sports Complex	260,208	200,144	60,064	200,127
Social Services	164,000	164,000	-	164,000
Economic Development	187,500	193,182	(5,682)	160,772
Total Expenditures	\$ 11,369,820	10,883,573	486,247	10,481,581

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

CITY OF HAYS, KANSAS
Employee Benefits Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues				
Taxes				
Ad Valorem	\$ 2,778,488	2,738,752	(39,736)	2,686,494
Delinquent	-	34,199	34,199	15,965
Motor Vehicle	211,705	293,172	81,467	323,200
Recreational Vehicle	3,163	5,025	1,862	4,767
16/20M Truck	1,840	2,022	182	1,604
Commercial Vehicle	12,041	17,847	5,806	17,414
Neighborhood Revit Rebate	(8,138)	(6,916)	(1,222)	(5,847)
Interest Income	20,225	27,080	6,855	14,850
Miscellaneous	-	121,213	121,213	49,041
Total Revenues	3,019,324	3,232,394	210,626	3,107,488
Expenditures				
Workmen's Compensation	196,138	150,513	45,625	166,133
Unemployment Compensation	15,885	11,885	4,000	12,135
Social Security	686,453	675,509	10,944	643,162
Employee Retirement	1,267,714	1,293,295	(25,581)	1,119,501
Contingency	578,743	48,125	530,618	72,556
Health Insurance	1,991,000	1,802,174	188,826	1,718,573
Contractual Services	47,752	45,402	2,350	43,133
Tax Increment Financing Dist. (TIF)	30,817	42,361	(11,544)	33,762
Total Expenditures	4,814,502	4,069,264	745,238	3,808,955
Excess Revenues Over (Under) Expenditures	(1,795,178)	(836,870)	955,864	(701,467)
Other Financing Sources (Uses)				
Transfers In	849,981	839,870	(10,111)	788,042
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(945,197)	3,000	945,753	86,575
Fund Balance - Beginning	945,197	1,119,674	174,477	1,033,099
Increase (Decrease) in Reserve for Encumbrances	-	50	50	-
Fund Balance - Ending	\$ -	1,122,724	1,120,280	1,119,674

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

CITY OF HAYS, KANSAS
Schedule of Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
December 31, 2019

Fiscal Year-End Measurement Date	December 31, 2019 June 30, 2019	December 31, 2018 June 30, 2018	December 31, 2017 June 30, 2017	December 31, 2016 June 30, 2016	December 31, 2015 June 30, 2015
KPERS					
The City's proportion of the collective net pension liability	0.313%	0.307%	0.306%	0.311%	0.318%
The City's proportionate share of the net pension liability	\$ 4,368,801	4,273,943	4,436,228	4,814,120	4,179,222
The City's covered-employee payroll	\$ 5,802,382	5,666,288	5,390,422	5,434,331	5,249,197
The City's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	75.29%	75.43%	82.30%	88.59%	79.62%
KP&F					
The City's proportion of the collective net pension liability	0.581%	0.562%	0.552%	0.576%	0.622%
The City's proportionate share of the net pension liability	\$ 5,879,316	5,403,011	5,172,925	5,350,699	4,514,070
The City's covered-employee payroll	\$ 3,107,641	2,936,123	2,746,039	2,793,510	2,759,456
The City's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	189.19%	184.02%	188.38%	191.54%	163.59%
Plan fiduciary net position as a percentage of the total pension liability	69.88%	68.88%	67.12%	65.09%	64.95%

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

Changes of assumptions and other inputs

Price inflation lowered from 3.00% to 2.75%
Investment return was lowered from 8.00% to 7.75%
General wage growth was lowered from 4.00% to 3.50%
Payroll growth was lowered from 4.00% to 3.00%

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

CITY OF HAYS, KANSAS
Schedule of the City's Contributions
Kansas Public Employees Retirement System
December 31, 2019

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

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

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

CITY OF HAYS, KANSAS

Supplementary Information

CITY OF HAYS, KANSAS
Combining Balance Sheet
Nonmajor Governmental Fund Types
December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Services Funds</u>	<u>Totals</u>	
				<u>2019</u>	<u>2018</u>
<u>ASSETS</u>					
Cash	\$ 9,395,260	1,232,269	207,679	10,835,208	12,151,395
Receivables, Net					
Taxes	<u>2,197,034</u>	<u>-</u>	<u>-</u>	<u>2,197,034</u>	<u>2,161,198</u>
Total Assets	\$ <u>11,592,294</u>	<u>1,232,269</u>	<u>207,679</u>	<u>13,032,242</u>	<u>14,312,593</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>					
Liabilities					
Accounts Payable	\$ 43,694	-	-	43,694	107,564
Accrued Payroll	17,541	-	-	17,541	14,983
Accrued Paid Time Off	<u>19,530</u>	<u>-</u>	<u>-</u>	<u>19,530</u>	<u>20,368</u>
Total Liabilities	80,765	-	-	80,765	142,915
Deferred Inflows of Resources					
Deferred Property Tax Receivable	<u>2,197,034</u>	<u>-</u>	<u>-</u>	<u>2,197,034</u>	<u>2,161,198</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,277,799</u>	<u>-</u>	<u>-</u>	<u>2,277,799</u>	<u>2,304,113</u>
Fund Balance					
Assigned - Reserved for Encumbrances	395,073	-	-	395,073	467,823
Assigned - Designated for Subsequent Year Expenditures	867,196	1,232,269	168,597	2,268,062	1,108,531
Assigned	<u>8,052,226</u>	<u>-</u>	<u>39,082</u>	<u>8,091,308</u>	<u>10,432,126</u>
Total Fund Balance	<u>9,314,495</u>	<u>1,232,269</u>	<u>207,679</u>	<u>10,754,443</u>	<u>12,008,480</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>11,592,294</u>	<u>1,232,269</u>	<u>207,679</u>	<u>13,032,242</u>	<u>14,312,593</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	Library Fund	Airport Fund	Public Safety Equipment Fund	Special Highway Fund	Special Parks & Recreation Fund	Special Alcohol Fund	CVB Fund	Equipment Reserve Fund	Library Employee Benefits Fund
<u>ASSETS</u>									
Cash	\$ 90,770	90,748	68,666	451,203	294,666	87,571	408,871	4,599,031	13,458
Receivables, Net									
Taxes	<u>1,277,973</u>	<u>326,595</u>	<u>435,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,006</u>
Total Assets	\$ <u>1,368,743</u>	<u>417,343</u>	<u>504,126</u>	<u>451,203</u>	<u>294,666</u>	<u>87,571</u>	<u>408,871</u>	<u>4,599,031</u>	<u>170,464</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>									
Liabilities									
Accounts Payable	\$ -	11,489	5,682	1,371	200	-	11,003	-	-
Accrued Payroll	-	7,484	-	-	-	-	10,057	-	-
Accrued Paid Time Off	<u>-</u>	<u>8,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,846</u>	<u>-</u>	<u>-</u>
Total Liabilities	-	27,657	5,682	1,371	200	-	31,906	-	-
Deferred Inflows of Resources									
Deferred Property Tax Receivable	<u>1,277,973</u>	<u>326,595</u>	<u>435,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,006</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,277,973</u>	<u>354,252</u>	<u>441,142</u>	<u>1,371</u>	<u>200</u>	<u>-</u>	<u>31,906</u>	<u>-</u>	<u>157,006</u>
Fund Balance									
Assigned - Reserved for Encumbrances	-	4,291	12,566	244,083	28,260	-	45,469	36,506	-
Assigned - Designated for Subsequent Year Expenditures	51,673	41,666	50,418	69,692	266,206	87,571	292,481	-	7,489
Assigned	<u>39,097</u>	<u>17,134</u>	<u>-</u>	<u>136,057</u>	<u>-</u>	<u>-</u>	<u>39,015</u>	<u>4,562,525</u>	<u>5,969</u>
Total Fund Balance	<u>90,770</u>	<u>63,091</u>	<u>62,984</u>	<u>449,832</u>	<u>294,466</u>	<u>87,571</u>	<u>376,965</u>	<u>4,599,031</u>	<u>13,458</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>1,368,743</u>	<u>417,343</u>	<u>504,126</u>	<u>451,203</u>	<u>294,666</u>	<u>87,571</u>	<u>408,871</u>	<u>4,599,031</u>	<u>170,464</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	Park Development Fund	Department of Justice Fund	Law Enforcement Trust Fund	Parks Improvement Fund	Ellis County Sales Tax Fund	City Commission Capital Reserve Fund	Totals	
							2019	2018
<u>ASSETS</u>								
Cash	\$ -	281	8,336	16,831	-	3,264,828	9,395,260	10,559,256
Receivables, Net								
Taxes	-	-	-	-	-	-	2,197,034	2,161,198
Total Assets	-	281	8,336	16,831	-	3,264,828	11,592,294	12,720,454
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>								
Liabilities								
Accounts Payable	-	-	-	13,949	-	-	43,694	107,565
Accrued Payroll	-	-	-	-	-	-	17,541	14,983
Accrued Paid Time Off	-	-	-	-	-	-	19,530	20,368
Total Liabilities	-	-	-	13,949	-	-	80,765	142,916
Deferred Inflows of Resources								
Deferred Property Tax Receivable	-	-	-	-	-	-	2,197,034	2,161,198
Total Liabilities and Deferred Inflows of Resources	-	-	-	13,949	-	-	2,277,799	2,304,114
Fund Balance								
Assigned - Reserved for Encumbrances	-	-	-	23,898	-	-	395,073	467,823
Assigned - Designated for Subsequent Year Expenditures	-	-	-	-	-	-	867,196	963,805
Assigned	-	281	8,336	(21,016)	-	3,264,828	8,052,226	8,984,712
Total Fund Balance	-	281	8,336	2,882	-	3,264,828	9,314,495	10,416,340
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ -	281	8,336	16,831	-	3,264,828	11,592,294	12,720,454

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		Golf Course Improvement Fund	Sports Complex Fund	Economic Development Fund	Totals	
					2019	2018
<u>ASSETS</u>						
Cash		\$ <u>(8,402)</u>	<u>1,148,091</u>	<u>92,580</u>	<u>1,232,269</u>	<u>1,436,769</u>
<u>FUND BALANCE</u>						
Fund Balance						
Assigned		\$ <u>(8,402)</u>	<u>1,148,091</u>	<u>92,580</u>	<u>1,232,269</u>	<u>1,436,769</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Change in Fund Balance
Nonmajor Governmental Fund Types
December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	Special Revenue Funds	Capital Projects Funds	Debt Services Fund	Totals	
				2019	2018
Revenues					
Taxes	\$ 2,449,368	-	273,854	2,723,222	4,259,377
Intergovernmental	2,143,833	-	-	2,143,833	1,805,237
Collections	153,375	19,425	-	172,800	174,216
Prior Year Encumbrances Cancelled	40,646	-	-	40,646	13,378
Miscellaneous	181,038	66,000	-	247,038	409,153
Total Revenues	4,968,260	85,425	273,854	5,327,539	6,661,361
Expenditures					
General Government	1,462,620	50,383	-	1,513,003	2,443,951
Highway and Street	58,327	-	-	58,327	15,562
Culture and Recreation	1,704,000	-	-	1,704,000	1,635,400
Airport	354,807	-	-	354,807	315,493
Debt Service	-	-	221,546	221,546	219,495
Capital Outlay	2,113,369	-	-	2,113,369	2,029,967
Total Expenditures	5,693,123	50,383	221,546	5,965,052	6,659,868
Excess (Deficiency) of Revenues Over Expenditures	(724,863)	35,042	52,308	(637,513)	1,493
Other Financing Sources (Uses)					
Transfers In	2,112,228	-	-	2,112,228	2,415,534
Transfers Out	(2,489,210)	(239,542)	-	(2,728,752)	(4,197,405)
Total Other Financing Sources (Uses)	(376,982)	(239,542)	-	(616,524)	(1,781,871)
Net Change in Fund Balance	(1,101,845)	(204,500)	52,308	(1,254,037)	(1,780,378)
Fund Balance - Beginning of Year	10,416,340	1,436,769	155,371	12,008,480	13,788,858
Fund Balance - End of Year	\$ 9,314,495	1,232,269	207,679	10,754,443	12,008,480

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Change in Fund Balance
Nonmajor Special Revenue Funds
December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	Library Fund	Airport Fund	Public Safety Equipment Fund	Special Highway Fund	Special Parks & Recreation Fund	Special Alcohol Fund	CVB Fund	Equipment Reserve Fund	Library Employee Benefits Fund
Revenues									
Taxes	\$ 1,460,934	248,697	496,954	-	-	-	10	-	242,773
Intergovernmental	-	-	-	630,772	137,271	137,271	1,238,519	-	-
Collections	-	144,359	-	-	-	-	-	-	-
Prior Year Encumbrances Cancelled	-	-	1,066	30,929	3,865	-	261	4,525	-
Miscellaneous	-	18,891	-	-	2,201	-	22,243	75,015	-
Total Revenues	<u>1,460,934</u>	<u>411,947</u>	<u>498,020</u>	<u>661,701</u>	<u>143,337</u>	<u>137,271</u>	<u>1,261,033</u>	<u>79,540</u>	<u>242,773</u>
Expenditures									
General Government	-	-	6,806	-	-	60,000	599,096	-	-
Highway and Street	-	-	-	58,327	-	-	-	-	-
Culture and Recreation	1,461,000	-	-	-	-	-	-	-	243,000
Airport	-	354,807	-	-	-	-	-	-	-
Capital Outlay	-	-	135,584	1,080,088	309,319	-	96,895	491,483	-
Total Expenditures	<u>1,461,000</u>	<u>354,807</u>	<u>142,390</u>	<u>1,138,415</u>	<u>309,319</u>	<u>60,000</u>	<u>695,991</u>	<u>491,483</u>	<u>243,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(66)</u>	<u>57,140</u>	<u>355,630</u>	<u>(476,714)</u>	<u>(165,982)</u>	<u>77,271</u>	<u>565,042</u>	<u>(411,943)</u>	<u>(227)</u>
Other Financing Sources (Uses)									
Transfers In	-	-	-	500,000	75,000	-	-	737,228	-
Transfers Out	-	(24,981)	(378,558)	-	-	(74,578)	(770,350)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(24,981)</u>	<u>(378,558)</u>	<u>500,000</u>	<u>75,000</u>	<u>(74,578)</u>	<u>(770,350)</u>	<u>737,228</u>	<u>-</u>
Net Change in Fund Balance	<u>(66)</u>	<u>32,159</u>	<u>(22,928)</u>	<u>23,286</u>	<u>(90,982)</u>	<u>2,693</u>	<u>(205,308)</u>	<u>325,285</u>	<u>(227)</u>
Fund Balance - Beginning of Year	<u>90,836</u>	<u>30,932</u>	<u>85,912</u>	<u>426,546</u>	<u>385,448</u>	<u>84,878</u>	<u>582,273</u>	<u>4,273,746</u>	<u>13,685</u>
Fund Balance - End of Year	<u>\$ 90,770</u>	<u>63,091</u>	<u>62,984</u>	<u>449,832</u>	<u>294,466</u>	<u>87,571</u>	<u>376,965</u>	<u>4,599,031</u>	<u>13,458</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Change in Fund Balance
Nonmajor Special Revenue Funds (continued)
December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	Park Development Fund	Department of Justice Fund	Law Enforcement Trust Fund	Parks Improvement Fund	Ellis County Sales Tax Fund	Capital Reserve Fund	Totals	
							2019	2018
Revenues								
Taxes	\$ -	-	-	-	-	-	2,449,368	4,012,724
Intergovernmental	-	-	-	-	-	-	2,143,833	1,805,237
Collections	-	-	8,625	391	-	-	153,375	153,972
Prior Year Encumbrances Cancelled	-	-	-	-	-	-	40,646	13,378
Miscellaneous	-	-	337	3,135	-	59,216	181,038	328,153
Total Revenues	-	-	8,962	3,526	-	59,216	4,968,260	6,313,464
Expenditures								
General Government	5,027	-	626	7,552	-	783,513	1,462,620	2,428,951
Highway and Street	-	-	-	-	-	-	58,327	15,562
Culture and Recreation	-	-	-	-	-	-	1,704,000	1,635,400
Airport	-	-	-	-	-	-	354,807	315,493
Capital Outlay	-	-	-	-	-	-	2,113,369	2,029,967
Total Expenditures	5,027	-	626	7,552	-	783,513	5,693,123	6,425,373
Excess (Deficiency) of Revenues Over Expenditures	(5,027)	-	8,336	(4,026)	-	(724,297)	(724,863)	(111,909)
Other Financing Sources (Uses)								
Transfers In	-	-	-	-	-	800,000	2,112,228	2,415,534
Transfers Out	-	-	-	-	-	(1,240,743)	(2,489,210)	(3,960,523)
Total Other Financing Sources (Uses)	-	-	-	-	-	(440,743)	(376,982)	(1,544,989)
Net Change in Fund Balance	(5,027)	-	8,336	(4,026)	-	(1,165,040)	(1,101,845)	(1,656,898)
Fund Balance - Beginning of Year	5,027	281	-	6,908	-	4,429,868	10,416,340	12,073,238
Fund Balance - End of Year	\$ -	281	8,336	2,882	-	3,264,828	9,314,495	10,416,340

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Change in Fund Balance
Nonmajor Capital Projects Funds
December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	Golf Course Improvement Fund	Sports Complex Fund	Economic Development Fund	Totals	
				2019	2018
Revenues					
Collections	\$ 19,425	-	-	19,425	20,244
Miscellaneous	-	66,000	-	66,000	81,000
Total Revenues	19,425	66,000	-	85,425	101,244
Expenditures					
General Government	50,383	-	-	50,383	15,000
Excess (Deficiency) of Revenues Over Expenditures	(30,958)	66,000	-	35,042	86,244
Other Financing Sources (Uses)					
Transfers Out	-	(239,542)	-	(239,542)	(236,882)
Net Change in Fund Balance	(30,958)	(173,542)	-	(204,500)	(150,638)
Fund Balance - Beginning of Year	22,556	1,321,633	92,580	1,436,769	1,587,407
Fund Balance - End of Year	<u>\$ (8,402)</u>	<u>1,148,091</u>	<u>92,580</u>	<u>1,232,269</u>	<u>1,436,769</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
General Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ 2,767,226	2,113,326
Receivables		
Accounts Receivable, Net of Allowance for Uncollectibles	41,248	56,344
Other Asset		
Reserved Cash - Budget Stabilization	<u>3,012,011</u>	<u>3,150,761</u>
Total Assets	\$ <u>5,820,485</u>	<u>5,320,431</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ 126,419	151,629
Accrued Payroll	323,675	326,917
Accrued Paid Time Off	508,568	493,495
Accrued Sick Leave Payout	<u>14,605</u>	<u>28,879</u>
Total Liabilities	<u>973,267</u>	<u>1,000,920</u>
Fund Balance		
Committed - Budget Stabilization	3,012,011	3,012,011
Assigned - Reserved for Encumbrances	50,952	179,070
Assigned - Designated for Subsequent Year Expenditures	<u>1,784,255</u>	<u>1,128,430</u>
Total Fund Balance	<u>4,847,218</u>	<u>4,319,511</u>
Total Liabilities and Fund Balance	\$ <u>5,820,485</u>	<u>5,320,431</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues	\$ 10,090,808	10,709,847	619,039	10,065,370
Expenditures	11,369,820	10,883,573	486,247	10,481,581
Excess Revenues Over (Under) Expenditures	(1,279,012)	(173,726)	1,105,286	(416,211)
Other Financing Sources (Uses)				
Transfers In	2,431,179	2,390,783	(40,396)	2,173,462
Transfers Out	(1,184,606)	(1,561,232)	(376,626)	(1,942,863)
Total Other Financing Sources (Uses)	1,246,573	829,551	(417,022)	230,599
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(32,439)	655,825	688,264	(185,612)
Fund Balance - Beginning	1,243,694	4,319,511	3,075,817	4,606,648
Decrease in Reserve for Budget Stabilization	-	-	-	(185,000)
Increase (Decrease) in Reserve for Encumbrances	-	(128,118)	(128,118)	83,475
Fund Balance - Ending	\$ <u>1,211,255</u>	<u>4,847,218</u>	<u>3,635,963</u>	<u>4,319,511</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues				
Taxes				
Local Sales	\$ 7,175,000	7,416,387	241,387	7,102,327
County Reimbursed Sales Tax	-	324,745	324,745	-
Total Taxes	<u>7,175,000</u>	<u>7,741,132</u>	<u>566,132</u>	<u>7,102,327</u>
Intergovernmental				
Liquor Tax	134,443	137,271	2,828	140,339
Federal Grant	-	7,964	7,964	14,543
Total Intergovernmental	<u>134,443</u>	<u>145,235</u>	<u>10,792</u>	<u>154,882</u>
Licenses and Permits				
Franchise Tax	1,413,000	1,397,819	(15,181)	1,415,111
Licenses	60,865	60,737	(128)	44,444
Permits	66,500	84,299	17,799	69,639
Total Licenses and Permits	<u>1,540,365</u>	<u>1,542,855</u>	<u>2,490</u>	<u>1,529,194</u>
Fines and Forfeitures				
Fines and Court Fees	620,000	606,308	(13,692)	617,951
Use of Money and Property				
Interest Income	175,000	196,364	21,364	165,361
Rent	1,200	1,200	-	1,450
Total Use of Money and Property	<u>176,200</u>	<u>197,564</u>	<u>21,364</u>	<u>166,811</u>
Miscellaneous				
Golf Course Fees	275,000	275,215	215	273,594
Cemetery Receipts	14,500	6,635	(7,865)	10,150
Miscellaneous Receipts	155,300	176,282	20,982	179,065
Sale of Assets	-	14,685	14,685	14,358
Prior Year Encumbrances Cancelled	-	3,936	3,936	17,038
Total Miscellaneous	<u>444,800</u>	<u>476,753</u>	<u>31,953</u>	<u>494,205</u>
Total Revenues	<u>\$ 10,090,808</u>	<u>10,709,847</u>	<u>619,039</u>	<u>10,065,370</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			2018 Actual
	Original and Final Budget	Actual	Variance Positive (Negative)	
Expenditures				
City Commission	\$ 26,175	17,493	8,682	16,090
City Manager	485,036	354,605	130,431	440,324
Human Resources	206,171	186,646	19,525	169,162
Information Technology	604,521	599,801	4,720	598,979
Project Management	167,453	181,745	(14,292)	679
Communication Center	573,009	566,419	6,590	532,453
City Attorney	131,200	102,233	28,967	109,361
Finance - City Clerk	404,057	401,313	2,744	384,689
Intergovernmental Account	801,930	788,102	13,828	334,784
Police Department	2,286,833	2,380,666	(93,833)	2,183,832
Municipal Court	128,929	105,409	23,520	125,664
Public Works - General Administration	219,824	176,910	42,914	171,450
Service Division	847,795	776,102	71,693	765,111
Planning, Inspection, and Enforcement	287,867	247,503	40,364	323,001
Building and Grounds	-	-	-	462,416
Fleet Maintenance	629,369	576,881	52,488	610,867
Fire Department	1,477,083	1,453,154	23,929	1,382,574
Parks and Playgrounds	949,342	903,049	46,293	870,132
Golf Course	393,418	387,830	5,588	373,005
Swimming Pool	102,100	100,943	1,157	79,896
Ballfield Maintenance	24,400	11,528	12,872	11,741
Cemeteries	11,600	7,915	3,685	10,472
Bickle-Schmidt Sports Complex	260,208	200,144	60,064	200,127
Social Services	164,000	164,000	-	164,000
Economic Development	187,500	193,182	(5,682)	160,772
Total Expenditures	\$ 11,369,820	10,883,573	486,247	10,481,581

See independent auditors' report.

CITY OF HAYS, KANSAS
Library Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ 90,770	90,836
Taxes Receivable	1,277,973	1,246,878
Total Assets	\$ 1,368,743	1,337,714
<u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>		
Deferred Inflows of Resources		
Deferred Property Tax Receivable	\$ 1,277,973	1,246,878
Fund Balance		
Assigned - Designated for Subsequent Year Expenditures	51,673	39,191
Assigned	39,097	51,645
Total Fund Balance	90,770	90,836
Total Deferred Inflows of Resources and Fund Balance	\$ 1,368,743	1,337,714

Library Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2019</u>			<u>2018</u> <u>Actual</u>
	<u>Original and</u> <u>Final Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>	
Revenues				
Taxes				
Ad Valorem	\$ 1,337,441	1,318,452	(18,989)	1,279,653
Delinquent	-	16,144	16,144	7,483
Motor Vehicle	100,834	138,289	37,455	145,998
Recreational Vehicle	1,507	2,370	863	2,153
16/20M Truck	876	914	38	760
Commercial Vehicle	5,735	8,488	2,753	7,867
Neighborhood Revit Rebate	(3,905)	(3,330)	(575)	(2,785)
Tax Increment Financing Dist. (TIF)	(14,679)	(20,393)	5,714	(16,082)
Total Revenues	1,427,809	1,460,934	43,403	1,425,047
Expenditures				
Distributions to Library Board	1,467,000	1,461,000	6,000	1,403,800
Excess Revenues Over (Under)				
Expenditures	(39,191)	(66)	49,403	21,247
Fund Balance - Beginning	39,191	90,836	51,645	69,589
Fund Balance - Ending	\$ -	90,770	101,048	90,836

See independent auditors' report.

CITY OF HAYS, KANSAS
Library Employee Benefits Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>			
		2019	2018
Cash	\$	13,458	13,685
Taxes Receivable		157,006	271,514
Total Assets	\$	170,464	285,199
<u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>			
Deferred Inflows of Resources			
Deferred Property Tax Receivable	\$	157,006	271,514
Fund Balance			
Assigned - Designated for Subsequent Year Expenditures		7,489	6,200
Assigned		5,969	7,485
Total Fund Balance		13,458	13,685
Total Deferred Inflows of Resources and Fund Balance	\$	170,464	285,199

Library Employee Benefits Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues				
Taxes				
Ad Valorem	\$ 222,932	219,779	(3,153)	213,462
Delinquent	-	2,459	2,459	1,139
Motor Vehicle	16,815	22,558	5,743	21,366
Recreational Vehicle	251	386	135	315
16/20M Truck	146	134	(12)	117
Commercial Vehicle	956	1,411	455	1,151
Neighborhood Revit Rebate	(652)	(555)	(97)	(465)
Tax Increment Financing Dist. (TIF)	(2,448)	(3,399)	951	(2,683)
Total Revenues	238,000	242,773	6,481	234,402
Expenditures				
Distributions to Library Board	244,200	243,000	1,200	231,600
Excess Revenues Over (Under)				
Expenditures	(6,200)	(227)	7,681	2,802
Fund Balance - Beginning	6,200	13,685	7,485	10,883
Fund Balance - Ending	\$ -	13,458	15,166	13,685

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Highway Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ <u>451,203</u>	<u>442,217</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>1,371</u>	<u>15,670</u>
Fund Balance		
Assigned - Reserved for Encumbrances	244,083	256,014
Assigned - Designated for Subsequent Year Expenditures	69,692	69,692
Assigned	<u>136,057</u>	<u>100,841</u>
Total Fund Balance	<u>449,832</u>	<u>426,547</u>
Total Liabilities and Fund Balance	\$ <u>451,203</u>	<u>442,217</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Highway Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues				
Intergovernmental				
State Gasoline Tax	\$ 570,070	571,051	981	569,566
Connecting Link Maintenance	44,700	59,721	15,021	44,760
Prior Year Encumbrances Cancelled	-	30,929	30,929	2,595
Total Revenues	<u>614,770</u>	<u>661,701</u>	<u>46,931</u>	<u>616,921</u>
Expenditures				
Contractual Services	50,000	47,766	2,234	15,560
Capital Outlay	<u>1,134,462</u>	<u>1,078,719</u>	<u>55,743</u>	<u>1,164,695</u>
Total Expenditures	<u>1,184,462</u>	<u>1,126,485</u>	<u>57,977</u>	<u>1,180,255</u>
Excess Revenues Over (Under) Expenditures	(569,692)	(464,784)	104,908	(563,334)
Other Financing Sources (Uses)				
Transfers In	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(69,692)	35,216	104,908	(63,334)
Fund Balance - Beginning	69,692	426,547	356,855	243,019
Increase (Decrease) in Reserve for Encumbrances	<u>-</u>	<u>(11,931)</u>	<u>(11,931)</u>	<u>246,862</u>
Fund Balance - Ending	<u>\$ -</u>	<u>449,832</u>	<u>449,832</u>	<u>426,547</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Employee Benefits Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ 1,122,774	1,120,298
Taxes Receivable	2,598,168	2,461,317
Total Assets	\$ <u>3,720,942</u>	<u>3,581,615</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>50</u>	624
Deferred Inflows of Resources		
Deferred Property Tax Receivable	<u>2,598,168</u>	2,461,317
Fund Balance		
Assigned - Reserved for Encumbrances	50	-
Assigned - Designated for Subsequent Year Expenditures	840,176	945,197
Assigned	<u>282,498</u>	174,477
Total Fund Balance	<u>1,122,724</u>	1,119,674
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>3,720,942</u>	<u>3,581,615</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Employee Benefits Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues				
Taxes				
Ad Valorem	\$ 2,778,488	2,738,752	(39,736)	2,686,494
Delinquent	-	34,199	34,199	15,965
Motor Vehicle	211,705	293,172	81,467	323,200
Recreational Vehicle	3,163	5,025	1,862	4,767
16/20M Truck	1,840	2,022	182	1,604
Commercial Vehicle	12,041	17,847	5,806	17,414
Neighborhood Revit Rebate	(8,138)	(6,916)	(1,222)	(5,847)
Interest Income	20,225	27,080	6,855	14,850
Miscellaneous	-	121,213	121,213	49,041
Total Revenues	<u>3,019,324</u>	<u>3,232,394</u>	<u>210,626</u>	<u>3,107,488</u>
Expenditures				
Workmen's Compensation	196,138	150,513	45,625	166,133
Unemployment Compensation	15,885	11,885	4,000	12,135
Social Security	686,453	675,509	10,944	643,162
Employee Retirement	1,267,714	1,293,295	(25,581)	1,119,501
Contingency	578,743	48,125	530,618	72,556
Health Insurance	1,991,000	1,802,174	188,826	1,718,573
Contractual Services	47,752	45,402	2,350	43,133
Tax Increment Financing Dist. (TIF)	30,817	42,361	(11,544)	33,762
Total Expenditures	<u>4,814,502</u>	<u>4,069,264</u>	<u>745,238</u>	<u>3,808,955</u>
Excess Revenues Over (Under) Expenditures	<u>(1,795,178)</u>	<u>(836,870)</u>	<u>955,864</u>	<u>(701,467)</u>
Other Financing Sources (Uses)				
Transfers In	<u>849,981</u>	<u>839,870</u>	<u>(10,111)</u>	<u>788,042</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>(945,197)</u>	<u>3,000</u>	<u>945,753</u>	<u>86,575</u>
Fund Balance - Beginning	<u>945,197</u>	<u>1,119,674</u>	<u>174,477</u>	<u>1,033,099</u>
Increase (Decrease) in Reserve for Encumbrances	<u>-</u>	<u>50</u>	<u>50</u>	<u>-</u>
Fund Balance - Ending	<u>\$ -</u>	<u>1,122,724</u>	<u>1,120,280</u>	<u>1,119,674</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Public Safety Equipment Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ 68,665	87,949
Taxes Receivable	435,460	428,479
Total Assets	\$ <u>504,125</u>	<u>516,428</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ 5,682	2,039
Deferred Inflows of Resources		
Deferred Property Tax Receivable	435,460	428,479
Fund Balance		
Assigned - Reserved for Encumbrances	12,566	60,609
Assigned - Designated for Subsequent Year Expenditures	83,096	2,824
Assigned	(32,679)	22,477
Total Fund Balance	<u>62,983</u>	<u>85,910</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ <u>504,125</u>	<u>516,428</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Public Safety Equipment Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues				
Taxes				
Ad Valorem	\$ 446,332	439,990	(6,342)	444,710
Delinquent	-	5,707	5,707	2,653
Motor Vehicle	35,038	48,265	13,227	51,945
Recreational Vehicle	524	827	303	766
16/20M Truck	304	325	21	268
Commercial Vehicle	1,993	2,952	959	2,799
Neighborhood Revit Rebate	(1,307)	(1,111)	196	(968)
Miscellaneous	-	-	-	3,300
Prior Year Encumbrances Cancelled	-	1,066	1,066	760
Total Revenues	<u>482,884</u>	<u>498,021</u>	<u>15,137</u>	<u>506,233</u>
Expenditures				
Capital Outlay	102,050	87,541	14,509	171,076
Tax Increment Financing Dist. (TIF)	5,100	6,806	(1,706)	5,589
Total Expenditures	<u>107,150</u>	<u>94,347</u>	<u>12,803</u>	<u>176,665</u>
Excess Revenues Over (Under) Expenditures	375,734	403,674	27,940	329,568
Other Financing Sources (Uses)				
Transfers Out	(378,558)	(378,558)	-	(358,000)
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(2,824)	25,116	27,940	(28,432)
Fund Balance - Beginning	2,824	85,910	83,086	54,493
Increase (Decrease) in Reserve for Encumbrances	-	(48,043)	(48,043)	59,849
Fund Balance - Ending	<u>\$ -</u>	<u>62,983</u>	<u>62,983</u>	<u>85,910</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Airport Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ 90,748	55,412
Taxes Receivable	326,595	214,327
Total Assets	\$ 417,343	269,739
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ 11,490	10,062
Accrued Payroll	7,484	5,230
Accrued Paid Time Off	8,684	9,187
Total Liabilities	27,658	24,479
Deferred Inflows of Resources		
Deferred Property Tax Receivable	326,595	214,327
Fund Balance		
Assigned - Reserved for Encumbrances	4,291	2,455
Assigned - Designated for Subsequent Year Expenditures	41,666	-
Assigned	17,133	28,478
Total Fund Balance	63,090	30,933
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 417,343	269,739

See independent auditors' report.

CITY OF HAYS, KANSAS

Airport Fund

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

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues				
Taxes				
Ad Valorem	\$ 223,257	220,215	(3,042)	222,355
Delinquent	-	2,854	2,854	1,327
Motor Vehicle	17,519	24,133	6,614	25,973
Recreational Vehicle	262	414	152	383
16/20M Truck	152	163	11	134
Commercial Vehicle	996	1,476	480	1,399
Neighborhood Revit Rebate	(653)	(556)	97	(484)
Licenses and Fees Collected	123,310	144,359	21,049	152,573
Farming Leases	17,600	15,873	(1,727)	10,866
Miscellaneous	600	3,017	2,417	1,945
Total Revenues	383,043	411,948	28,905	416,471
Expenditures				
Personal Services	113,027	140,672	(27,645)	116,355
Contractual Services	77,300	105,727	(28,427)	112,882
Commodities	127,650	106,841	20,809	83,461
Capital Outlay	-	-	-	11,650
Tax Increment Financing Dist. (TIF)	2,550	3,406	(856)	2,794
Total Expenditures	320,527	356,646	(36,119)	327,142
Excess Revenues Over (Under)				
Expenditures	62,516	55,302	(7,214)	89,329
Other Financing (Uses)				
Transfers Out	(62,516)	(24,981)	37,535	(62,794)
Excess Revenues and Other Financing				
Sources (Uses) Over (Under) Expenditures	-	30,321	30,321	26,535
Fund Balance - Beginning	-	30,933	30,933	4,243
Increase (Decrease) in				
Reserve for Encumbrances	-	1,836	1,836	155
Fund Balance - Ending	\$ -	63,090	63,090	30,933

See independent auditors' report.

CITY OF HAYS, KANSAS
Park Development Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ <u>-</u>	<u>5,027</u>
<u>FUND BALANCE</u>		
Fund Balance		
Assigned - Designated for Subsequent Year Expenditures	\$ <u>-</u>	<u>5,027</u>

Park Development Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2019</u>		<u>2018</u> <u>Actual</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues	\$ -	-	-
Expenditures			
Contractual Services	<u>5,027</u>	<u>5,027</u>	<u>-</u>
Excess Revenues Over (Under) Expenditures	(5,027)	(5,027)	-
Fund Balance - Beginning	<u>5,027</u>	<u>5,027</u>	<u>5,027</u>
Fund Balance - Ending	\$ <u>-</u>	<u>-</u>	<u>5,027</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Convention and Visitor's Bureau Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ <u>408,871</u>	<u>624,101</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ 11,004	20,894
Accrued Payroll	10,057	9,754
Accrued Paid Time Off	10,846	11,181
Total Liabilities	<u>31,907</u>	<u>41,829</u>
Fund Balance		
Assigned - Reserved for Encumbrances	45,469	5,406
Assigned - Designated for Subsequent Year Expenditures	292,481	513,883
Assigned	39,014	62,983
Total Fund Balance	<u>376,964</u>	<u>582,272</u>
Total Liabilities and Fund Balance	\$ <u>408,871</u>	<u>624,101</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Convention and Visitor's Bureau Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019		Variance	2018
	Original and Final Budget	Actual	Positive (Negative)	Actual
Revenues				
Intergovernmental				
Guest Tax	\$ 1,441,832	1,238,519	(203,313)	910,234
Miscellaneous	25,600	22,244	(3,356)	28,311
Prior Year Encumbrance Cancelled	-	261	261	1,485
Total Revenues	<u>1,467,432</u>	<u>1,261,024</u>	<u>(206,408)</u>	<u>940,030</u>
Expenditures				
Personal Services	250,908	246,910	3,998	251,758
Contractual Services	804,892	351,528	453,364	305,229
Commodities	65,000	42,020	22,980	59,254
Capital Outlay	118,326	95,587	22,739	95,304
Total Expenditures	<u>1,239,126</u>	<u>736,045</u>	<u>503,081</u>	<u>711,545</u>
Excess Revenues Over (Under) Expenditures	228,306	524,979	296,673	228,485
Other Financing Sources (Uses)				
Transfers Out	<u>(742,189)</u>	<u>(770,350)</u>	<u>(28,161)</u>	<u>(684,560)</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(513,883)	(245,371)	268,512	(456,075)
Fund Balance - Beginning	513,883	582,272	68,389	1,040,411
Increase (Decrease) in Reserve for Encumbrances	-	40,063	40,063	(2,064)
Fund Balance - Ending	<u>\$ -</u>	<u>376,964</u>	<u>376,964</u>	<u>582,272</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
New Equipment Reserve Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ <u>4,599,031</u>	<u>4,273,746</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Fund Balance		
Assigned - Reserved for Encumbrances	\$ 36,506	-
Assigned	<u>4,562,525</u>	<u>4,273,746</u>
Total Fund Balance	\$ <u>4,599,031</u>	<u>4,273,746</u>
 New Equipment Reserve Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balance		
For the Year Ended December 31, 2019		
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)		
	<u>2019</u>	<u>2018</u>
Revenues		
Interest Income	\$ 75,015	44,035
Miscellaneous	<u>4,525</u>	<u>3,087</u>
Total Revenues	79,540	47,122
Expenditures		
Capital Outlay	<u>527,989</u>	<u>382,267</u>
Excess Revenues Over (Under) Expenditures	(448,449)	(335,145)
Other Financing Sources (Uses)		
Transfers In	<u>737,228</u>	<u>640,534</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	288,779	305,389
Fund Balance - Beginning	4,273,746	3,968,357
Increase (Decrease) in Reserve for Encumbrances	<u>36,506</u>	<u>-</u>
Fund Balance - Ending	\$ <u>4,599,031</u>	<u>4,273,746</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Alcohol Program Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>			
		<u>2019</u>	<u>2018</u>
Cash		\$ <u>87,571</u>	<u>84,878</u>
<u>FUND BALANCE</u>			
Fund Balance			
Assigned - Designated for Subsequent Year Expenditures		\$ <u>87,571</u>	<u>84,878</u>

Special Alcohol Program Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2019</u>			
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>2018 Actual</u>
Revenues				
Intergovernmental				
Liquor Tax	\$ 134,443	137,271	2,828	140,338
Expenditures				
Contractual	60,000	60,000	-	60,000
Contingency	27,072	-	27,072	-
Total Expenditures	<u>87,072</u>	<u>60,000</u>	<u>27,072</u>	<u>60,000</u>
Excess Revenues Over (Under) Expenditures	47,371	77,271	29,900	80,338
Other Financing Sources (Uses)				
Transfers Out	(74,510)	(74,578)	(68)	(61,565)
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(27,139)	2,693	29,832	18,773
Fund Balance - Beginning	<u>27,139</u>	<u>84,878</u>	<u>57,739</u>	<u>66,105</u>
Fund Balance - Ending	\$ <u>-</u>	<u>87,571</u>	<u>87,571</u>	<u>84,878</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Park and Recreation Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ <u>294,666</u>	<u>424,347</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>200</u>	<u>38,899</u>
Fund Balance		
Assigned - Reserved for Encumbrances	28,260	143,339
Assigned - Designated for Subsequent Year's Expenditures	<u>266,206</u>	<u>242,109</u>
Total Fund Balance	<u>294,466</u>	<u>385,448</u>
Total Liabilities and Fund Balance	\$ <u>294,666</u>	<u>424,347</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Park and Recreation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues				
Intergovernmental				
Liquor Tax	\$ 134,443	137,270	2,827	140,338
Miscellaneous	-	2,200	2,200	-
Prior Year Encumbrance Cancelled	-	3,865	3,865	468
Total Revenues	134,443	143,335	8,892	140,806
Expenditures				
Capital Outlay	509,946	194,238	315,708	204,473
Excess Revenues Over (Under)				
Expenditures	(375,503)	(50,903)	324,600	(63,667)
Other Financing Sources (Uses)				
Transfers In	75,000	75,000	-	75,000
Excess Revenues and Other Financing				
Sources (Uses) Over (Under) Expenditures	(300,503)	24,097	324,600	11,333
Fund Balance - Beginning	300,503	385,448	84,945	281,306
Increase (Decrease) in Reserve				
For Encumbrances	-	(115,079)	(115,079)	92,809
Fund Balance - Ending	\$ -	294,466	294,466	385,448

See independent auditors' report.

CITY OF HAYS, KANSAS
Parks Improvement Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	2019	2018
Cash	\$ 16,831	26,908
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ 13,949	20,000
Fund Balance		
Assigned - Reserved for Encumbrances	23,898	-
Assigned	(21,016)	6,908
Total Fund Balance	2,882	6,908
Total Liabilities and Fund Balance	\$ 16,831	26,908

Parks Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019 Actual	2018 Actual
Revenues		
Donations	\$ 391	1,399
Miscellaneous	3,136	188,670
Prior Year Encumbrances Cancelled	-	4,982
Total Revenues	3,527	195,051
Expenditures		
Contractual	29,729	-
Projects	1,722	110,372
Total Expenditures	31,451	110,372
Excess Revenues Over (Under) Expenditures	(27,924)	84,679
Fund Balance - Beginning	6,908	3,198
Increase (Decrease) in Reserve For Encumbrances	23,898	(80,969)
Fund Balance - Ending	\$ 2,882	6,908

See independent auditors' report.

CITY OF HAYS, KANSAS
Department of Justice Program Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ <u>281</u>	<u>281</u>
<u>FUND BALANCE</u>		
Fund Balance Assigned	\$ <u>281</u>	<u>281</u>

Department of Justice Program Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2019 Actual</u>	<u>2018 Actual</u>
Revenues	\$ -	-
Expenditures		
Capital Outlay	<u>-</u>	<u>500</u>
Excess Revenues Over (Under) Expenditures	-	(500)
Fund Balance - Beginning	<u>281</u>	<u>781</u>
Fund Balance - Ending	\$ <u>281</u>	<u>281</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
City Commission Capital Reserve Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ <u>3,264,828</u>	<u>4,429,869</u>
<u>FUND BALANCE</u>		
Fund Balance Assigned	\$ <u>3,264,828</u>	<u>4,429,869</u>
City Commission Capital Reserve Fund Schedule of Revenues, Expenditures and Changes in Fund Balance For the Year Ended December 31, 2019 (With Comparative Actual Totals for the Prior Year Ended December 31, 2018)		
	<u>2019 Actual</u>	<u>2018 Actual</u>
Revenues		
Interest	\$ 59,215	51,025
Expenditures		
Projects	<u>783,513</u>	<u>36,735</u>
Excess Revenues Over (Under) Expenditures	<u>(724,298)</u>	<u>14,290</u>
Other Financing Sources (Uses)		
Transfers In	800,000	1,200,000
Transfers Out	<u>(1,240,743)</u>	<u>(2,793,605)</u>
Total Other Financing Sources (Uses)	<u>(440,743)</u>	<u>(1,593,605)</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(1,165,041)	(1,579,315)
Fund Balance - Beginning	4,429,869	6,018,407
Increase (Decrease) in Reserve for Encumbrances	<u>-</u>	<u>(9,223)</u>
Fund Balance - Ending	\$ <u>3,264,828</u>	<u>4,429,869</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Sales Tax Dedicated to Ellis County, Kansas Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ <u>-</u>	<u>-</u>
<u>FUND BALANCE</u>		
Fund Balance		
Assigned	\$ <u>-</u>	<u>-</u>

Sales Tax Dedicated to Ellis County, Kansas Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
	<u>Actual</u>	<u>Actual</u>
Revenues		
Intergovernmental		
Local Sales Tax	\$ -	1,600,014
Expenditures		
Payment to Ellis County	<u>-</u>	<u>1,600,014</u>
Excess Revenues Over (Under)		
Expenditures	-	-
Fund Balance - Beginning	<u>-</u>	<u>-</u>
Fund Balance - Ending	\$ <u>-</u>	<u>-</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Bond and Interest Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ 166,383	277,847
Taxes Receivable	647,896	<u>733,481</u>
Total Assets	\$ <u>814,279</u>	<u>1,011,328</u>
<u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>		
Deferred Inflows of Resources		
Deferred Property Tax Receivable	\$ 647,896	<u>733,481</u>
Fund Balance		
Assigned - Designated for Subsequent Year Expenditures	90,167	187,696
Assigned	76,216	<u>90,151</u>
Total Fund Balance	<u>166,383</u>	<u>277,847</u>
Total Deferred Inflows of Resources and Fund Balance	\$ <u>814,279</u>	<u>1,011,328</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Bond and Interest Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019		Variance	2018
	Original and Final Budget	Actual	Positive (Negative)	Actual
Revenues				
Taxes				
Ad Valorem	\$ 570,713	562,689	(8,024)	711,314
Delinquent	-	9,963	9,963	4,586
Motor Vehicle	56,056	76,784	20,728	80,650
Recreational Vehicle	838	1,316	478	1,189
16/20M Truck	487	507	20	472
Commercial Vehicle	3,188	4,717	1,529	4,346
Special Assessments	607,731	599,563	(8,168)	626,804
Miscellaneous	-	-	-	1
Neighborhood Revitalization Rebate	(1,670)	(1,421)	249	(1,548)
Total Revenues	<u>1,237,343</u>	<u>1,254,118</u>	<u>16,775</u>	<u>1,427,814</u>
Expenditures				
Tax Increment Financing District	8,161	8,704	(543)	8,939
Bond Principal	1,410,000	1,135,000	275,000	1,110,000
Interest Expense	275,428	221,878	53,550	245,566
Cash Basis Reserve	60,000	-	60,000	-
Total Expenditures	<u>1,753,589</u>	<u>1,365,582</u>	<u>388,007</u>	<u>1,364,505</u>
Excess Revenues Over (Under) Expenditures	(516,246)	(111,464)	404,782	63,309
Other Financing Sources (Uses)				
Transfers In	328,550	-	(328,550)	-
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(187,696)	(111,464)	76,232	63,309
Fund Balance - Beginning	<u>187,696</u>	<u>277,847</u>	<u>90,151</u>	<u>214,538</u>
Fund Balance - Ending	<u>\$ -</u>	<u>166,383</u>	<u>166,383</u>	<u>277,847</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Economic Development Bond Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>			
		2019	2018
Cash	\$	<u>207,679</u>	<u>155,371</u>
<u>FUND BALANCE</u>			
Fund Balance			
Assigned - Designated for Subsequent Year Expenditures	\$	168,597	144,726
Assigned		<u>39,082</u>	<u>10,645</u>
Total Fund Balance	\$	<u>207,679</u>	<u>155,371</u>

Economic Development Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues				
Taxes				
Tax Increment Financing	\$ -	85,070	85,070	-
Intergovernmental				
Local Sales Tax	234,771	188,783	(45,988)	246,653
Total Revenues	<u>234,771</u>	<u>273,853</u>	<u>39,082</u>	<u>246,653</u>
Expenditures				
Bond Principal	160,000	160,000	-	150,000
Interest Expense	61,545	61,545	-	69,495
Total Expenditures	<u>221,545</u>	<u>221,545</u>	<u>-</u>	<u>219,495</u>
Excess Revenues Over (Under)				
Expenditures	13,226	52,308	39,082	27,158
Fund Balance - Beginning	<u>131,500</u>	<u>155,371</u>	<u>23,871</u>	<u>128,213</u>
Fund Balance - Ending	\$ <u>144,726</u>	<u>207,679</u>	<u>62,953</u>	<u>155,371</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	Solid Waste Fund	Stormwater Management Fund	Water Production and Distribution Reserve Fund	Water Reclamation and Reuse Reserve Fund	Solid Waste Reserve Fund	Stormwater Reserve Fund	Totals	
							2019	2018
<u>ASSETS</u>								
Current Assets								
Cash	\$ 43,513	160,658	2,013,314	944,556	452,637	1,441,624	5,056,302	7,101,404
Operating Account	92,225	41,096	-	-	-	-	133,321	123,449
Accounts Receivable, Net of Allowance for Uncollectibles								
	135,738	201,754	2,013,314	944,556	452,637	1,441,624	5,189,623	7,224,853
Total Current Assets								
Noncurrent Assets								
Capital Assets								
Infrastructure	-	102,194	-	-	-	-	102,194	68,723
Equipment	2,700,854	8,749	-	-	-	-	2,709,603	2,028,271
Building and Structures	294,594	-	-	-	-	-	294,594	294,594
	2,995,448	110,943	-	-	-	-	3,106,391	2,391,588
Accumulated Depreciation	(1,912,338)	(3,437)	-	-	-	-	(1,915,775)	(1,790,093)
Net Capital Assets	1,083,110	107,506	-	-	-	-	1,190,616	601,495
Total Assets	1,218,848	309,260	2,013,314	944,556	452,637	1,441,624	6,380,239	7,826,348
<u>LIABILITIES</u>								
Current Liabilities								
Accounts Payable	39,277	5,847	-	-	-	-	45,124	60,216
Accrued Payroll	16,418	4,239	-	-	-	-	20,657	20,373
Accrued Paid Time Off	28,974	7,326	-	-	-	-	36,300	33,692
Total Current Liabilities	84,669	17,412	-	-	-	-	102,081	114,281
<u>NET POSITION</u>								
Net Position								
Unrestricted	1,134,179	291,848	2,013,314	944,556	452,637	1,441,624	6,278,158	7,712,066
Total Net Position	\$ 1,134,179	291,848	2,013,314	944,556	452,637	1,441,624	6,278,158	7,712,066

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Nonmajor Enterprise Funds
December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	Solid Waste Fund	Stormwater Management Fund	Water Production and Distribution Reserve Fund	Water Reclamation and Reuse Reserve Fund	Solid Waste Reserve Fund	Stormwater Reserve Fund	Totals	
							2019	2018
Operating Revenues								
Charges for Sales and Services								
Refuse Collections	\$ 1,343,109	-	-	-	-	-	1,343,109	1,309,808
Stormwater Fees	-	798,701	-	-	-	-	798,701	793,588
Reimbursed Expense	-	-	-	1,868	25,000	-	26,868	90,868
Total Operating Revenues	<u>1,343,109</u>	<u>798,701</u>	<u>-</u>	<u>1,868</u>	<u>25,000</u>	<u>-</u>	<u>2,168,678</u>	<u>2,194,264</u>
Operating Expenses								
Refuse Collection	849,098	-	-	-	-	-	849,098	861,187
Stormwater Management	-	289,917	-	-	-	-	289,917	443,761
Projects	-	-	50,796	722,923	49,528	75,000	898,247	1,679,777
Depreciation	<u>124,432</u>	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125,682</u>	<u>82,799</u>
Total Operating Expenses	<u>973,530</u>	<u>291,167</u>	<u>50,796</u>	<u>722,923</u>	<u>49,528</u>	<u>75,000</u>	<u>2,162,944</u>	<u>3,067,524</u>
Net Operating Income (Loss)	<u>369,579</u>	<u>507,534</u>	<u>(50,796)</u>	<u>(721,055)</u>	<u>(24,528)</u>	<u>(75,000)</u>	<u>5,734</u>	<u>(873,260)</u>
Nonoperating Revenues (Expenses)								
Interest Income	19,739	-	-	-	-	-	19,739	12,078
Prior Year Encumbrances Cancelled	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,158</u>
Net Nonoperating Revenues (Expenses)	<u>19,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,739</u>	<u>15,236</u>
Income (Loss) Before Transfers	389,318	507,534	(50,796)	(721,055)	(24,528)	(75,000)	25,473	(858,024)
Transfers In	-	16,500	755,140	45,000	(477,836)	304,283	643,087	1,572,277
Transfers Out	<u>70,789</u>	<u>(452,098)</u>	<u>(143,869)</u>	<u>(1,563,941)</u>	<u>-</u>	<u>(13,350)</u>	<u>(2,102,469)</u>	<u>(1,632,684)</u>
Change in Net Position	460,107	71,936	560,475	(2,239,996)	(502,364)	215,933	(1,433,909)	(918,431)
Net Position - Beginning of Year	<u>674,072</u>	<u>219,912</u>	<u>1,452,839</u>	<u>3,184,552</u>	<u>955,001</u>	<u>1,225,691</u>	<u>7,712,067</u>	<u>8,630,497</u>
Net Position - End of Year	<u>\$ 1,134,179</u>	<u>291,848</u>	<u>2,013,314</u>	<u>944,556</u>	<u>452,637</u>	<u>1,441,624</u>	<u>6,278,158</u>	<u>7,712,066</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Balance Sheet
Enterprise Funds
December 31, 2019
(With Comparative Totals as of December 31, 2018)

		2019					2018
		Water Production and Distribution Fund	Wastewater Reclamation and Reuse Fund	Water Conservation Fund	Solid Waste Fund	Stormwater Management Fund	
ASSETS						Total	
Current Assets							
Cash							
Operating Account	\$	446,629	1,020,465	395,113	43,513	160,658	1,877,257
Accounts Receivable (Net)		151,268	185,015	-	92,225	41,096	514,343
Total Current Assets		597,897	1,205,480	395,113	135,738	201,754	2,391,600
Restricted Assets							
Customer Deposits		401,963	-	-	-	-	349,541
Capital Assets							
Land and Right-of-Ways		446,274	-	-	-	-	446,274
Infrastructure		15,475,387	33,713,610	-	-	102,194	17,156,272
Equipment		11,185,710	1,090,138	-	2,700,854	8,749	14,029,154
Building and Structures		1,790,520	10,285,544	-	294,594	-	12,370,658
R-9 Ranch		4,262,040	-	-	-	-	4,262,040
Construction in Process		59,860	-	-	-	-	19,381,233
Total Capital Assets		33,219,791	45,089,292	-	2,995,448	110,943	67,645,631
Accumulated Depreciation		(19,705,163)	(7,318,720)	-	(1,912,338)	(3,437)	(28,192,987)
Net Capital Assets		13,514,628	37,770,572	-	1,083,110	107,506	39,452,644
Other Assets							
Early Retirement on Debt Refunding (Net)		50,846	21,791	-	-	-	90,796
Total Assets	\$	14,565,334	38,997,843	395,113	1,218,848	309,260	42,284,581

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Balance Sheet
Enterprise Funds
December 31, 2019
(With Comparative Totals as of December 31, 2018)

	2019						2018
	Water Production and Distribution Fund	Wastewater Treatment and Collection Fund	Water Conservation Fund	Solid Waste Fund	Stormwater Management Fund	Total	
LIABILITIES AND EQUITY							
Current Liabilities							
Accounts Payable	\$ 52,335	11,455	22,288	39,277	5,847	131,202	231,026
Sales Tax	6,097	-	-	-	-	6,097	7,579
State Water Fee	7,628	-	-	-	-	7,628	7,565
Accrued Payroll	24,663	20,125	2,720	16,418	4,239	68,165	70,434
Accrued Paid Time Off	46,499	24,603	3,689	28,975	7,326	111,092	116,045
Total Current Liabilities	137,222	56,183	28,697	84,670	17,412	324,184	432,649
Current Liabilities Payable From Restricted Assets							
2016-A GO Refunding Bonds	199,500	85,500	-	-	-	285,000	275,000
KDHE Wastewater Revolving Loan	-	1,236,865	-	-	-	1,236,865	1,224,447
Customer Deposits	397,463	-	-	-	-	397,463	345,041
Monitoring Well Deposits	4,500	-	-	-	-	4,500	4,500
Accrued Interest - Bonds	10,570	193,608	-	-	-	204,178	137,091
Total Current Liabilities Payable From Restricted Assets	612,033	1,515,973	-	-	-	2,128,006	1,986,079
Noncurrent Liabilities							
2016-A GO Refunding Bonds	857,500	367,500	-	-	-	1,225,000	1,510,000
KDHE Wastewater Revolving Loan	-	26,844,080	-	-	-	26,844,080	17,326,163
Bond Premium (Net)	53,731	23,028	-	-	-	76,759	95,948
Total Noncurrent Liabilities	911,231	27,234,608	-	-	-	28,145,839	18,932,111
Total Liabilities	1,660,486	28,806,764	28,697	84,670	17,412	30,598,029	21,350,839
Equity							
Reserve for Encumbrances	61,115	194,246	12,897	4,275	25,391	297,924	250,137
Contributed Capital	3,985,133	1,099,521	-	308,563	77,472	5,470,689	5,044,510
Unreserved	8,858,600	8,897,312	353,519	821,340	188,985	19,119,756	15,639,095
Total Equity	12,904,848	10,191,079	366,416	1,134,178	291,848	24,888,369	20,933,742
Total Liabilities and Equity	\$ 14,565,334	38,997,843	395,113	1,218,848	309,260	55,486,398	42,284,581

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Production and Distribution Fund
Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues				
Water Sales	\$ 3,222,767	3,186,757	(36,010)	3,114,267
Water Tap - Turn-Ons	68,355	35,177	(33,178)	30,218
Water Sales Conservation Rate	396,854	359,768	(37,086)	331,624
Sales and Other Charges	10,000	22,799	12,799	71,079
Penalty	16,275	17,841	1,566	17,656
Interest on Investments	32,350	28,196	(4,154)	23,373
Prior Year Encumbrance Cancelled	-	7,289	7,289	85
Total Revenues	\$ 3,746,601	3,657,827	(88,774)	3,588,302
Expenditures				
Personal Services				
Salaries	\$ 605,980	558,848	47,132	650,858
Contractual Services				
Communications	6,250	6,904	(654)	6,675
Publications	800	321	479	357
Heat, Light and Power	273,000	216,300	56,700	232,522
Professional Services	30,000	4,447	25,553	17,476
Travel and Training	8,500	4,649	3,851	5,100
Other Contractual Services	100,000	94,400	5,600	125,764
Total Contractual Services	418,550	327,021	91,529	387,894
Commodities				
Office Supplies	1,200	1,051	149	1,521
General Supplies and Materials	50,000	56,046	(6,046)	71,047
Chemicals	325,000	293,547	31,453	313,004
Repairs to Buildings and Structures	15,000	6,667	8,333	19,780
Equipment Expense	160,000	137,022	22,978	401,903
Projects	84,000	78,984	5,016	94,582
Uniforms	5,700	6,397	(697)	6,069
Total Commodities	640,900	579,714	61,186	907,906
Debt Service				
Principal Payment - 2009 Revenue Bond	192,500	192,500	-	185,500
Interest Payment - 2009 Revenue Bond	37,485	37,485	-	44,964
Total Debt Service	229,985	229,985	-	230,464
Nonoperating Expenditures				
Water Taps, Hydrants, Meters	150,000	145,936	4,064	117,895
Contingency	50,000	8,360	41,640	12,782
Interest on Deposits	6,500	9,887	(3,387)	5,357
Clean Drinking Water Fee	17,000	14,914	2,086	15,885
Transfer to Water Reserve	639,578	815,000	(175,422)	711,783
Transfer to General	561,990	561,990	-	563,655
Transfer to Employee Benefits	273,984	251,810	22,174	261,530
Transfer to New Equipment Reserve	12,198	12,198	-	15,824
Total Nonoperating Expenditures	1,711,250	1,820,095	(108,845)	1,704,711
Total Expenditures	\$ 3,606,665	3,515,663	91,002	3,881,833

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CITY OF HAYS, KANSAS
Water Reclamation and Reuse Fund
Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues				
Sewer Service Charges	\$ 3,877,147	4,001,382	124,235	3,580,426
Sales and Other Charges	6,000	20,684	14,684	77,884
Penalty	16,250	17,498	1,248	17,458
Interest on Investments	40,450	68,252	27,802	27,454
Prior Year Cancelled Encumbrances	-	12,317	12,317	52,764
KDHE Loan Proceeds	-	4,543,244	4,543,244	17,082,499
Total Revenues	\$ 3,939,847	8,663,377	4,723,530	20,838,485
Expenditures				
Personal Services				
Salaries	\$ 421,185	455,449	(34,264)	460,040
Contractual Services				
Communications	8,466	13,114	(4,648)	6,186
Heat, Light and Power	240,000	317,207	(77,207)	197,512
Travel and Training	8,500	7,896	604	5,197
Other Contractual Services	45,000	36,518	8,482	55,579
Professional Services	35,000	23,697	11,303	22,114
Total Contractual Services	336,966	398,432	(61,466)	286,588
Commodities				
Office Supplies	600	1,063	(463)	344
General Supplies and Materials	35,000	25,886	9,114	14,545
Chemicals	80,000	66,749	13,251	52,017
Equipment Expense	105,000	50,328	54,672	114,277
Uniforms	5,500	4,799	701	4,393
Projects	-	4,543,244	(4,543,244)	17,082,499
Repairs to Buildings and Structures	210,000	253,526	(43,526)	209,410
Total Commodities	436,100	4,945,595	(4,509,495)	17,477,485
Debt Service				
KDHE Loan Payment	1,890,776	1,831,046	59,730	972,420
KDHE Service Fee	-	59,730	(59,730)	17,549
Principal Payment - 2009 Revenue Bond	82,500	82,500	-	79,500
Interest Payment - 2009 Revenue Bond	16,065	16,065	-	19,270
Total Debt Service	1,989,341	1,989,341	-	1,088,739
Nonoperating Expenditures				
Contingency	50,000	42,346	7,654	31,545
Transfer to Water Reclamation Reserve Fund	154,091	45,000	109,091	300,000
Transfer to General Fund	590,977	590,977	-	507,555
Transfer to Employee Benefits Fund	181,300	201,320	(20,020)	179,286
Transfer to New Equipment Reserve	47,388	47,388	-	38,182
Total Nonoperating Expenditures	1,023,756	927,031	96,725	1,056,568
Total Expenditures	\$ 4,207,348	8,715,848	(4,508,500)	20,369,420

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CITY OF HAYS, KANSAS

Water Conservation Fund

Comparison of Actual Revenues and Expenditures to Budget

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019			
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues				
Local Sales Tax	\$ 2,940,000	3,040,010	100,010	2,929,331
Rent on R-9 Ranch	115,000	20,000	(95,000)	146,590
Sales and Other Charges	-	437	437	205
Interest on Sales Tax Collections	419,000	660,413	241,413	400,504
Prior Year Cancelled Encumbrances	-	30,654	30,654	-
Total Revenues	<u>\$ 3,474,000</u>	<u>3,751,514</u>	<u>277,514</u>	<u>3,476,630</u>
Expenditures				
Personal Services				
Salaries	\$ 60,649	61,128	(479)	58,914
Contractual Services				
Communications	1,500	478	1,022	642
Publications	2,000	682	1,318	1,184
Travel and Training	2,450	2,807	(357)	3,759
Other Contractual Services	2,500	3,474	(974)	2,381
Total Contractual Services	<u>8,450</u>	<u>7,441</u>	<u>1,009</u>	<u>7,966</u>
Commodities				
General Supplies and Materials	4,000	5,435	(1,435)	4,693
Projects	200,000	153,424	46,576	144,816
Uniforms	500	-	500	126
Total Commodities	<u>204,500</u>	<u>158,859</u>	<u>45,641</u>	<u>149,635</u>
Nonoperating Expenditures				
R-9 Ranch Expenditures	150,000	61,804	88,196	160,648
Grant Funding	5,000	-	5,000	-
Transfer to Water Sales Tax Reserve Fund	2,604,819	2,745,832	(141,013)	2,545,922
Transfer to General Fund - Water Sales Tax	521,100	521,100	-	444,600
Transfer to Employee Benefits Fund	26,933	25,287	1,646	23,906
Transfer to New Equipment Reserve	2,802	2,802	-	2,802
Total Nonoperating Expenditures	<u>3,310,654</u>	<u>3,356,825</u>	<u>(46,171)</u>	<u>3,177,878</u>
Total Expenditures	<u>\$ 3,584,253</u>	<u>3,584,253</u>	<u>-</u>	<u>3,394,393</u>

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CITY OF HAYS, KANSAS

Solid Waste Fund

Comparison of Actual Revenues and Expenditures to Budget

For the Year Ended December 31, 2019

(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

		2019		
	Original and Final Budget	Actual	Variance Positive (Negative)	2018 Actual
Revenues				
Refuse Collections	\$ 1,462,977	1,337,840	(125,137)	1,299,670
Interest on Investments	13,000	19,739	6,739	12,078
Yard Waste Tags	1,000	772	(228)	730
Recycling Revenue	20,000	4,497	(15,503)	9,407
Total Revenues	\$ 1,496,977	1,362,848	(134,129)	1,321,885
Expenditures				
Personal Services				
Salaries	\$ 381,186	376,592	4,594	372,733
Transfer to Employee Benefits Fund	188,272	184,297	3,975	167,616
Total Personal Services	569,458	560,889	8,569	540,349
Contractual Services				
Communications	1,850	975	875	1,038
Publications	3,500	2,422	1,078	1,893
Utility - Water, Light and Power	7,150	7,307	(157)	6,598
Contingency	50,000	-	50,000	9,477
Other Contractual Services	407,660	435,266	(27,606)	431,191
Travel and Training	1,300	830	470	1,020
Transfer to Solid Waste Reserve Fund	195,240	195,240	-	184,734
Transfer to General Fund	222,750	222,750	-	226,491
Total Contractual Services	889,450	864,790	24,660	862,442
Commodities				
Office Supplies	550	57	493	148
General Supplies	23,240	18,938	4,302	21,809
Equipment Expense	10,000	6,194	3,806	24,300
Uniforms	3,600	3,564	36	3,208
Repairs to Buildings and Structures	3,600	1,228	2,372	3,945
Total Commodities	40,990	29,981	11,009	53,410
Total Expenditures	\$ 1,499,898	1,455,660	44,238	1,456,201

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CITY OF HAYS, KANSAS
Stormwater Management Fund
Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	2019		Variance	2018
	Original and Final Budget	Actual	Positive (Negative)	Actual
Revenues				
Stormwater Fee	\$ 794,000	798,701	4,701	793,588
Prior Year Encumbrances Cancelled	-	-	-	3,158
Transfer From General Fund	16,500	16,500	-	16,500
Total Revenues	\$ 810,500	815,201	4,701	813,246
Expenditures				
Personal Services				
Salaries	\$ 99,158	105,397	(6,239)	102,379
Transfer to Employee Benefits Fund	44,749	42,747	2,002	38,843
Total Personal Services	143,907	148,144	(4,237)	141,222
Contractual Services				
Communications	400	282	118	469
Other Contractual Services	20,000	21,646	(1,646)	11,916
Contingency	50,000	17,987	32,013	5,000
Professional Services	30,000	12,090	17,910	49,888
Travel and Training	1,000	-	1,000	435
Transfer to General Fund	66,356	66,356	-	66,980
Total Contractual Services	167,756	118,361	49,395	134,688
Commodities				
General Supplies	50,000	44,447	5,553	23,225
Uniforms	550	514	36	448
Sewer Line Project	118,000	119,832	(1,832)	250,000
Transfer to Stormwater Reserve Fund	304,283	304,283	-	359,260
Transfer to New Equipment Reserve Fund	38,712	38,712	-	38,712
Total Commodities	511,545	507,788	3,757	671,645
Total Expenditures	\$ 823,208	774,293	48,915	947,555

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Production and Distribution Reserve Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ <u>2,013,315</u>	<u>1,458,829</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>-</u>	<u>5,990</u>
Fund Balance		
Assigned - Reserved for Encumbrances	<u>1,170,377</u>	<u>38,339</u>
Assigned	<u>842,938</u>	<u>1,414,500</u>
Total Fund Balance	<u>2,013,315</u>	<u>1,452,839</u>
Total Liabilities and Fund Balance	\$ <u>2,013,315</u>	<u>1,458,829</u>

Water Production and Distribution Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
Revenues	\$ <u>-</u>	<u>-</u>
Expenditures		
Capital Outlay	<u>1,242,693</u>	<u>529,826</u>
Excess Revenues Over (Under) Expenditures	<u>(1,242,693)</u>	<u>(529,826)</u>
Other Financing Sources (Uses)		
Transfers In	<u>815,000</u>	<u>711,783</u>
Transfers Out	<u>(143,869)</u>	<u>(531,836)</u>
Total Other Financing Sources (Uses)	<u>671,131</u>	<u>179,947</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>(571,562)</u>	<u>(349,879)</u>
Fund Balance - Beginning	<u>1,452,839</u>	<u>2,076,379</u>
Increase (Decrease) in Reserve for Encumbrances	<u>1,132,038</u>	<u>(273,661)</u>
Fund Balance - Ending	\$ <u>2,013,315</u>	<u>1,452,839</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Reclamation and Reuse Reserve Fund
Balance Sheets
December 31, 2019 and 2018

	<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Cash		\$ <u>944,556</u>	<u>3,184,552</u>
	<u>FUND BALANCE</u>		
Fund Balance			
Assigned - Reserved for Encumbrances		<u>73,375</u>	198,380
Assigned		<u>871,181</u>	<u>2,986,172</u>
Total Fund Balance		\$ <u>944,556</u>	<u>3,184,552</u>

Water Reclamation and Reuse Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
Revenues		
Miscellaneous	\$ <u>1,868</u>	1,868
Expenditures		
Capital Outlay	<u>597,918</u>	<u>198,380</u>
Excess Revenues Over (Under) Expenditures	<u>(596,050)</u>	<u>(196,512)</u>
Other Financing Sources (Uses)		
Transfers In	<u>45,000</u>	300,000
Transfers Out	<u>(1,563,941)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,518,941)</u>	<u>300,000</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>(2,114,991)</u>	103,488
Fund Balance - Beginning	<u>3,184,552</u>	2,882,684
Increase (Decrease) in Reserve for Encumbrances	<u>(125,005)</u>	<u>198,380</u>
Fund Balance - Ending	\$ <u>944,556</u>	<u>3,184,552</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Sales Tax Reserve Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ <u>36,113,447</u>	<u>33,931,422</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Accounts Payable	\$ <u>15,011</u>	<u>1,615</u>
Fund Balance		
Assigned - Reserved for Encumbrances	<u>47,590</u>	<u>47,590</u>
Assigned	<u>36,050,846</u>	<u>33,882,217</u>
Total Fund Balance	<u>36,098,436</u>	<u>33,929,807</u>
Total Liabilities and Fund Balance	\$ <u>36,113,447</u>	<u>33,931,422</u>

Water Sales Tax Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>2019</u>	<u>2018</u>
Revenues		
	\$ <u>1,250</u>	<u>-</u>
Expenditures		
Capital Outlay	<u>578,453</u>	<u>867,483</u>
Excess Revenues Over (Under) Expenditures	<u>(577,203)</u>	<u>(867,483)</u>
Other Financing Sources (Uses)		
Transfers In	<u>2,745,832</u>	<u>2,545,922</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>2,168,629</u>	<u>1,678,439</u>
Fund Balance - Beginning	<u>33,929,807</u>	<u>32,203,778</u>
Increase (Decrease) in Reserve for Encumbrances	<u>-</u>	<u>47,590</u>
Fund Balance - Ending	\$ <u>36,098,436</u>	<u>33,929,807</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Solid Waste Reserve Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ <u>452,637</u>	<u>955,002</u>
 <u>FUND BALANCE</u>		
Fund Balance		
Assigned - Reserved for Encumbrances	\$ -	673,076
Assigned	<u>452,637</u>	<u>281,926</u>
 Total Fund Balance	 \$ <u>452,637</u>	 <u>955,002</u>
 Solid Waste Reserve Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balance		
For the Year Ended December 31, 2019		
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)		
	<u>2019</u>	<u>2018</u>
Revenues		
Miscellaneous	\$ 25,000	89,000
Expenditures		
Capital Outlay	<u>49,529</u>	<u>842,971</u>
Excess Revenues Over (Under) Expenditures	(24,529)	(753,971)
Other Financing Sources (Uses)		
Transfers In	<u>195,240</u>	<u>184,734</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	170,711	(569,237)
Fund Balance - Beginning	955,002	869,538
Increase (Decrease) in Reserve for Encumbrances	<u>(673,076)</u>	<u>654,701</u>
Fund Balance - Ending	\$ <u>452,637</u>	<u>955,002</u>

See independent auditors' report.

CITY OF HAYS, KANSAS
Stormwater Reserve Fund
Balance Sheets
December 31, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Cash	\$ <u>1,441,624</u>	<u>1,225,691</u>
 <u>FUND BALANCE</u>		
Fund Balance		
Assigned - Reserved for Encumbrances	\$ 13,600	88,600
Assigned	<u>1,428,024</u>	<u>1,137,091</u>
Total Fund Balance	\$ <u>1,441,624</u>	<u>1,225,691</u>
 Stormwater Reserve Fund		
Schedule of Revenues, Expenditures and Changes in Fund Balance		
For the Year Ended December 31, 2019		
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)		
	<u>2019</u>	<u>2018</u>
Revenues	\$ -	-
Expenditures		
Capital Outlay	<u>-</u>	<u>108,600</u>
Excess Revenues Over (Under) Expenditures	<u>-</u>	<u>(108,600)</u>
Other Financing Sources (Uses)		
Transfers In	304,283	359,260
Transfers Out	<u>(13,350)</u>	<u>(18,212)</u>
Total Other Financing Sources (Uses)	<u>290,933</u>	<u>341,048</u>
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	290,933	232,448
Fund Balance - Beginning	1,225,691	904,643
Increase (Decrease) in Reserve for Encumbrances	<u>(75,000)</u>	<u>88,600</u>
Fund Balance - Ending	\$ <u>1,441,624</u>	<u>1,225,691</u>

See independent auditors' report.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of **City of Hays, Kansas**, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise **City of Hays, Kansas'** primary government financial statements, and have issued our report thereon dated May 28, 2020. The report on the audited financial statements was qualified because it did not include the required annual cost and long-term obligations of the other postemployment benefits as required by Governmental Auditing Standards Board Statements Number 75 and accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses (2019-001) that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **City of Hays, Kansas'** financial statements are

free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

City of Hays, Kansas' Response to Findings

City of Hays, Kansas' response to the findings identified in our audit is described in the accompanying schedule of findings and responses. **City of Hays, Kansas'** response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

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

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

May 28, 2020



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY
CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

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

Report on Compliance

We have audited **City of Hays, Kansas'** compliance with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration for the City's passenger facility charge program for the year ended December 31, 2019.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for **City of Hays, Kansas'** passenger facility charge program. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit and Accounting Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Passenger Facility Charge Audit Guide for Public Agencies*. Those standards and the Guide 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 the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about **City of Hays, Kansas'** 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 the passenger facility charge program. However, our audit does not provide a legal determination of **City of Hays, Kansas'** compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, **City of Hays, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of **City of Hays, Kansas** 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 **City of Hays, Kansas'** internal control over compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide. Accordingly, we do not express an opinion on the effectiveness of **City of Hays, Kansas'** 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 in relation to the passenger facility charge 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 in relation to the passenger facility charge 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 in relation to the passenger facility charge 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.

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 Guide. The information is intended solely for use of management and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

May 28, 2020

CITY OF HAYS, KANSAS
Schedule of Findings and Responses
For the Year Ended December 31, 2019

FINANCIAL STATEMENT FINDINGS

A. Significant Deficiency in Internal Control

2019-001

Criteria or specific requirement

Internal controls should be in place to ensure all encumbrances of the City are recorded and reconciled from the subsidiary ledger to the general ledger.

Condition

Internal controls are not in place to accurately identify all outstanding encumbrances and ensure they are being reconciled to the general ledger.

Context

During review of the Commissioner's minutes, a project was approved that was not encumbered at year-end. All items approved in the minutes should be recorded in the same year they are approved so the expenditures are applied in proper budget year. Alternatively, if the Commissioners wish to approve a project for a future year, a specific note should be made in the minutes to reflect this approval. Also, during our work, we found that the encumbrance detail report did not agree to the general ledger due to various items being posted to the general ledger that were not included on the encumbrance report.

Effect

Management may not be aware of all encumbered funds.

Cause

The City did not review the minutes for additional items approved during Commissioner's meetings and they did not reconcile the subsidiary encumbrance report to the general ledger to identify errors and discrepancies.

Recommendation

Procedures should be established and implemented where the City reviews the minutes to ensure all outstanding encumbrances are being recorded as they are approved. Procedures should also be established to ensure that the general ledger agrees to the detail encumbrance listing throughout the year.

Views of responsible officials and planned corrective actions

The City is aware that internal controls should be improved within the encumbrances transaction cycle and will implement controls to correct the deficiency.

PASSENGER FACILITY CHARGE FINDINGS AND RESPONSES

No material findings or responses are required to be disclosed under the *Passenger Facility Charge Audit Guide for Public Agencies*.

CITY OF HAYS, KANSAS
Schedule of Passenger Facility Charges and Notes to the
Schedule of Passenger Facility Charges
For the Year Ended December 31, 2019

Approved Application Project Number	Unliquidated PFC Beginning Balance	PFC Collected	PFC Expended	Unliquidated PFC Ending Balance
15-01-C-00-HYS	\$ -	200,579	200,579	-

NOTE 1 – GENERAL

In 2015, **City of Hays, Kansas** first received approval from the Federal Aviation Administration to impose and use a passenger facility charge (PFC) of \$4.50 for each eligible passenger utilizing Hays Regional Airport, effective April 1, 2015. The first funds were received by the City in April 2015.

The charge is collected by all carriers and remitted to the City, less a \$.11 per passenger handling fee. The proceeds from the PFC are restricted for certain FAA approved capital improvement projects. As of December 31, 2019, **City of Hays, Kansas** has submitted and received approval on one application that was amended in 2016. The approved and amended applications represent a total authorized amount of \$207,045. The charge expiration date for the current program is estimated to be May 1, 2020.

NOTE 2 – BASIS OF PRESENTATION

The accompanying schedule of passenger facility charges is presented on the cash basis of accounting. The information in the schedule is presented in accordance with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies. Therefore, some amounts presented in the schedule may differ from amounts in or used in the preparation of the primary government financial statements. The accompanying schedule of expenditures of passenger facility charges presents the activity of passenger facility charge projects administered by Hays Regional Airport.