

CITY OF HAYS, KANSAS

Financial Statements With Independent Auditors' Report

For the Year Ended December 31, 2020

CITY OF HAYS, KANSAS
Financial Statements With Independent Auditors' Report
For the Year Ended December 31, 2020

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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, 2020, 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 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 the auditors' 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, 2020, 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, 2020, 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, 2020, 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, 2020, and our report thereon, dated March 10, 2021 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.

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 expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The schedule of passenger facility charges required by the *Passenger Facility Charge Audit Guide for Public Agencies* is also presented for purposes of additional analysis. Both are not a required part of the primary government financial statements.

The combining and individual fund financial statements and schedules, schedule of expenditures of federal awards, and schedule of passenger facility charges required by the *Passenger Facility Charge Audit Guide for Public Agencies* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the primary 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 or to the primary government financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the Governmental Activities, Business-Type Activities and Aggregate Discretely Presented Component Unit as explained in the "Basis for Qualified Opinion" paragraph, the combining and individual fund financial statements and schedules, schedule of expenditures of federal awards, and the schedule of passenger facility charges are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2021 on our consideration of **City of Hays, Kansas**' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **City of Hays, Kansas**' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **City of Hays, Kansas**' internal control over financial reporting and compliance.

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

ADAMSBROWN, LLC
Certified Public Accountants
Hays, Kansas

May 27, 2021

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, 2020. 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 2020, 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 3.1%.

The change in net position for Primary Governmental Activities was \$2,524,278. This includes the decision to transfer \$1,000,000 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 2020, the 3/4 cent additional sales tax generated \$4,584,794, or the equivalent of 20.2 mills. The replacement of property tax revenue with sales tax revenue has spread the cost of funding general City operations across a broader tax base and helped to alleviate the tax burden for local property owners.

Residential and business water consumption were up a combined 2.78% for 2020. Given the new rates, as discussed below, this translates into an increase in total water revenue of \$182,159 or 5.1%. 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 2020, the Water Production and Distribution Fund was able to set aside \$600,000 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 2020 finishing with revenues up \$561,237 or 13.6%. As in Water Production and Distribution, a financial analysis and rate study was conducted in 2015 by Springsted, Inc. to determine future rate structures to maintain operations and future capital needs. This was in response to the fund facing regulatory requirements to reconstruct the waste water treatment facility with expected costs to exceed \$27,000,000. In anticipation of those needs, the City was able to set aside \$700,000 into capital reserves for such purposes. A full review of the adequacy of the new rate structure will continue to be performed each year.

The Solid Waste Utility Fund continues to be a self-supported enterprise fund. The City set aside reserves of \$175,000 in 2020 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 2020, 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 59 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 | 2020 Total Primary Government | 2019 Total Primary Government |
|----------------------------------|----|----------------------------|-----------------------------|-------------------------------------|-------------------------------------|
| Current and Other Assets | \$ | 20,375,451 | 46,887,047 | 67,262,498 | 71,647,534 |
| Capital Assets | | 114,423,006 | 48,232,038 | 162,655,044 | 158,793,480 |
| Total Assets | | 134,798,457 | 95,119,085 | 229,917,542 | 230,441,014 |
| Deferred Outflows of Resources | | 3,427,541 | 54,477 | 3,482,018 | 1,889,065 |
| Long-Term Debt | | | | | |
| Outstanding | | 7,360,000 | 28,069,080 | 35,429,080 | 38,280,945 |
| Other Liabilities | | 13,857,868 | 938,482 | 14,796,350 | 13,234,693 |
| Total Liabilities | | 21,217,868 | 29,007,562 | 50,225,430 | 51,515,638 |
| Deferred Inflows of Resources | | 5,689,199 | - | 5,689,199 | 5,853,788 |
| Net Investment in Capital Assets | | 106,969,646 | 20,159,866 | 127,129,512 | 120,404,281 |
| Restricted | | 3,497,779 | - | 3,497,779 | 3,270,857 |
| Unrestricted | | 851,506 | 46,006,134 | 46,857,640 | 51,285,515 |
| Total Net Position | \$ | 111,318,931 | 66,166,000 | 177,484,931 | 174,960,653 |

TABLE 2
STATEMENT OF ACTIVITIES

| 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 | 2020 | 2019 | |
| Primary Government | | | | | | | | | |
| Governmental Activities | | | | | | | | | |
| General Government | \$ 17,411,734 | 641,747 | 290,368 | - | (16,479,619) | - | (16,479,619) | (17,194,655) | - |
| Highway and Street | 929,041 | - | - | - | (929,041) | - | (929,041) | (1,013,670) | - |
| Culture and Recreation | 3,258,558 | 320,068 | - | - | (2,938,490) | - | (2,938,490) | (2,975,489) | - |
| Airport | 1,670,523 | 159,092 | - | 1,530,595 | 19,164 | - | 19,164 | (195,468) | - |
| Interest on Long-Term Debt | 75,806 | - | - | - | (75,806) | - | (75,806) | (259,920) | - |
| Total Governmental Activities | 23,345,662 | 1,120,907 | 290,368 | 1,530,595 | (20,403,792) | - | (20,403,792) | (21,639,202) | - |
| Business-Type Activities | | | | | | | | | |
| Water Production and Distribution | 1,979,277 | 3,767,017 | 7,115 | - | - | 1,794,855 | 1,794,855 | 1,674,542 | - |
| Water Reclamation and Reuse | 6,583,714 | 4,554,053 | 299 | - | - | (2,029,362) | (2,029,362) | 1,945,735 | - |
| Water Conservation | 254,504 | 467 | - | - | - | (254,037) | (254,037) | (307,102) | - |
| Solid Waste and Stormwater | 1,399,734 | 2,255,089 | 3,827 | - | - | 859,182 | 859,182 | 877,113 | - |
| Enterprise Reserves | 1,412,444 | 3,350 | - | - | - | (1,409,094) | (1,409,094) | (1,448,582) | - |
| Total Business-Type Activities | 11,629,673 | 10,579,976 | 11,241 | - | - | (1,038,456) | (1,038,456) | 2,741,706 | - |
| Total Primary Government | \$ 34,975,335 | 11,700,883 | 301,609 | 1,530,595 | (20,403,792) | (1,038,456) | (21,442,248) | (18,897,496) | - |
| Component Unit | | | | | | | | | |
| Hays Public Library | \$ 2,572,837 | 1,914 | 242,588 | 92,456 | - | - | - | - | (2,235,879) |
| General Revenues | | | | | | | | | |
| Property Taxes | | | | \$ 6,332,448 | - | - | 6,332,448 | 6,273,092 | 1,660,153 |
| Sales Tax | | | | 7,924,907 | - | 3,136,473 | 11,061,380 | 10,645,180 | - |
| County Reimbursed Sales Tax | | | | - | - | - | - | 324,745 | - |
| Franchise Taxes | | | | 1,418,670 | - | - | 1,418,670 | 1,397,819 | - |
| Motor Fuel Taxes | | | | 615,798 | - | - | 615,798 | 630,772 | - |
| Alcoholic Liquor Taxes | | | | 346,118 | - | - | 346,118 | 411,813 | - |
| Transient Guest Taxes | | | | 990,416 | - | - | 990,416 | 1,238,519 | - |
| Unrestricted Interest Income | | | | 424,097 | 987,263 | - | 1,411,360 | 1,000,045 | 44,884 |
| Miscellaneous | | | | 1,763,407 | 25,061 | - | 1,788,468 | 1,182,945 | 16,344 |
| Reimbursements | | | | - | 1,868 | - | 1,868 | - | - |
| Transfers | | | | 2,785,147 | (2,785,147) | - | - | - | - |
| Total General Revenues and Transfers | | | | 22,601,008 | 1,365,518 | 23,966,526 | 23,966,526 | 23,104,930 | 1,721,381 |
| Change in Net Position | | | | | 2,197,216 | 327,062 | 2,524,278 | 4,207,434 | (514,498) |
| Net Position - Beginning of Year | | | | | 109,121,715 | 65,838,938 | 174,960,653 | 170,753,219 | 5,523,382 |
| Net Position - End of Year | | | | | \$ 111,318,931 | 66,166,000 | 177,484,931 | 174,960,653 | 5,008,884 |

CITY OF HAYS, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of 2020, the City had \$162,655,044 invested in capital assets net of depreciation.

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

| | | Governmental Activities | Business-Type Activities | 2020 Total Primary Government | 2019 Total Primary Government |
|-------------------------|----|----------------------------|-----------------------------|-------------------------------------|-------------------------------------|
| Land and Infrastructure | \$ | 94,072,330 | 446,274 | 94,518,604 | 135,539,795 |
| Building and Equipment | | 11,860,000 | 47,785,764 | 59,645,764 | 20,350,161 |
| Construction in Process | | 8,490,676 | - | 8,490,676 | 2,903,524 |
| Total | \$ | <u>114,423,006</u> | <u>48,232,038</u> | <u>162,655,044</u> | <u>158,793,480</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 2020 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 2020. The City's estimated annual amount of expenditures was \$1,291,449 compared to the actual expenditures of \$1,200,318.

Debt

At the end of 2020, the City had the following debt:

TABLE 4
OUTSTANDING DEBT AT YEAR-END

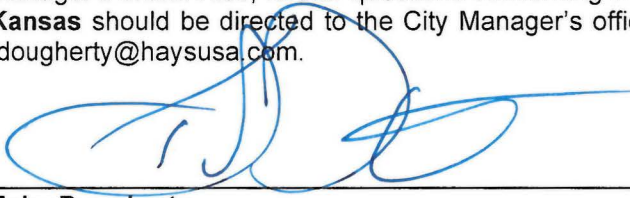
| | | Governmental Activities | Business-Type Activities | 2020 Total Primary Government | 2019 Total Primary Government |
|---------------------|----|----------------------------|-----------------------------|-------------------------------------|-------------------------------------|
| G.O. Bonds | \$ | 7,360,000 | 1,225,000 | 8,585,000 | 10,200,000 |
| KDHE Revolving Loan | | - | 26,844,080 | 26,844,080 | 28,080,945 |
| Total | \$ | <u>7,360,000</u> | <u>28,069,080</u> | <u>35,429,080</u> | <u>38,280,945</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, 2020
(With Comparative Totals as of December 31, 2019)

| ASSETS | Primary Government | | | | Hays Public Library |
|---|-------------------------|--------------------------|-------------|-------------|---------------------|
| | Governmental Activities | Business-Type Activities | Totals | | |
| | | | 2020 | 2019 | |
| Cash | \$ 7,712,066 | 45,909,474 | 53,621,540 | 57,884,568 | 2,532,255 |
| Receivables, Net of Allowance for Uncollectibles | 9,401,374 | 546,687 | 9,948,061 | 10,307,744 | 1,469,106 |
| Due From Other Governments | - | - | - | 41,248 | - |
| Prepaid Expenses | - | - | - | - | 96,814 |
| Restricted Assets - Cash | | | | | |
| Budget Stabilization | 3,262,011 | - | 3,262,011 | 3,012,011 | - |
| Customer Deposits | - | 430,886 | 430,886 | 401,963 | - |
| Capital Assets Not Being Depreciated | | | | | |
| Land and Infrastructure | 94,072,330 | 446,274 | 94,518,604 | 135,539,795 | - |
| Construction in Process | 8,490,676 | - | 8,490,676 | 2,903,524 | 12,381 |
| Capital Assets, Net of Accumulated Depreciation | 11,860,000 | 47,785,764 | 59,645,764 | 20,350,161 | 3,054,112 |
| Deferred Outflows of Resources | | | | | |
| Early Retirement on Debt Refunding, Net of Amortization | 28,586 | 54,477 | 83,063 | 106,940 | - |
| Deferred Outflows - Pension | 3,398,955 | - | 3,398,955 | 1,782,125 | 199,647 |
| Total Assets | \$ 138,225,998 | 95,173,562 | 233,399,560 | 232,330,079 | 7,364,315 |

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

CITY OF HAYS, KANSAS
Statement of Net Position
December 31, 2020
(With Comparative Totals as of December 31, 2019)

| LIABILITIES | Primary Government | | | | Hays Public Library |
|---|-------------------------|--------------------------|------------|------------|---------------------|
| | Governmental Activities | Business-Type Activities | Totals | | |
| | | | 2020 | 2019 | |
| Accounts Payable | \$ 277,459 | 104,668 | 382,127 | 850,850 | 202,477 |
| Accrued Payroll | 105,943 | 25,238 | 131,181 | 409,381 | 22,743 |
| Accrued Paid Time Off | 565,610 | 127,121 | 692,731 | 639,189 | 27,760 |
| Accrued Sick Leave Payout | 16,218 | - | 16,218 | 14,605 | - |
| Accrued Interest Payable | 73,153 | 193,000 | 266,153 | 455,394 | - |
| Customer Deposits | - | 430,886 | 430,886 | 401,963 | - |
| Net Pension Liability | 12,697,539 | - | 12,697,539 | 10,248,117 | 624,878 |
| Bond Premium, Net of Amortization | 121,946 | 57,569 | 179,515 | 215,194 | - |
| KDHE Water Pollution Revolving Loan | | | | | |
| Due Within One Year | - | 1,265,102 | 1,265,102 | 1,236,865 | - |
| Due in More Than One Year | - | 25,578,978 | 25,578,978 | 26,844,080 | - |
| General Obligation Bonds Payable | | | | | |
| Due Within One Year | 1,381,000 | 295,000 | 1,676,000 | 1,615,000 | - |
| Due in More Than One Year | 5,979,000 | 930,000 | 6,909,000 | 8,585,000 | - |
| Total Liabilities | 21,217,868 | 29,007,562 | 50,225,430 | 51,515,638 | 877,858 |
| Deferred Inflows of Resources | | | | | |
| Deferred Other Pension | 191,282 | - | 191,282 | 410,690 | 8,467 |
| Deferred Property Tax Receivable | 5,497,917 | - | 5,497,917 | 5,443,098 | 1,469,106 |
| Total Deferred Inflows of Resources | 5,689,199 | - | 5,689,199 | 5,853,788 | 1,477,573 |
| Total Liabilities and Deferred Inflows of Resources | \$ 26,907,067 | 29,007,562 | 55,914,629 | 57,369,426 | 2,355,431 |

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

CITY OF HAYS, KANSAS
Statement of Net Position
December 31, 2020
(With Comparative Totals as of December 31, 2019)

| NET POSITION | Primary Government | | | | Hays Public Library |
|----------------------------------|-------------------------|--------------------------|-------------|-------------|---------------------|
| | Governmental Activities | Business-Type Activities | Totals | | |
| | | | 2020 | 2019 | |
| | | | | | |
| Net Investment in Capital Assets | \$ 106,969,646 | 20,159,866 | 127,129,512 | 120,404,281 | 3,066,493 |
| Restricted for | | | | | |
| Budget Stabilization | 3,262,011 | - | 3,262,011 | 3,012,011 | - |
| Capital Improvements | 62,516 | - | 62,516 | 92,463 | - |
| Debt Service | 173,252 | - | 173,252 | 166,383 | - |
| Unrestricted | 851,506 | 46,006,134 | 46,857,640 | 51,285,515 | 1,942,391 |
| Total Net Position | \$ 111,318,931 | 66,166,000 | 177,484,931 | 174,960,653 | 5,008,884 |

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, 2020
(With Comparative Totals as of December 31, 2019)

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Change in Net Position | | Totals | | Hays Public Library |
|--------------------------------------|---------------|-------------------------|--|--|---|-----------------------------|--------------|--------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | | |
| | | | | | Governmental Activities | Business-Type Activities | | | |
| Primary Government | | | | | | | | | |
| Governmental Activities | | | | | | | | | |
| General Government | \$ 17,411,734 | 641,747 | 290,368 | - | (16,479,619) | - | (16,479,619) | (17,194,655) | - |
| Highway and Street | 929,041 | - | - | - | (929,041) | - | (929,041) | (1,013,670) | - |
| Culture and Recreation | 3,258,558 | 320,068 | - | - | (2,938,490) | - | (2,938,490) | (2,975,489) | - |
| Airport | 1,670,523 | 159,092 | - | 1,530,595 | 19,164 | - | 19,164 | (195,468) | - |
| Interest on Long-Term Debt | 75,806 | - | - | - | (75,806) | - | (75,806) | (259,920) | - |
| Total Governmental Activities | 23,345,662 | 1,120,907 | 290,368 | 1,530,595 | (20,403,792) | - | (20,403,792) | (21,639,202) | - |
| Business-Type Activities | | | | | | | | | |
| Water Production and Distribution | 1,979,277 | 3,767,017 | 7,115 | - | - | 1,794,855 | 1,794,855 | 1,674,542 | - |
| Water Reclamation and Reuse | 6,583,714 | 4,554,053 | 299 | - | - | (2,029,362) | (2,029,362) | 1,945,735 | - |
| Water Conservation | 254,504 | 467 | - | - | - | (254,037) | (254,037) | (307,102) | - |
| Solid Waste and Stormwater | 1,399,734 | 2,255,089 | 3,827 | - | - | 859,182 | 859,182 | 877,113 | - |
| Enterprise Reserves | 1,412,444 | 3,350 | - | - | - | (1,409,094) | (1,409,094) | (1,448,582) | - |
| Total Business-Type Activities | 11,629,673 | 10,579,976 | 11,241 | - | - | (1,038,456) | (1,038,456) | 2,741,706 | - |
| Total Primary Government | \$ 34,975,335 | 11,700,883 | 301,609 | 1,530,595 | (20,403,792) | (1,038,456) | (21,442,248) | (18,897,496) | - |
| Component Unit | | | | | | | | | |
| Hays Public Library | \$ 2,572,837 | 1,914 | 242,588 | 92,456 | - | - | - | - | (2,235,879) |
| General Revenues | | | | | | | | | |
| Property Taxes | | | | | \$ 6,332,448 | - | 6,332,448 | 6,273,092 | 1,660,153 |
| Sales Tax | | | | | 7,924,907 | 3,136,473 | 11,061,380 | 10,645,180 | - |
| County Reimbursed Sales Tax | | | | | - | - | - | 324,745 | - |
| Franchise Taxes | | | | | 1,418,670 | - | 1,418,670 | 1,397,819 | - |
| Motor Fuel Taxes | | | | | 615,798 | - | 615,798 | 630,772 | - |
| Alcoholic Liquor Taxes | | | | | 346,118 | - | 346,118 | 411,813 | - |
| Transient Guest Taxes | | | | | 990,416 | - | 990,416 | 1,238,519 | - |
| Unrestricted Interest Income | | | | | 424,097 | 987,263 | 1,411,360 | 1,000,045 | 44,884 |
| Miscellaneous | | | | | 1,763,407 | 25,062 | 1,788,469 | 1,182,945 | 16,344 |
| Reimbursements | | | | | - | 1,868 | 1,868 | - | - |
| Transfers | | | | | 2,785,147 | (2,785,147) | - | - | - |
| Total General Revenues and Transfers | | | | | 22,601,008 | 1,365,519 | 23,966,527 | 23,104,930 | 1,721,381 |
| Change in Net Position | | | | | 2,197,216 | 327,063 | 2,524,279 | 4,207,434 | (514,498) |
| Net Position - Beginning of Year | | | | | 109,121,715 | 65,838,937 | 174,960,652 | 170,753,219 | 5,523,382 |
| Net Position - End of Year | | | | | \$ 111,318,931 | 66,166,000 | 177,484,931 | 174,960,653 | 5,008,884 |

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

CITY OF HAYS, KANSAS
Balance Sheet
Governmental Funds
December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | <u>General Fund</u> | <u>Employee Benefits Fund</u> | <u>Bond and Interest Fund</u> | <u>Airport Improvement Fund</u> | <u>Capital Projects Fund</u> | <u>Other Governmental Funds</u> | <u>Totals</u> | |
|--|----------------------------|---------------------------------------|---------------------------------------|---|--------------------------------------|---|---------------------------|--------------------------|
| | | | | | | | <u>2020</u> | <u>2019</u> |
| <u>ASSETS</u> | | | | | | | | |
| Cash | \$ 2,634,648 | 1,374,556 | 173,252 | 213,244 | (7,855,705) | 11,172,071 | 7,712,066 | 14,852,612 |
| Receivables, Net | | | | | | | | |
| Other Receivable | 122,862 | - | - | 5,050 | - | - | 127,912 | - |
| Due From Other Governments | - | - | - | - | - | - | - | 41,248 |
| Taxes | - | 2,596,926 | 662,220 | - | - | 2,238,771 | 5,497,917 | 5,443,098 |
| Special Assessments | - | - | 3,775,545 | - | - | - | 3,775,545 | 4,395,042 |
| Reserved Cash | <u>3,262,011</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,262,011</u> | <u>3,012,011</u> |
| Total Assets | \$ <u>6,019,521</u> | <u>3,971,482</u> | <u>4,611,017</u> | <u>218,294</u> | <u>(7,855,705)</u> | <u>13,410,842</u> | <u>20,375,451</u> | <u>27,744,011</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u> | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts Payable | \$ 78,869 | 706 | - | 155,778 | 19,480 | 22,626 | 277,459 | 690,910 |
| Accrued Payroll | 99,439 | - | - | - | - | 6,504 | 105,943 | 341,216 |
| Accrued Paid Time Off | 537,393 | - | - | - | - | 28,217 | 565,610 | 528,098 |
| Accrued Sick Leave Payout | <u>16,218</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>16,218</u> | <u>14,605</u> |
| Total Liabilities | <u>731,919</u> | <u>706</u> | <u>-</u> | <u>155,778</u> | <u>19,480</u> | <u>57,347</u> | <u>965,230</u> | <u>1,574,829</u> |
| Deferred Inflows of Resources | | | | | | | | |
| Deferred Special Assessments Receivable | - | - | 3,775,545 | - | - | - | 3,775,545 | 4,395,042 |
| Deferred Property Tax Receivable | <u>-</u> | <u>2,596,926</u> | <u>662,220</u> | <u>-</u> | <u>-</u> | <u>2,238,771</u> | <u>5,497,917</u> | <u>5,443,098</u> |
| Total Deferred Inflows of Resources | <u>-</u> | <u>2,596,926</u> | <u>4,437,765</u> | <u>-</u> | <u>-</u> | <u>2,238,771</u> | <u>9,273,462</u> | <u>9,838,140</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>731,919</u> | <u>2,597,632</u> | <u>4,437,765</u> | <u>155,778</u> | <u>19,480</u> | <u>2,296,118</u> | <u>10,238,692</u> | <u>11,412,969</u> |
| Fund Balance | | | | | | | | |
| Committed - Budget Stabilization | 3,262,011 | - | - | - | - | - | 3,262,011 | 3,012,011 |
| Assigned - Reserved for Encumbrances | 49,507 | 50 | - | 62,516 | - | 170,729 | 282,802 | 1,150,842 |
| Assigned - Designated for Subsequent Year Expenditures | 487,806 | 1,096,095 | 76,217 | - | - | 2,084,319 | 3,744,437 | 4,982,660 |
| Assigned | 1,488,278 | 277,705 | 97,035 | - | - | 8,859,676 | 10,722,694 | 7,185,529 |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(7,875,185)</u> | <u>-</u> | <u>(7,875,185)</u> | <u>-</u> |
| Total Fund Balance | <u>5,287,602</u> | <u>1,373,850</u> | <u>173,252</u> | <u>62,516</u> | <u>(7,875,185)</u> | <u>11,114,724</u> | <u>10,136,759</u> | <u>16,331,042</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ <u>6,019,521</u> | <u>3,971,482</u> | <u>4,611,017</u> | <u>218,294</u> | <u>(7,855,705)</u> | <u>13,410,842</u> | <u>20,375,451</u> | <u>27,744,011</u> |

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, 2020

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. | \$ 10,136,759 |
| Capital assets and construction in process, net of depreciation, have not been included as financial resources in governmental fund activity on the balance sheet. | 114,423,006 |
| Long-term debt has not been included in the governmental funds activity on the balance sheet. General Obligation Bonds | (7,360,000) |
| Unamortized early retirement on debt, which results in a consumption of net position applicable to a future reporting period is recognized as deferred outflows in the government-wide financial statements. | 28,586 |
| Premium on bonds payable is not due and payable in the current period and therefore, not reported as a liability in the funds. | (121,946) |
| Net pension liability has not been included in the governmental fund activity on the balance sheet. | (12,697,539) |
| Deferred pension contributions and other resulting from the pension liability are recognized as deferred outflows and inflows on the balance sheet. | 3,207,673 |
| Special assessments are not considered available to liquidate liabilities of the current period and, therefore, are deferred in the funds. However, they are properly recognized as revenue in the government-wide statements as soon as the related improvement is completed. | 3,775,545 |
| 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>(73,153)</u> |
| Net position of governmental activities as reported. | \$ <u><u>111,318,931</u></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, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | General Fund | Employee Benefits Fund | Bond and Interest Fund | Airport Improvement Fund | Capital Projects Fund | Other Governmental Funds | Totals | |
|--|-------------------------|---------------------------------------|---------------------------------------|---|--------------------------------------|---|--------------------|--------------------|
| | | | | | | | 2020 | 2019 |
| Revenues | | | | | | | | |
| Taxes | \$ 7,725,051 | 3,079,699 | 1,367,671 | - | - | 2,550,102 | 14,722,523 | 14,477,825 |
| Intergovernmental | 154,465 | - | - | 1,319,408 | 234,800 | 2,294,886 | 4,003,559 | 2,747,667 |
| Licenses and Fees | 1,549,004 | - | - | - | - | - | 1,549,004 | 1,542,855 |
| Fines and Forfeitures | 489,470 | - | - | - | - | - | 489,470 | 606,308 |
| Use of Money and Property | 213,094 | 39,681 | - | - | - | 172,521 | 425,296 | 224,644 |
| Collections | 312,940 | - | - | - | - | 156,969 | 469,909 | 454,650 |
| Miscellaneous | 195,610 | 411,012 | - | - | 697,326 | 458,053 | 1,762,001 | 1,050,538 |
| Total Revenues | 10,639,634 | 3,530,392 | 1,367,671 | 1,319,408 | 932,126 | 5,632,531 | 23,421,762 | 21,104,487 |
| Expenditures | | | | | | | | |
| General Government | 8,584,353 | 4,147,500 | - | - | - | 1,247,746 | 13,979,599 | 14,072,432 |
| Highway and Street | 929,041 | - | - | - | - | - | 929,041 | 1,018,666 |
| Culture and Recreation | 1,639,309 | - | - | - | - | 1,662,764 | 3,302,073 | 3,278,129 |
| Airport | - | - | - | 1,519,355 | - | 440,321 | 1,959,676 | 717,819 |
| Debt Service | - | - | 1,360,802 | - | - | 223,065 | 1,583,867 | 1,587,128 |
| Capital Outlay | - | - | - | - | 8,291,867 | 2,701,299 | 10,993,166 | 5,713,838 |
| Total Expenditures | 11,152,703 | 4,147,500 | 1,360,802 | 1,519,355 | 8,291,867 | 6,275,195 | 32,747,422 | 26,388,012 |
| Excess (Deficiency) of Revenues Over Expenditures | (513,069) | (617,108) | 6,869 | (199,947) | (7,359,741) | (642,664) | (9,325,660) | (5,283,525) |
| Other Financing Sources (Uses) | | | | | | | | |
| Debt Proceeds | - | - | - | - | - | - | - | 6,465,523 |
| Transfers In | 2,497,324 | 868,234 | - | 170,000 | 136,745 | 2,414,601 | 6,086,904 | 8,764,378 |
| Transfers Out | (1,793,871) | - | - | - | - | (1,411,656) | (3,205,527) | (4,289,984) |
| Total Other Financing Sources (Uses) | 703,453 | 868,234 | - | 170,000 | 136,745 | 1,002,945 | 2,881,377 | 10,939,917 |
| Net Change in Fund Balance | 190,384 | 251,126 | 6,869 | (29,947) | (7,222,996) | 360,281 | (6,444,283) | 5,656,392 |
| Fund Balance - Beginning of Year | 4,847,218 | 1,122,724 | 166,383 | 92,463 | (652,189) | 10,754,443 | 16,331,042 | 10,674,650 |
| Increase in Budget Stabilization | 250,000 | - | - | - | - | - | 250,000 | - |
| Fund Balance - End of Year | \$ 5,287,602 | 1,373,850 | 173,252 | 62,516 | (7,875,185) | 11,114,724 | 10,136,759 | 16,331,042 |

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

CITY OF HAYS, KANSAS
Reconciliation of the Statement of Revenues,
Expenditures, and Change in Fund Balance for Governmental Funds
to the Statement of Activities
December 31, 2020

| | |
|--|----------------------------|
| Net change in fund balance - total governmental funds | \$ (6,444,283) |
| 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 (\$3,654,600) and change in construction in process (\$5,647,012) exceeded depreciation (\$1,196,050) in the current period. | 8,105,562 |
| In the Statement of Activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only cash proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. | (217) |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. There were bond repayments (\$1,330,000), which are recorded in the governmental funds. | 1,330,000 |
| Revenue is recorded when a transfer is made to budget stabilization. In the governmental funds, a change in committed fund balance is recorded when the transfer is made. | 250,000 |
| The amortization of bond premiums and discounts affects long-term liabilities on the statement of net position, but does not provide or consume current financial resources of the governmental funds. | 16,489 |
| Early retirement of debt costs reduces current financial resources of governmental funds, but does not decrease long-term liabilities in the statement of net position. | (5,717) |
| Revenues for long-term special assessment receivables are recorded in the statement of activities that do not provide current financial resources are not recorded in the governmental funds. | (619,497) |
| An expense is recorded for pension liability when incurred. In the governmental funds, an expense is recorded when the benefits are paid. | (613,184) |
| Accrued interest payable decreased from the prior year. This balance is not accounted for in the governmental funds. However, the changes are reflected in the statement of activities. | <u>178,063</u> |
| Change in net position of governmental activities. | \$ <u><u>2,197,216</u></u> |

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

CITY OF HAYS, KANSAS
Statement of Net Position
Proprietary Funds
December 31, 2020
(With Comparative Totals as of December 31, 2019)

| | 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 | 2020 | 2019 |
| | | | | | | | |
| ASSETS | | | | | | | |
| Current Assets | | | | | | | |
| Cash | | | | | | | |
| Operating Account | \$ 868,995 | 786,019 | 257,927 | 38,731,149 | 5,265,384 | 45,909,474 | 43,031,956 |
| Accounts Receivable, Net of Allowance for Uncollectibles | 165,823 | 255,127 | - | - | 125,737 | 546,687 | 469,604 |
| Total Current Assets | 1,034,818 | 1,041,146 | 257,927 | 38,731,149 | 5,391,121 | 46,456,161 | 43,501,560 |
| Noncurrent Assets | | | | | | | |
| Restricted Cash | | | | | | | |
| Customer Deposits | 430,886 | - | - | - | - | 430,886 | 401,963 |
| Capital Assets | | | | | | | |
| Land and Right-of-Ways | 446,274 | - | - | - | - | 446,274 | 446,274 |
| Infrastructure | 15,475,387 | 34,006,765 | - | - | 102,194 | 49,584,346 | 49,291,191 |
| Equipment | 11,322,930 | 1,097,968 | - | - | 2,337,709 | 14,758,607 | 14,985,451 |
| Building and Structures | 2,619,503 | - | - | - | 424,594 | 3,044,097 | 12,370,658 |
| R-9 Ranch | 4,262,040 | - | - | - | - | 4,262,040 | 4,262,040 |
| Construction in Process | - | - | - | - | - | - | 59,860 |
| Total Capital Assets | 34,126,134 | 35,104,733 | - | - | 2,864,497 | 72,095,364 | 81,415,474 |
| Accumulated Depreciation | (20,040,527) | (2,073,651) | - | - | (1,749,148) | (23,863,326) | (28,939,658) |
| Net Capital Assets | 14,085,607 | 33,031,082 | - | - | 1,115,349 | 48,232,038 | 52,475,816 |
| Other Assets | | | | | | | |
| Early Retirement on Debt Refunding, Net of Amortization | 38,134 | 16,343 | - | - | - | 54,477 | 72,637 |
| Total Noncurrent Assets | 14,554,627 | 33,047,425 | - | - | 1,115,349 | 48,717,401 | 52,950,416 |
| Total Assets | \$ 15,589,445 | 34,088,571 | 257,927 | 38,731,149 | 6,506,470 | 95,173,562 | 96,451,976 |

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, 2020
(With Comparative Totals as of December 31, 2019)

| | | 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 | 2020 | 2019 |
| <u>LIABILITIES</u> | | | | | | | | |
| Current Liabilities | | | | | | | | |
| Accounts Payable | \$ | 30,004 | 8,967 | 18,910 | 22,785 | 10,558 | 91,224 | 146,213 |
| Sales Tax | | 5,754 | - | - | - | - | 5,754 | 6,097 |
| State Water Fee | | 7,690 | - | - | - | - | 7,690 | 7,628 |
| Accrued Payroll | | 8,414 | 6,532 | 900 | - | 9,392 | 25,238 | 68,165 |
| Accrued Paid Time Off | | 52,483 | 25,979 | 4,106 | - | 44,553 | 127,121 | 111,091 |
| Total Current Liabilities | | 104,345 | 41,478 | 23,916 | 22,785 | 64,503 | 257,027 | 339,194 |
| Current Liabilities Payable From Restricted Assets | | | | | | | | |
| GO Refunding Bond - Series 2017-B | | 206,500 | 88,500 | - | - | - | 295,000 | 285,000 |
| KDHE Water Pollution Revolving Loan | | - | 1,265,102 | - | - | - | 1,265,102 | 1,236,865 |
| Customer Deposits | | 426,386 | - | - | - | - | 426,386 | 397,463 |
| Monitoring Well Deposits | | 4,500 | - | - | - | - | 4,500 | 4,500 |
| Accrued Interest | | 8,575 | 184,425 | - | - | - | 193,000 | 204,178 |
| Total Current Liabilities Payable From Restricted Assets | | 645,961 | 1,538,027 | - | - | - | 2,183,988 | 2,128,006 |
| Noncurrent Liabilities | | | | | | | | |
| GO Refunding Bond - Series 2017-B | | 651,000 | 279,000 | - | - | - | 930,000 | 1,225,000 |
| KDHE Water Pollution Revolving Loan | | - | 25,578,978 | - | - | - | 25,578,978 | 26,844,080 |
| Bond Premium, Net of Amortization | | 40,298 | 17,271 | - | - | - | 57,569 | 76,759 |
| Total Noncurrent Liabilities | | 691,298 | 25,875,249 | - | - | - | 26,566,547 | 28,145,839 |
| Total Liabilities | | 1,441,604 | 27,454,754 | 23,916 | 22,785 | 64,503 | 29,007,562 | 30,613,039 |
| <u>NET POSITION</u> | | | | | | | | |
| Net Position | | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | | 13,225,943 | 5,818,574 | - | - | 1,115,349 | 20,159,866 | 22,880,749 |
| Unrestricted | | 921,898 | 815,243 | 234,011 | 38,708,364 | 5,326,618 | 46,006,134 | 42,958,188 |
| Total Net Position | \$ | 14,147,841 | 6,633,817 | 234,011 | 38,708,364 | 6,441,967 | 66,166,000 | 65,838,937 |

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, 2020
(With Comparative Totals as of December 31, 2019)

| | 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 | 2020 | 2019 |
| | | | | | | | |
| Operating Revenues | | | | | | | |
| Charges for Sales and Services | | | | | | | |
| Water Sales | \$ 3,346,263 | - | - | - | - | 3,346,263 | 3,186,757 |
| Water Sales Conservation Rate | 382,421 | - | - | - | - | 382,421 | 359,768 |
| Total Water Sales | 3,728,684 | - | - | - | - | 3,728,684 | 3,546,525 |
| Sewer Charges | - | 4,535,024 | - | - | - | 4,535,024 | 4,001,382 |
| Refuse Collections | - | - | - | - | 1,451,286 | 1,451,286 | 1,343,109 |
| Stormwater Fees | - | - | - | - | 803,803 | 803,803 | 798,701 |
| Tap Fees | 20,611 | - | - | - | - | 20,611 | 35,177 |
| Sales and Other Charges | 17,722 | 19,029 | - | - | 3,350 | 40,101 | 65,826 |
| Reimbursed Expense | - | - | - | - | 1,868 | 1,868 | 28,118 |
| Total Operating Revenues | 3,767,017 | 4,554,053 | - | - | 2,260,307 | 10,581,377 | 9,818,838 |
| Operating Expenses | | | | | | | |
| Wastewater Treatment and Collection | - | 1,176,961 | - | - | - | 1,176,961 | 1,210,681 |
| Water Production and Distribution | 1,524,800 | - | - | - | - | 1,524,800 | 1,505,525 |
| Refuse Collection | - | - | - | - | 882,541 | 882,541 | 849,098 |
| Stormwater Management | - | - | - | - | 225,268 | 225,268 | 289,917 |
| Projects | - | - | - | 735,487 | 676,957 | 1,412,444 | 1,476,700 |
| Amortization | (722) | (309) | - | - | - | (1,031) | (1,030) |
| Depreciation | 419,076 | 59,757 | - | - | 235,880 | 714,713 | 766,271 |
| Total Operating Expenses | 1,943,154 | 1,236,409 | - | 735,487 | 2,020,646 | 5,935,696 | 6,097,162 |
| Net Operating Income (Loss) | 1,823,863 | 3,317,644 | - | (735,487) | 239,661 | 4,645,681 | 3,721,676 |
| Nonoperating Revenues (Expenses) | | | | | | | |
| Local Sales Tax | - | - | 3,136,473 | - | - | 3,136,473 | 3,040,010 |
| Federal Grant | 7,115 | 299 | - | - | 3,827 | 11,241 | - |
| Interest Income | 40,953 | 70,175 | 855,351 | - | 20,784 | 987,263 | 776,600 |
| Rent on R-9 Ranch | - | - | 21,772 | - | - | 21,772 | 20,000 |
| Other Charges | - | - | 467 | - | - | 467 | 437 |
| Miscellaneous | - | - | - | - | - | - | 50,260 |
| Interest Expense | (36,123) | (4,407) | - | - | - | (40,530) | (60,687) |
| KDHE Loan Interest and Service Fee | - | (630,458) | - | - | - | (630,458) | (612,181) |
| R-9 Ranch Expenses | - | - | (47,490) | - | - | (47,490) | (61,803) |
| Water Exploration | - | - | (207,014) | - | - | (207,014) | (245,736) |
| Gain (Loss) on Sale of Assets | 3,290 | (4,712,440) | - | - | (56,045) | (4,765,195) | 13,000 |
| Net Nonoperating Revenues (Expenses) | 15,235 | (5,276,831) | 3,759,559 | - | (31,434) | (1,533,471) | 2,919,900 |
| Income (Loss) Before Capital Contributed and Transfers | 1,839,098 | (1,959,187) | 3,759,559 | (735,487) | 208,227 | 3,112,210 | 6,641,576 |
| Capital Contributed - Non Cash | 59,724 | 36,506 | - | - | - | 96,230 | 426,181 |
| Transfers In | 770,703 | - | - | 3,345,415 | 2,080,476 | 6,196,594 | 3,388,919 |
| Transfers Out | (1,426,532) | (1,634,581) | (3,891,964) | - | (2,124,894) | (9,077,971) | (6,299,372) |
| Change In Net Position | 1,242,993 | (3,557,262) | (132,405) | 2,609,928 | 163,809 | 327,063 | 4,157,304 |
| Net Position - Beginning of Year | 12,904,848 | 10,191,079 | 366,416 | 36,098,436 | 6,278,158 | 65,838,937 | 61,681,633 |
| Net Position - End of Year | \$ 14,147,841 | 6,633,817 | 234,011 | 38,708,364 | 6,441,967 | 66,166,000 | 65,838,937 |

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, 2020
(With Comparative Totals as of December 31, 2019)

| | 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 | 2020 | 2019 |
| | | | | | | | |
| Cash Flows From Operating Activities | | | | | | | |
| Receipts From Customers | \$ 3,781,386 | 4,483,941 | - | - | 2,267,891 | 10,533,218 | 9,916,001 |
| Payments to Suppliers | (966,124) | (691,491) | - | (727,713) | (1,274,096) | (3,659,424) | (3,903,089) |
| Payments to Employees | (591,553) | (500,175) | - | - | (548,248) | (1,639,976) | (1,502,972) |
| Net Cash Provided (Used) by Operating Activities | 2,223,709 | 3,292,275 | - | (727,713) | 445,547 | 5,233,818 | 4,509,940 |
| Cash Flows From Investing Activities | | | | | | | |
| Rental Income | - | - | 21,772 | - | - | 21,772 | 20,000 |
| Rental Expenses | - | - | (52,271) | - | - | (52,271) | (38,463) |
| Interest on Investments | 40,953 | 70,175 | 855,351 | - | 20,784 | 987,263 | 776,600 |
| Net Cash Provided by Investing Activities | 40,953 | 70,175 | 824,852 | - | 20,784 | 956,764 | 758,137 |
| Cash Flows From Noncapital Financing Activities | | | | | | | |
| Transfers From (To) Other Funds | (655,829) | (1,634,581) | (3,891,964) | 3,345,415 | (44,418) | (2,881,377) | (2,910,453) |
| Cash Flows From Capital and Related Financing Activities | | | | | | | |
| Purchase and Construction of Capital Assets | (930,891) | - | - | - | (216,658) | (1,147,549) | (7,014,741) |
| Proceeds from Sale of Capital Assets | 3,850 | 3,799 | - | - | - | 7,649 | - |
| Federal Grant | 7,115 | 299 | - | - | 3,827 | 11,241 | - |
| Water Exploration | - | - | (207,013) | - | - | (207,013) | (245,300) |
| Interest Paid | (38,118) | (566,041) | - | - | - | (604,159) | (546,051) |
| KDHE Loan Proceeds | - | - | - | - | - | - | 4,543,244 |
| KDHE Service Fee | - | (78,007) | - | - | - | (78,007) | (59,730) |
| KDHE Principal Payments | - | (1,236,865) | - | - | - | (1,236,865) | (1,348,431) |
| Principal Payments - Bonds | (199,500) | (85,501) | - | - | - | (285,001) | (275,000) |
| Local Sales Tax | - | - | 3,136,940 | - | - | 3,136,940 | 3,040,010 |
| Net Cash Provided (Used) for Capital and Related Financing Activities | (1,157,544) | (1,962,316) | 2,929,927 | - | (212,831) | (402,764) | (1,905,999) |
| Net Increase (Decrease) in Cash | 451,289 | (234,447) | (137,185) | 2,617,702 | 209,082 | 2,906,441 | 451,625 |
| Cash - Beginning of Year | 848,592 | 1,020,466 | 395,112 | 36,113,447 | 5,056,302 | 43,433,919 | 42,982,294 |
| Cash - End of the Year | \$ 1,299,881 | 786,019 | 257,927 | 38,731,149 | 5,265,384 | 46,340,360 | 43,433,919 |
| Cash | | | | | | | |
| Operating Account | | | | | | \$ 45,909,474 | 43,031,956 |
| Restricted Cash | | | | | | 430,886 | 401,963 |
| Total Cash | | | | | | \$ 46,340,360 | 43,433,919 |

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, 2020
(With Comparative Totals as of December 31, 2019)

| | 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 | 2020 | 2019 |
| | | | | | | | |
| Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | | | |
| Net Operating Income (Loss) | \$ 1,823,863 | 3,317,644 | - | (735,487) | 239,661 | 4,645,681 | 3,721,676 |
| Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | | | |
| Depreciation and Amortization | 418,354 | 59,448 | - | - | 235,880 | 713,682 | 765,241 |
| (Increase) Decrease in Accounts Receivable | (14,555) | (70,112) | - | - | 7,584 | (77,083) | 44,739 |
| Increase (Decrease) in Accounts Payable | (22,331) | (2,488) | - | 7,774 | (34,566) | (51,611) | (65,018) |
| Increase (Decrease) in Accrued Liabilities | 18,378 | (12,217) | - | - | (3,012) | 3,149 | 43,302 |
| Net Cash Provided (Used) by Operating Activities | \$ 2,223,709 | 3,292,275 | - | (727,713) | 445,547 | 5,233,818 | 4,509,940 |

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, 2020
(With Comparative Totals as of December 31, 2019)

| | Custodial Funds | | | | | | | Totals | |
|--|------------------|---------------------------|---------------|---------------|--------------|--------------|-------------------------|---------------|---------|
| | Police Judge | TDD Sales Tax District | CID #1 | CID #2 | CID #3 | CID #4 | Economic Development | 2020 | 2019 |
| | | | | | | | | | |
| <u>ASSETS</u> | | | | | | | | | |
| Cash | \$ 34,284 | - | 18,881 | 15,425 | 5,576 | 2,624 | 5,000 | 81,790 | 693,359 |
| <u>LIABILITIES AND NET POSITION</u> | | | | | | | | | |
| Liabilities | | | | | | | | | |
| Other Payables | 3,458 | - | - | - | - | - | - | 3,458 | 28,198 |
| Due to Other Funds | - | - | - | - | - | - | - | - | 41,248 |
| Total Liabilities | 3,458 | - | - | - | - | - | - | 3,458 | 69,446 |
| Net Position | | | | | | | | | |
| Reserved for Debt | 30,826 | - | - | - | - | - | - | 30,826 | 589,681 |
| Reserved for Improvements | - | - | 18,881 | 15,425 | 5,576 | 2,624 | 5,000 | 47,506 | 34,232 |
| Total Net Position | \$ 30,826 | - | 18,881 | 15,425 | 5,576 | 2,624 | 5,000 | 78,332 | 623,913 |

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

CITY OF HAYS, KANSAS
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2020
(With Comparative Totals as of December 31, 2019)

| | Custodial Funds | | | | | | | Totals | |
|--|------------------|------------------------|---------------|---------------|--------------|--------------|----------------------|----------------------|----------------|
| | Police Judge | TDD Sales Tax District | CID #1 | CID #2 | CID #3 | CID #4 | Economic Development | 2020 | 2019 |
| | | | | | | | | | |
| <u>ADDITIONS</u> | | | | | | | | | |
| Charges for Service | \$ 84,335 | - | - | - | - | - | - | 84,335 | 108,397 |
| Local Sales Tax | - | 274,881 | 64,232 | 183,882 | 73,949 | 2,624 | - | 599,568 | 662,267 |
| Miscellaneous | - | - | - | - | - | - | 27,104 | 27,104 | 6,246 |
| Total Additions | 84,335 | 274,881 | 64,232 | 183,882 | 73,949 | 2,624 | 27,104 | 711,007 | 776,910 |
| <u>DEDUCTIONS</u> | | | | | | | | | |
| Payments to Others | 95,690 | 822,381 | 62,277 | 191,538 | 72,100 | - | 12,602 | 1,256,588 | 491,933 |
| Net Change in Net Position | (11,355) | (547,500) | 1,955 | (7,656) | 1,849 | 2,624 | 14,502 | (545,581) | 284,977 |
| Net Position, Beginning of Year | 42,181 | 547,500 | 16,926 | 23,081 | 3,727 | - | (9,502) | 623,913 | 338,936 |
| Net Position, End of Year | \$ <u>30,826</u> | <u>-</u> | <u>18,881</u> | <u>15,425</u> | <u>5,576</u> | <u>2,624</u> | <u>5,000</u> | <u>78,332</u> | <u>623,913</u> |

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2020

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, 2020

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, 2020

The government reports the following major governmental funds:

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

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

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

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

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

The government reports the following major proprietary funds:

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

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

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

The government also reports the following fund types:

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

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

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

Budgetary Information

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

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2020

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, 2020.

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

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

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

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

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

| Fund | Expenses and Transfers Out | | Beginning Encumbrances | Ending Encumbrances | Prior Year Cancelled Encumbrances | Expenditures and Transfers Out Per Budget Basis |
|------------------------|-------------------------------|----------|---------------------------|------------------------|---|---|
| | Per Fund Statement | | | | | |
| General Fund | \$ 12,946,574 | (50,952) | | 49,507 | 3,766 | 12,948,895 |
| Employee Benefits Fund | 4,147,500 | (50) | | 50 | 50 | 4,147,550 |

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
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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 beyond routine maintenance. It is the City's policy to maintain and preserve infrastructure at a minimum condition level of "Fair".

During 2020, the infrastructure was assessed, and it was determined that the infrastructure was at condition levels of "Good to Very Good". No significant deterioration of the infrastructure had occurred, and there were no significant changes in condition levels from the previous year's assessments.

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

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| | 2016 | 2017 | 2018 | 2019 | 2020 | Totals |
|--------------|-----------|-----------|-----------|-----------|-----------|------------------|
| Estimated \$ | 1,172,237 | 1,255,293 | 1,277,465 | 1,184,462 | 1,341,449 | 6,230,906 |
| Actual | 1,057,792 | 1,164,516 | 1,180,255 | 1,126,485 | 1,200,318 | 5,729,366 |

Capital asset activity for the year ended December 31, 2020 was as follows:

Primary Government

| | Beginning Balances | Increases | Decreases | Reclassification | Ending Balances |
|--|-----------------------|------------------|--------------------|------------------|--------------------|
| Governmental | | | | | |
| Non-Depreciable Capital Assets | | | | | |
| Land and Rights of Ways | \$ 27,110,574 | 435,033 | - | - | 27,545,607 |
| Infrastructure (Modified Approach) | 66,427,923 | 98,800 | - | - | 66,526,723 |
| Construction in Process | 2,843,664 | 7,450,808 | (1,803,796) | - | 8,490,676 |
| Total Non-Depreciable Capital Assets | 96,382,161 | 7,984,641 | (1,803,796) | - | 102,563,006 |
| Depreciable Capital Assets | | | | | |
| Buildings | 13,685,656 | 1,839,385 | - | - | 15,525,041 |
| Machinery and Equipment | 17,461,754 | 1,281,381 | (445,707) | - | 18,297,428 |
| Total Depreciable Capital Assets | 31,147,410 | 3,120,766 | (445,707) | - | 33,822,469 |
| Accumulated Depreciation | (21,211,908) | (1,196,050) | 445,489 | - | (21,962,469) |
| Depreciable Capital Assets, Net of Accumulated Depreciation | 9,935,502 | 1,924,716 | (218) | - | 11,860,000 |
| Governmental Activities, Capital Assets Net of Accumulated Depreciation | \$ 106,317,663 | 9,909,357 | (1,804,014) | - | 114,423,006 |

Primary Government

| | Beginning Balances | Increases | Decreases | Reclassification | Ending Balances |
|---|-----------------------|------------------|---------------------|------------------|--------------------|
| Business-Type Activities | | | | | |
| Non-Depreciable Capital Assets | | | | | |
| Land | \$ 446,274 | - | - | - | 446,274 |
| Construction in Process | 59,860 | - | (59,860) | - | - |
| Total Non-Depreciable Capital Assets | 506,134 | - | (59,860) | - | 446,274 |
| Depreciable Capital Assets | | | | | |
| R-9 Ranch | 4,262,040 | - | - | - | 4,262,040 |
| Infrastructure | 49,291,191 | - | - | 293,155 | 49,584,346 |
| Buildings | 12,370,660 | 960,563 | (9,993,971) | (293,155) | 3,044,097 |
| Machinery and Equipment | 14,985,451 | 343,076 | (569,920) | - | 14,758,607 |
| Total Depreciable Capital Assets | 80,909,342 | 1,303,639 | (10,563,891) | - | 71,649,090 |
| Accumulated Depreciation | (28,939,657) | (714,713) | 5,791,044 | - | (23,863,326) |
| Depreciable Capital Assets, Net of Accumulated Depreciation | 51,969,685 | 588,926 | (4,772,847) | - | 47,785,764 |
| Business-Type Activities, Capital Assets Net of Accumulated Depreciation | \$ 52,475,819 | 588,926 | (4,832,707) | - | 48,232,038 |

Statement of Cash Flows

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2020

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, 2020, the City had the following investments and maturities.

| Investment Type | Fair Value | Investment Maturities (in years) Less than One | Rating |
|---------------------|--------------|--|--------|
| U.S. Treasury Notes | \$ 2,999,507 | 3,000,000 | AAA |

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

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of investments as of December 31, 2020, 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 2020. All deposits were legally secured at December 31, 2020.

At December 31, 2020, the City's carrying amount of deposits, including certificates of deposit, was \$54,396,720. The bank balance was \$54,985,585. Of the bank balance, \$791,208 was covered by FDIC insurance and \$54,194,377 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.

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Restricted Assets

These assets consist of cash restricted for certain enterprise 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, 2020 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.

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

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Notes to Financial Statements
December 31, 2020

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, 2020 has been estimated at \$692,731.

Deferred Compensation Plan

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

Other Post Employment Benefits

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

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

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

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

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

Budget Stabilization Reserve

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

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December 31, 2020

Adoption of New Governmental Accounting Standards Board Statements

During the year, the City adopted GASB Statement No. 84, *Fiduciary Activities*. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities, with the focus of the criteria on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund.

During the year, the City adopted GASB Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placement. This Statement clarifies which liabilities governments should include in their notes disclosures related to debt. This Statement defines debt that must be disclosed in the notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Governments must also disclose amounts of unused lines of credit, assets pledged as collateral for debt, and the terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses. Within the notes, governments should separate information regarding direct borrowing and direct placements of debt from other debt.

Pending Governmental Accounting Standards Board Statements

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision for the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for periods beginning after June 15, 2021. Management has not yet determined the effect this standard will have on the primary government financial statements.

NOTE 2 - LONG-TERM DEBT

General Obligation Bonds

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

| Purpose | Interest Rates | Amount |
|--------------------------|-----------------------|---------------|
| Governmental Activities | 1.10 – 5.375% | \$7,360,000 |
| Business-Type Activities | 3.00% | \$1,225,000 |

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Notes to Financial Statements
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The annual requirements to retire G.O. Bonds as of December 31, 2020 are as follows:

| Year | Principal Due | Interest Due | Total |
|--------------|---------------------|------------------|------------------|
| 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 | 742,000 | 80,023 | 822,023 |
| 2026-2030 | 1,604,000 | 162,028 | 1,766,028 |
| 2031-2032 | 230,000 | 12,075 | 242,075 |
| Total | \$ 8,585,000 | 1,009,931 | 9,594,931 |

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 |
|--------------|---------------------|
| 2021 | \$ 617,901 |
| 2022 | 490,566 |
| 2023 | 385,971 |
| 2024 | 388,793 |
| 2025 | 359,319 |
| 2026-2030 | 1,289,975 |
| 2031-2032 | 243,020 |
| Total | \$ 3,775,545 |

Revolving Loan – Direct Borrowing

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

| Purpose | Interest Rates | Amount |
|--------------------------|----------------|--------------|
| Business-Type Activities | 2.27% | \$26,844,080 |

The annual requirements to retire revenue bonds and the revolving loan as of December 31, 2020 are as follows:

| Year | Principal Due | Interest Due | Total |
|--------------|----------------------|------------------|-------------------|
| 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 | 1,384,641 | 429,523 | 1,814,164 |
| 2026-2030 | 7,412,033 | 1,712,625 | 9,124,658 |
| 2031-2035 | 8,297,594 | 924,593 | 9,222,187 |
| 2036-2038 | 4,513,467 | 137,786 | 4,651,253 |
| Total | \$ 26,844,080 | 5,191,558 | 32,035,638 |

CITY OF HAYS, KANSAS
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December 31, 2020

Long-term debt activity for the year ended December 31, 2020 was as follows:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--|------------------------------|------------------|--------------------|---------------------------|--------------------------------|
| Governmental Activities | | | | | |
| Accrued Paid Time Off | \$ 528,098 | 37,512 | - | 565,610 | - |
| Accrued Sick Leave Payout | 14,605 | 1,613 | - | 16,218 | - |
| Net Pension Liability | 10,248,117 | 2,449,422 | - | 12,697,539 | - |
| G.O. Bonds | 8,690,000 | - | (1,330,000) | 7,360,000 | 1,381,000 |
| Bond Premium | 138,435 | - | (16,489) | 121,946 | - |
| Business-Type Activities | | | | | |
| Accrued Paid Time Off | 111,091 | 16,030 | - | 127,121 | - |
| G.O. Bond | 1,510,000 | - | (285,000) | 1,225,000 | 295,000 |
| Bond Premium | 76,759 | - | (19,190) | 57,569 | - |
| KDHE Revolving Loan - Direct Borrowing | 28,080,945 | - | (1,236,865) | 26,844,080 | 1,265,102 |
| Total Long-Term Liabilities | \$ 49,398,050 | 2,504,577 | (2,887,544) | 49,015,083 | 2,941,102 |

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, 2020 were as follows:

| <u>From Fund</u> | <u>To Fund</u> | <u>Statutory Authority</u> | <u>Amount</u> |
|-----------------------------------|-------------------|----------------------------|---------------|
| Water Production and Distribution | General | 12-825d | \$ 553,538 |
| Solid Waste | General | 12-825d | 224,204 |
| Convention and Visitor's Bureau | General | Commission Approved | 177,434 |
| Special Alcohol Program | General | 79-41a04 | 49,713 |
| Water Reclamation and Reuse | General | 12-825d | 692,325 |
| Stormwater Management | General | 12-825d | 81,050 |
| Sports Complex | General | 79-2925 | 201,005 |
| Water Conservation | General | 12-825d | 518,055 |
| Water Reclamation and Reuse | Employee Benefits | 12-825d | 204,629 |
| Solid Waste | Employee Benefits | 12-825d | 185,840 |
| Water Production and Distribution | Employee Benefits | 12-825d | 256,376 |
| Water Conservation | Employee Benefits | 12-825d | 25,692 |
| Convention and Visitor's Bureau | Employee Benefits | 12-16,102 | 89,193 |
| Special Alcohol Program | Employee Benefits | 79-41a04 | 26,752 |
| Stormwater Management | Employee Benefits | 12-825d | 60,409 |
| Sports Complex | Employee Benefits | 12-16,102 | 19,343 |

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Notes to Financial Statements
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| | | | | |
|-----------------------------------|---|---------------------|----|-----------|
| General | New Equipment Reserve | 12-1,117 | \$ | 277,371 |
| Airport | New Equipment Reserve | 12-1,117 | | 13,614 |
| Convention and Visitor's Bureau | New Equipment Reserve | 12-1,117 | | 2,857 |
| Water Production and Distribution | New Equipment Reserve | 12-1,117 | | 16,618 |
| Water Conservation | New Equipment Reserve | 12-1,117 | | 2,802 |
| Water Reclamation and Reuse | New Equipment Reserve | 12-1,117 | | 37,627 |
| Public Safety Equipment | New Equipment Reserve | 12-1,117 | | 450,000 |
| Stormwater Management | New Equipment Reserve | 12-1,117 | | 38,712 |
| Solid Waste | Solid Waste Reserve | 12-825d | | 175,000 |
| Water Conservation | Water Sales Tax Reserve | 12-825d | | 3,345,415 |
| General | Stormwater Management | Commission Approved | | 16,500 |
| General | Special Highway | Commission Approved | | 500,000 |
| Water Reclamation and Reuse | Water Reclamation and Reuse Reserve | 12-825d | | 700,000 |
| Water Production and Distribution | Water Production and Distribution Reserve | 12-825d | | 600,000 |
| General | City Commission Capital Reserve | Commission Approved | | 1,000,000 |
| Airport | Airport Improvement | 12-1,118 | | 145,000 |
| Stormwater Management | Stormwater Reserve | 12-825d | | 425,000 |
| Convention and Visitor's Bureau | Special Park and Recreation | Commission Approved | | 75,000 |
| Convention and Visitor's Bureau | Airport Improvement | 12-1,118 | | 25,000 |
| Convention and Visitor's Bureau | Capital Projects | 12-1,118 | | 50,000 |
| City Commission Capital Reserve | Capital Projects | Commission Approved | | 86,745 |

In the governmental fund financial statements, total transfers in of \$2,881,377 tie to the total transfers out of \$2,881,377 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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2020

years, age 50 with 25 years, or any age with 36 years of service.

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

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

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

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, 2020.

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 8.61%. 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 21.93%. The member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2020 was 6.00% for local government employees and 7.15% for police and firemen.

Contributions to the pension plan for the City were \$543,100 for local government and \$723,575 for police and firemen for the year ended December 31, 2020.

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

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2020

resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

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

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

The allocation percentages for the City's share of the collective pension amounts as of December 31, 2020 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, 2020.

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, 2020 was as follows:

| | Local Government | Police and Firemen |
|-----------------------|-------------------|--------------------|
| Net Pension Liability | \$5,404,655 | \$7,292,884 |
| Measurement Date | June 30, 2020 | June 30, 2020 |
| Valuation Date | December 31, 2019 | December 31, 2019 |
| City's Proportion | 0.312% | 0.591% |
| Change in Proportion | -0.001% | 0.011% |

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 | 3.25 to 11.75%, including inflation |
| Investment rate of return net of investment expense, including price inflation | 7.50% |

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, 2019 valuation were based on the results of an actuarial experience study conducted for the three year period January 1, 2016 through December 31, 2018. The experience study is dated January 7, 2020.

The long-term expected rate of return of pension plan investments was determined using a building-block

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2020

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 7.50%, 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

| | <u>1% Decrease (6.50%)</u> | <u>Discount Rate (7.50%)</u> | <u>1% Increase (8.50%)</u> |
|--------------------|----------------------------|------------------------------|----------------------------|
| Local Employees | \$7,606,504 | \$5,404,655 | \$3,553,463 |
| Police and Firemen | 9,981,712 | 7,292,884 | 5,047,326 |

Pension Expense

For the year ended December 31, 2020, the City recognized pension expense of \$1,266,677, 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.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2020

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, 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:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between actual and expected experience | \$ 303,406 | 69,485 |
| Net differences between projected and actual earnings on investments | 1,339,267 | - |
| Changes in proportionate share | 259,686 | 121,797 |
| Changes in assumptions | 830,374 | - |
| City contributions subsequent to measurement date | 666,222 | - |
| Total | \$ 3,398,955 | 191,282 |

The \$666,222 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, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|------------------------|------------|
| Year Ended December 31 | |
| 2021 | \$ 577,728 |
| 2022 | 728,338 |
| 2023 | 681,154 |
| 2024 | 531,322 |
| 2025 | 22,909 |
| 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 120 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 2020, the City contributed \$245,345 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 161 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 2020, the City contributed \$152,855 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.

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2020

The City's commercial insurance for all risks of loss includes 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 – COMPARATIVE DATA

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

NOTE 9 – TAX ABATEMENTS

As of December 31, 2020, 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 | \$ 14,663 |
| Economic Assistance Initiative | <u>355,920</u> |
| Total Tax Abatements | \$ <u>370,583</u> |

NOTE 10 – RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full

CITY OF HAYS, KANSAS
Notes to Financial Statements
December 31, 2020

impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2020.

The City received several federal grants in 2020 related to the COVID-19 pandemic and has applied for additional grants in 2021 for which the amount of funding to be awarded is unknown.

NOTE 11 – SUBSEQUENT EVENTS

On March 25, 2021, the City issued Series 2021A General Obligation Bonds in the amount of \$6,795,000 to reimburse expenditures in connection with the North Vine Street Corridor Project. The 2021A Bonds have stated interest rates of .35%-2.2% for bonds due starting in 2022 and ending in 2046.

CITY OF HAYS, KANSAS

Required Supplementary Information

CITY OF HAYS, KANSAS
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020

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

| | 2020 | | Variance | 2019 |
|---|------------------------------|-------------------------|------------------------|------------------|
| | Original and Final Budget | Actual | Positive (Negative) | Actual |
| Revenues | \$ 10,368,647 | 10,643,400 | 274,753 | 10,709,847 |
| Expenditures | 11,736,387 | 11,155,024 | 581,363 | 10,883,573 |
| Excess Revenues Over (Under) Expenditures | (1,367,740) | (511,624) | 856,116 | (173,726) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 2,519,394 | 2,497,324 | (22,070) | 2,390,783 |
| Transfers Out | (1,494,430) | (1,793,871) | (299,441) | (1,561,232) |
| Net Other Financing Sources (Uses) | 1,024,964 | 703,453 | (321,511) | 829,551 |
| Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures | (342,776) | 191,829 | 534,605 | 655,825 |
| Fund Balance - Beginning | 1,593,952 | 4,847,218 | 3,253,266 | 4,319,511 |
| Increase in Reserve for Budget Stabilization | - | 250,000 | 250,000 | - |
| Increase (Decrease) in Reserve for Encumbrances | - | (1,445) | (1,445) | (128,118) |
| Fund Balance - Ending | \$ <u>1,251,176</u> | <u>5,287,602</u> | <u>4,036,426</u> | <u>4,847,218</u> |

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

CITY OF HAYS, KANSAS
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | | 2020 | Variance Positive (Negative) | 2019 Actual |
|--|------------------------------|-------------------|------------------------------------|----------------|
| | Original and Final Budget | Actual | | |
| Revenues | | | | |
| Taxes | | | | |
| Local Sales | \$ 7,388,550 | 7,725,051 | 336,501 | 7,416,387 |
| County Reimbursed Sales Tax | - | - | - | 324,745 |
| Total Taxes | 7,388,550 | 7,725,051 | 336,501 | 7,741,132 |
| Intergovernmental | | | | |
| Liquor Tax | 141,197 | 115,373 | (25,824) | 137,271 |
| State Grant | - | 7,250 | 7,250 | - |
| Federal Grant | - | 31,842 | 31,842 | 7,964 |
| Total Intergovernmental | 141,197 | 154,465 | 13,268 | 145,235 |
| Licenses and Permits | | | | |
| Franchise Tax | 1,424,000 | 1,418,670 | (5,330) | 1,397,819 |
| Licenses | 45,200 | 39,923 | (5,277) | 60,737 |
| Permits | 65,000 | 90,411 | 25,411 | 84,299 |
| Total Licenses and Permits | 1,534,200 | 1,549,004 | 14,804 | 1,542,855 |
| Fines and Forfeitures | | | | |
| Fines and Court Fees | 638,000 | 489,470 | (148,530) | 606,308 |
| Use of Money and Property | | | | |
| Interest Income | 206,000 | 211,894 | 5,894 | 196,364 |
| Rent | 1,200 | 1,200 | - | 1,200 |
| Total Use of Money and Property | 207,200 | 213,094 | 5,894 | 197,564 |
| Miscellaneous | | | | |
| Golf Course Fees | 278,000 | 300,060 | 22,060 | 275,215 |
| Cemetery Receipts | 13,500 | 12,880 | (620) | 6,635 |
| Miscellaneous Receipts | 168,000 | 180,925 | 12,925 | 176,282 |
| Sale of Assets | - | 14,685 | 14,685 | 14,685 |
| Prior Year Encumbrances Cancelled | - | 3,766 | 3,766 | 3,936 |
| Total Miscellaneous | 459,500 | 512,316 | 52,816 | 476,753 |
| Total Revenues | \$ 10,368,647 | 10,643,400 | 274,753 | 10,709,847 |

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

CITY OF HAYS, KANSAS
General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020

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

| | 2020 | | Variance Positive (Negative) | 2019 Actual |
|---------------------------------------|------------------------------|-------------------|------------------------------------|-------------------|
| | Original and Final Budget | Actual | | |
| Expenditures | | | | |
| City Commission | \$ 25,325 | 263,366 | (238,041) | 17,493 |
| City Manager | 483,966 | 421,794 | 62,172 | 354,605 |
| Human Resources | 230,224 | 213,820 | 16,404 | 186,646 |
| Information Technology | 637,261 | 623,352 | 13,909 | 599,801 |
| Project Management | 175,685 | 164,919 | 10,766 | 181,745 |
| Communication Center | 602,083 | 578,255 | 23,828 | 566,419 |
| City Attorney | 130,820 | 87,726 | 43,094 | 102,233 |
| Finance - City Clerk | 421,506 | 417,452 | 4,054 | 401,313 |
| Intergovernmental Account | 839,115 | 810,814 | 28,301 | 788,102 |
| Police Department | 2,448,360 | 2,220,822 | 227,538 | 2,380,666 |
| Municipal Court | 112,814 | 100,123 | 12,691 | 105,409 |
| Public Works - General Administration | 213,943 | 170,767 | 43,176 | 176,910 |
| Service Division | 861,244 | 772,524 | 88,720 | 776,102 |
| Planning, Inspection, and Enforcement | 296,602 | 271,358 | 25,244 | 247,503 |
| Fleet Maintenance | 634,232 | 566,335 | 67,897 | 576,881 |
| Fire Department | 1,562,099 | 1,490,452 | 71,647 | 1,453,154 |
| Parks and Playgrounds | 961,498 | 956,917 | 4,581 | 903,049 |
| Golf Course | 398,170 | 366,591 | 31,579 | 387,830 |
| Swimming Pool | 91,400 | 92,214 | (814) | 100,943 |
| Ballfield Maintenance | 17,800 | 15,697 | 2,103 | 11,528 |
| Cemeteries | 12,000 | 8,066 | 3,934 | 7,915 |
| Bickle-Schmidt Sports Complex | 224,740 | 180,349 | 44,391 | 200,144 |
| Social Services | 168,000 | 168,000 | - | 164,000 |
| Economic Development | 187,500 | 193,311 | (5,811) | 193,182 |
| Total Expenditures | \$ 11,736,387 | 11,155,024 | 581,363 | 10,883,573 |

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

CITY OF HAYS, KANSAS
Employee Benefits Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 2020 | | Variance | 2019 |
|--|------------------------------|-------------------------|------------------------|------------------|
| | Original and Final Budget | Actual | Positive (Negative) | Actual |
| Revenues | | | | |
| Taxes | | | | |
| Ad Valorem | \$ 2,706,425 | 2,696,662 | (9,763) | 2,738,752 |
| Delinquent | - | 43,559 | 43,559 | 34,199 |
| Motor Vehicle | 222,198 | 322,400 | 100,202 | 293,172 |
| Recreational Vehicle | 3,419 | 5,530 | 2,111 | 5,025 |
| 16/20M Truck | 1,926 | 1,681 | (245) | 2,022 |
| Commercial Vehicle | 12,678 | 16,872 | 4,194 | 17,847 |
| Neighborhood Revit Rebate | (7,935) | (7,005) | (930) | (6,916) |
| Interest Income | 34,000 | 39,681 | 5,681 | 27,080 |
| Miscellaneous | - | 411,012 | 411,012 | 121,213 |
| Prior Year Encumbrances Cancelled | - | 50 | 50 | - |
| Total Revenues | <u>2,972,711</u> | <u>3,530,442</u> | <u>555,871</u> | <u>3,232,394</u> |
| Expenditures | | | | |
| Workmen's Compensation | 160,068 | 152,855 | 7,213 | 150,513 |
| Unemployment Compensation | 14,404 | 9,989 | 4,415 | 11,885 |
| Social Security | 705,605 | 716,818 | (11,213) | 675,509 |
| Employee Retirement | 1,309,198 | 1,329,589 | (20,391) | 1,293,295 |
| Contingency | 397,231 | - | 397,231 | 48,125 |
| Health Insurance | 1,991,000 | 1,846,933 | 144,067 | 1,802,174 |
| Contractual Services | 44,713 | 47,048 | (2,335) | 45,402 |
| Tax Increment Financing Dist. (TIF) | 44,333 | 44,318 | 15 | 42,361 |
| Total Expenditures | <u>4,666,552</u> | <u>4,147,550</u> | <u>519,002</u> | <u>4,069,264</u> |
| Excess Revenues Over (Under) | | | | |
| Expenditures | (1,693,841) | (617,108) | 1,074,873 | (836,870) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | <u>853,665</u> | <u>868,234</u> | <u>14,569</u> | <u>839,870</u> |
| Excess Revenues and Other Financing Sources | | | | |
| (Uses) Over (Under) Expenditures | (840,176) | 251,126 | 1,089,442 | 3,000 |
| Fund Balance - Beginning | 840,176 | 1,122,724 | 282,548 | 1,119,674 |
| Increase (Decrease) in | | | | |
| Reserve for Encumbrances | - | - | - | 50 |
| Fund Balance - Ending | <u>\$ -</u> | <u>1,373,850</u> | <u>1,371,990</u> | <u>1,122,724</u> |

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

CITY OF HAYS, KANSAS
Schedule of Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
December 31, 2020

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

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

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, 2020

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

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

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

CITY OF HAYS, KANSAS

Supplementary Information

CITY OF HAYS, KANSAS
Combining Balance Sheet
Nonmajor Governmental Fund Types
December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | Special Revenue Funds | Capital Projects Funds | Debt Services Funds | Totals | |
|--|--------------------------------------|---------------------------------------|------------------------------------|--------------------------|--------------------------|
| | | | | 2020 | 2019 |
| <u>ASSETS</u> | | | | | |
| Cash | \$ 9,848,170 | 1,046,548 | 277,353 | 11,172,071 | 10,835,207 |
| Receivables, Net | | | | | |
| Taxes | <u>2,238,771</u> | <u>-</u> | <u>-</u> | <u>2,238,771</u> | <u>2,197,034</u> |
| Total Assets | <u>\$ 12,086,941</u> | <u>1,046,548</u> | <u>277,353</u> | <u>13,410,842</u> | <u>13,032,241</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u> | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ 22,626 | - | - | 22,626 | 43,695 |
| Accrued Payroll | 6,504 | - | - | 6,504 | 17,541 |
| Accrued Paid Time Off | <u>28,217</u> | <u>-</u> | <u>-</u> | <u>28,217</u> | <u>19,530</u> |
| Total Liabilities | 57,347 | - | - | 57,347 | 80,766 |
| Deferred Inflows of Resources | | | | | |
| Deferred Property Tax Receivable | <u>2,238,771</u> | <u>-</u> | <u>-</u> | <u>2,238,771</u> | <u>2,197,034</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>2,296,118</u> | <u>-</u> | <u>-</u> | <u>2,296,118</u> | <u>2,277,800</u> |
| Fund Balance | | | | | |
| Assigned - Reserved for Encumbrances | 170,729 | - | - | 170,729 | 395,073 |
| Assigned - Designated for Subsequent Year Expenditures | 784,628 | 1,046,548 | 253,143 | 2,084,319 | 2,268,062 |
| Assigned | <u>8,835,466</u> | <u>-</u> | <u>24,210</u> | <u>8,859,676</u> | <u>8,091,306</u> |
| Total Fund Balance | <u>9,790,823</u> | <u>1,046,548</u> | <u>277,353</u> | <u>11,114,724</u> | <u>10,754,441</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | <u>\$ 12,086,941</u> | <u>1,046,548</u> | <u>277,353</u> | <u>13,410,842</u> | <u>13,032,241</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | Library Fund | Airport Fund | Public Safety Equipment Fund | Special Highway Fund | Special Park and Recreation Fund | Special Alcohol Fund | CVB Fund | New Equipment Reserve Fund |
|--|---------------------|-----------------|---------------------------------------|----------------------------|---|----------------------------|----------------|-------------------------------------|
| <u>ASSETS</u> | | | | | | | | |
| Cash | \$ 106,030 | 244,397 | 13,823 | 196,855 | 393,126 | 66,479 | 333,665 | 4,533,303 |
| Receivables, Net | | | | | | | | |
| Taxes | 1,296,221 | 329,856 | 439,809 | - | - | - | - | - |
| Total Assets | \$ 1,402,251 | 574,253 | 453,632 | 196,855 | 393,126 | 66,479 | 333,665 | 4,533,303 |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u> | | | | | | | | |
| Liabilities | | | | | | | | |
| Accounts Payable | \$ - | 3,380 | 1,834 | - | 495 | - | 16,362 | - |
| Accrued Payroll | - | 3,180 | - | - | - | - | 3,324 | - |
| Accrued Paid Time Off | - | 13,819 | - | - | - | - | 14,398 | - |
| Total Liabilities | - | 20,379 | 1,834 | - | 495 | - | 34,084 | - |
| Deferred Inflows of Resources | | | | | | | | |
| Deferred Property Tax Receivable | 1,296,221 | 329,856 | 439,809 | - | - | - | - | - |
| Total Liabilities and Deferred Inflows of Resources | 1,296,221 | 350,235 | 441,643 | - | 495 | - | 34,084 | - |
| Fund Balance | | | | | | | | |
| Assigned - Reserved for Encumbrances | - | 4,255 | 11,989 | 43,748 | 10,515 | - | 29,191 | 62,765 |
| Assigned - Designated for Subsequent Year Expenditures | 39,098 | 31,574 | - | - | 382,116 | 66,479 | 259,393 | - |
| Assigned | 66,932 | 188,189 | - | 153,107 | - | - | 10,997 | 4,470,538 |
| Total Fund Balance | 106,030 | 224,018 | 11,989 | 196,855 | 392,631 | 66,479 | 299,581 | 4,533,303 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 1,402,251 | 574,253 | 453,632 | 196,855 | 393,126 | 66,479 | 333,665 | 4,533,303 |

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | Library Employee Benefits Fund | Department of Justice Program Fund | Law Enforcement Trust Fund | Parks Improvement Fund | City Commission Capital Reserve Fund | Totals | |
|--|---|---|-------------------------------------|------------------------------|--|-------------------|-------------------|
| | | | | | | 2020 | 2019 |
| <u>ASSETS</u> | | | | | | | |
| Cash | \$ 17,436 | - | 19,226 | 23,646 | 3,900,184 | 9,848,170 | 9,395,260 |
| Receivables, Net | | | | | | | |
| Taxes | 172,885 | - | - | - | - | 2,238,771 | 2,197,034 |
| Total Assets | \$ 190,321 | - | 19,226 | 23,646 | 3,900,184 | 12,086,941 | 11,592,294 |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u> | | | | | | | |
| Liabilities | | | | | | | |
| Accounts Payable | \$ - | - | - | 555 | - | 22,626 | 43,694 |
| Accrued Payroll | - | - | - | - | - | 6,504 | 17,541 |
| Accrued Paid Time Off | - | - | - | - | - | 28,217 | 19,530 |
| Total Liabilities | - | - | - | 555 | - | 57,347 | 80,765 |
| Deferred Inflows of Resources | | | | | | | |
| Deferred Property Tax Receivable | 172,885 | - | - | - | - | 2,238,771 | 2,197,034 |
| Total Liabilities and Deferred Inflows of Resources | 172,885 | - | - | 555 | - | 2,296,118 | 2,277,799 |
| Fund Balance | | | | | | | |
| Assigned - Reserved for Encumbrances | - | - | - | 8,266 | - | 170,729 | 395,073 |
| Assigned - Designated for Subsequent Year Expenditures | 5,968 | - | - | - | - | 784,628 | 867,196 |
| Assigned | 11,468 | - | 19,226 | 14,825 | 3,900,184 | 8,835,466 | 8,052,226 |
| Total Fund Balance | 17,436 | - | 19,226 | 23,091 | 3,900,184 | 9,790,823 | 9,314,495 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 190,321 | - | 19,226 | 23,646 | 3,900,184 | 12,086,941 | 11,592,294 |

See independent auditors' report.

CITY OF HAYS, KANSAS
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 December 31, 2020
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | | Golf Course Improvement Fund | Sports Complex Fund | Economic Development Fund | Totals | |
|----------------------------|--|---|------------------------------------|--|-------------------------|------------------|
| | | | | | 2020 | 2019 |
| <u>ASSETS</u> | | | | | | |
| Cash | | \$ <u>10,225</u> | <u>943,743</u> | <u>92,580</u> | <u>1,046,548</u> | <u>1,232,269</u> |
| <u>FUND BALANCE</u> | | | | | | |
| Fund Balance | | | | | | |
| Assigned | | \$ <u>10,225</u> | <u>943,743</u> | <u>92,580</u> | <u>1,046,548</u> | <u>1,232,269</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, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | Special Revenue Funds | Capital Projects Funds | Debt Services Fund | Totals | |
|--|--------------------------------------|---------------------------------------|-----------------------------------|--------------------|------------------|
| | | | | 2020 | 2019 |
| Revenues | | | | | |
| Taxes | \$ 2,550,102 | - | - | 2,550,102 | 2,723,222 |
| Intergovernmental | 2,095,030 | - | 199,856 | 2,294,886 | 2,143,833 |
| Collections | 136,961 | 20,008 | - | 156,969 | 172,800 |
| Use of Money and Property | 172,521 | - | - | 172,521 | - |
| Miscellaneous | 349,170 | 16,000 | 92,883 | 458,053 | 287,684 |
| Total Revenues | 5,303,784 | 36,008 | 292,739 | 5,632,531 | 5,327,539 |
| Expenditures | | | | | |
| General Government | 1,246,365 | 1,381 | - | 1,247,746 | 1,513,003 |
| Highway and Street | - | - | - | - | 58,327 |
| Culture and Recreation | 1,662,764 | - | - | 1,662,764 | 1,704,000 |
| Airport | 440,321 | - | - | 440,321 | 354,807 |
| Debt Service | - | - | 223,065 | 223,065 | 221,546 |
| Capital Outlay | 2,701,299 | - | - | 2,701,299 | 2,113,369 |
| Total Expenditures | 6,050,749 | 1,381 | 223,065 | 6,275,195 | 5,965,052 |
| Excess (Deficiency) of Revenues Over Expenditures | (746,965) | 34,627 | 69,674 | (642,664) | (637,513) |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | 2,414,601 | - | - | 2,414,601 | 2,112,228 |
| Transfers Out | (1,191,308) | (220,348) | - | (1,411,656) | (2,728,752) |
| Total Other Financing Sources (Uses) | 1,223,293 | (220,348) | - | 1,002,945 | (616,524) |
| Net Change in Fund Balance | 476,328 | (185,721) | 69,674 | 360,281 | (1,254,037) |
| Fund Balance - Beginning of Year | 9,314,495 | 1,232,269 | 207,679 | 10,754,443 | 12,008,478 |
| Fund Balance - End of Year | \$ 9,790,823 | 1,046,548 | 277,353 | 11,114,724 | 10,754,441 |

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds
December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | Library Fund | Airport Fund | Public Safety Equipment Fund | Special Highway Fund | Special Park and Recreation Fund | Special Alcohol Fund | CVB Fund | New Equipment Reserve Fund |
|--|-------------------|------------------|---------------------------------------|----------------------------|---|----------------------------|------------------|-------------------------------------|
| Revenues | | | | | | | | |
| Taxes | \$ 1,488,260 | 364,104 | 506,607 | - | - | - | - | - |
| Intergovernmental | 2,611 | 241,595 | - | 615,797 | 115,372 | 115,373 | 1,004,282 | - |
| Collections | - | 128,684 | - | - | - | - | - | - |
| Use of Money and Property | - | - | - | - | - | - | - | 99,427 |
| Miscellaneous | - | 25,479 | - | - | - | - | 13,954 | 30,519 |
| Total Revenues | <u>1,490,871</u> | <u>759,862</u> | <u>506,607</u> | <u>615,797</u> | <u>115,372</u> | <u>115,373</u> | <u>1,018,236</u> | <u>129,946</u> |
| Expenditures | | | | | | | | |
| General Government | - | - | - | - | - | 60,000 | 578,976 | - |
| Highway and Street | - | - | - | - | - | - | - | - |
| Culture and Recreation | 1,475,611 | - | - | - | - | - | - | - |
| Airport | - | 440,321 | - | - | - | - | - | - |
| Capital Outlay | - | - | 107,602 | 1,368,774 | 92,207 | - | 97,160 | 1,035,275 |
| Total Expenditures | <u>1,475,611</u> | <u>440,321</u> | <u>107,602</u> | <u>1,368,774</u> | <u>92,207</u> | <u>60,000</u> | <u>676,136</u> | <u>1,035,275</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>15,260</u> | <u>319,541</u> | <u>399,005</u> | <u>(752,977)</u> | <u>23,165</u> | <u>55,373</u> | <u>342,100</u> | <u>(905,329)</u> |
| Other Financing Sources (Uses) | | | | | | | | |
| Transfers In | - | - | - | 500,000 | 75,000 | - | - | 839,601 |
| Transfers Out | - | (158,614) | (450,000) | - | - | (76,465) | (419,484) | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(158,614)</u> | <u>(450,000)</u> | <u>500,000</u> | <u>75,000</u> | <u>(76,465)</u> | <u>(419,484)</u> | <u>839,601</u> |
| Net Change in Fund Balance | 15,260 | 160,927 | (50,995) | (252,977) | 98,165 | (21,092) | (77,384) | (65,728) |
| Fund Balance - Beginning 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> |
| Fund Balance - End of Year | <u>\$ 106,030</u> | <u>224,018</u> | <u>11,989</u> | <u>196,855</u> | <u>392,631</u> | <u>66,479</u> | <u>299,581</u> | <u>4,533,303</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Special Revenue Funds (continued)
December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | Library Employee Benefits Fund | Department of Justice Program Fund | Law Enforcement Trust Fund | Parks Improvement Fund | City Commission Capital Reserve Fund | Totals | |
|--|---|---|-------------------------------------|------------------------------|--|-------------|-------------|
| | | | | | | 2020 | 2019 |
| Revenues | | | | | | | |
| Taxes | \$ 191,131 | - | - | - | - | 2,550,102 | 2,449,368 |
| Intergovernmental | - | - | - | - | - | 2,095,030 | 2,143,833 |
| Collections | - | - | 7,863 | 414 | - | 136,961 | 153,375 |
| Use of Money and Property | - | - | - | - | 73,094 | 172,521 | - |
| Miscellaneous | - | - | 6,179 | 124,508 | 148,531 | 349,170 | 221,684 |
| Total Revenues | 191,131 | - | 14,042 | 124,922 | 221,625 | 5,303,784 | 4,968,260 |
| Expenditures | | | | | | | |
| General Government | - | - | 3,152 | 104,713 | 499,524 | 1,246,365 | 1,462,620 |
| Highway and Street | - | - | - | - | - | - | 58,327 |
| Culture and Recreation | 187,153 | - | - | - | - | 1,662,764 | 1,704,000 |
| Airport | - | - | - | - | - | 440,321 | 354,807 |
| Capital Outlay | - | 281 | - | - | - | 2,701,299 | 2,113,369 |
| Total Expenditures | 187,153 | 281 | 3,152 | 104,713 | 499,524 | 6,050,749 | 5,693,123 |
| Excess (Deficiency) of Revenues Over Expenditures | 3,978 | (281) | 10,890 | 20,209 | (277,899) | (746,965) | (724,863) |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers In | - | - | - | - | 1,000,000 | 2,414,601 | 2,112,228 |
| Transfers Out | - | - | - | - | (86,745) | (1,191,308) | (2,489,210) |
| Total Other Financing Sources (Uses) | - | - | - | - | 913,255 | 1,223,293 | (376,982) |
| Net Change in Fund Balance | 3,978 | (281) | 10,890 | 20,209 | 635,356 | 476,328 | (1,101,845) |
| Fund Balance - Beginning of Year | 13,458 | 281 | 8,336 | 2,882 | 3,264,828 | 9,314,495 | 10,416,340 |
| Fund Balance - End of Year | \$ 17,436 | - | 19,226 | 23,091 | 3,900,184 | 9,790,823 | 9,314,495 |

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Change in Fund Balance
Nonmajor Capital Projects Funds
December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | Golf Course Improvement Fund | Sports Complex Fund | Economic Development Fund | Totals | |
|--|---|------------------------------------|--|-------------------------|------------------|
| | | | | 2020 | 2019 |
| Revenues | | | | | |
| Collections | \$ 20,008 | - | - | 20,008 | 19,425 |
| Miscellaneous | - | 16,000 | - | 16,000 | 66,000 |
| Total Revenues | 20,008 | 16,000 | - | 36,008 | 85,425 |
| Expenditures | | | | | |
| General Government | 1,381 | - | - | 1,381 | 50,383 |
| Excess (Deficiency) of Revenues Over Expenditures | 18,627 | 16,000 | - | 34,627 | 35,042 |
| Other Financing Sources (Uses) | | | | | |
| Transfers Out | - | (220,348) | - | (220,348) | (239,542) |
| Net Change in Fund Balance | 18,627 | (204,348) | - | (185,721) | (204,500) |
| Fund Balance - Beginning of Year | (8,402) | 1,148,091 | 92,580 | 1,232,269 | 1,436,769 |
| Fund Balance - End of Year | <u>\$ 10,225</u> | <u>943,743</u> | <u>92,580</u> | <u>1,046,548</u> | <u>1,232,269</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
General Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|--|-----------------------------------|-------------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>2,634,648</u> | <u>2,767,226</u> |
| Receivables | | |
| Accounts Receivable, Net of Allowance for Uncollectibles | <u>122,862</u> | - |
| Due From Other Governments | <u>-</u> | <u>41,248</u> |
| Total Receivables | <u>122,862</u> | <u>41,248</u> |
| Other Asset | | |
| Reserved Cash - Budget Stabilization | <u>3,262,011</u> | <u>3,012,011</u> |
| Total Assets | \$ <u><u>6,019,521</u></u> | <u><u>5,820,485</u></u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities | | |
| Accounts Payable | \$ <u>78,869</u> | 126,419 |
| Accrued Payroll | <u>99,439</u> | 323,675 |
| Accrued Paid Time Off | <u>537,393</u> | 508,568 |
| Accrued Sick Leave Payout | <u>16,218</u> | <u>14,605</u> |
| Total Liabilities | <u>731,919</u> | <u>973,267</u> |
| Fund Balance | | |
| Committed - Budget Stabilization | <u>3,262,011</u> | 3,012,011 |
| Assigned - Reserved for Encumbrances | <u>49,507</u> | 50,952 |
| Assigned - Designated for Subsequent Year Expenditures | <u>1,488,278</u> | 1,593,952 |
| Unassigned | <u>487,806</u> | <u>190,303</u> |
| Total Fund Balance | <u>5,287,602</u> | <u>4,847,218</u> |
| Total Liabilities and Fund Balance | \$ <u><u>6,019,521</u></u> | <u><u>5,820,485</u></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, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 2020 | | Variance | 2019 |
|---|------------------------------|-------------------------|------------------------|------------------|
| | Original and Final Budget | Actual | Positive (Negative) | Actual |
| Revenues | \$ 10,368,647 | 10,643,400 | 274,753 | 10,709,847 |
| Expenditures | 11,736,387 | 11,155,024 | 581,363 | 10,883,573 |
| Excess Revenues Over (Under) Expenditures | (1,367,740) | (511,624) | 856,116 | (173,726) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 2,519,394 | 2,497,324 | (22,070) | 2,390,783 |
| Transfers Out | (1,494,430) | (1,793,871) | (299,441) | (1,561,232) |
| Net Other Financing Sources (Uses) | 1,024,964 | 703,453 | (321,511) | 829,551 |
| Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures | (342,776) | 191,829 | 534,605 | 655,825 |
| Fund Balance - Beginning | 1,593,952 | 4,847,218 | 3,253,266 | 4,319,511 |
| Increase in Reserve for Budget Stabilization | - | 250,000 | 250,000 | - |
| Increase (Decrease) in Reserve for Encumbrances | - | (1,445) | (1,445) | (128,118) |
| Fund Balance - Ending | \$ <u>1,251,176</u> | <u>5,287,602</u> | <u>4,036,426</u> | <u>4,847,218</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, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 2020 | | Variance | 2019 |
|--|------------------------------|--------------------------|------------------------|-------------------|
| | Original and Final Budget | Actual | Positive (Negative) | Actual |
| Revenues | | | | |
| Taxes | | | | |
| Local Sales | \$ 7,388,550 | 7,725,051 | 336,501 | 7,416,387 |
| County Reimbursed Sales Tax | - | - | - | 324,745 |
| Total Taxes | <u>7,388,550</u> | <u>7,725,051</u> | <u>336,501</u> | <u>7,741,132</u> |
| Intergovernmental | | | | |
| Liquor Tax | 141,197 | 115,373 | (25,824) | 137,271 |
| State Grant | - | 7,250 | 7,250 | - |
| Federal Grant | - | 31,842 | 31,842 | 7,964 |
| Total Intergovernmental | <u>141,197</u> | <u>154,465</u> | <u>13,268</u> | <u>145,235</u> |
| Licenses and Permits | | | | |
| Franchise Tax | 1,424,000 | 1,418,670 | (5,330) | 1,397,819 |
| Licenses | 45,200 | 39,923 | (5,277) | 60,737 |
| Permits | 65,000 | 90,411 | 25,411 | 84,299 |
| Total Licenses and Permits | <u>1,534,200</u> | <u>1,549,004</u> | <u>14,804</u> | <u>1,542,855</u> |
| Fines and Forfeitures | | | | |
| Fines and Court Fees | 638,000 | 489,470 | (148,530) | 606,308 |
| Use of Money and Property | | | | |
| Interest Income | 206,000 | 211,894 | 5,894 | 196,364 |
| Rent | 1,200 | 1,200 | - | 1,200 |
| Total Use of Money and Property | <u>207,200</u> | <u>213,094</u> | <u>5,894</u> | <u>197,564</u> |
| Miscellaneous | | | | |
| Golf Course Fees | 278,000 | 300,060 | 22,060 | 275,215 |
| Cemetery Receipts | 13,500 | 12,880 | (620) | 6,635 |
| Miscellaneous Receipts | 168,000 | 180,925 | 12,925 | 176,282 |
| Sale of Assets | - | 14,685 | 14,685 | 14,685 |
| Prior Year Encumbrances Cancelled | - | 3,766 | 3,766 | 3,936 |
| Total Miscellaneous | <u>459,500</u> | <u>512,316</u> | <u>52,816</u> | <u>476,753</u> |
| Total Revenues | <u>\$ 10,368,647</u> | <u>10,643,400</u> | <u>274,753</u> | <u>10,709,847</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, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 2020 | | Variance Positive (Negative) | 2019 Actual |
|---------------------------------------|------------------------------|-------------------|------------------------------------|-------------------|
| | Original and Final Budget | Actual | | |
| Expenditures | | | | |
| City Commission | \$ 25,325 | 263,366 | (238,041) | 17,493 |
| City Manager | 483,966 | 421,794 | 62,172 | 354,605 |
| Human Resources | 230,224 | 213,820 | 16,404 | 186,646 |
| Information Technology | 637,261 | 623,352 | 13,909 | 599,801 |
| Project Management | 175,685 | 164,919 | 10,766 | 181,745 |
| Communication Center | 602,083 | 578,255 | 23,828 | 566,419 |
| City Attorney | 130,820 | 87,726 | 43,094 | 102,233 |
| Finance - City Clerk | 421,506 | 417,452 | 4,054 | 401,313 |
| Intergovernmental Account | 839,115 | 810,814 | 28,301 | 788,102 |
| Police Department | 2,448,360 | 2,220,822 | 227,538 | 2,380,666 |
| Municipal Court | 112,814 | 100,123 | 12,691 | 105,409 |
| Public Works - General Administration | 213,943 | 170,767 | 43,176 | 176,910 |
| Service Division | 861,244 | 772,524 | 88,720 | 776,102 |
| Planning, Inspection, and Enforcement | 296,602 | 271,358 | 25,244 | 247,503 |
| Fleet Maintenance | 634,232 | 566,335 | 67,897 | 576,881 |
| Fire Department | 1,562,099 | 1,490,452 | 71,647 | 1,453,154 |
| Parks and Playgrounds | 961,498 | 956,917 | 4,581 | 903,049 |
| Golf Course | 398,170 | 366,591 | 31,579 | 387,830 |
| Swimming Pool | 91,400 | 92,214 | (814) | 100,943 |
| Ballfield Maintenance | 17,800 | 15,697 | 2,103 | 11,528 |
| Cemeteries | 12,000 | 8,066 | 3,934 | 7,915 |
| Bickle-Schmidt Sports Complex | 224,740 | 180,349 | 44,391 | 200,144 |
| Social Services | 168,000 | 168,000 | - | 164,000 |
| Economic Development | 187,500 | 193,311 | (5,811) | 193,182 |
| Total Expenditures | \$ 11,736,387 | 11,155,024 | 581,363 | 10,883,573 |

See independent auditors' report.

CITY OF HAYS, KANSAS
Library Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|--|----------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ 106,030 | 90,770 |
| Taxes Receivable | 1,296,221 | 1,277,973 |
| Total Assets | \$ <u>1,402,251</u> | <u>1,368,743</u> |
| <u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u> | | |
| Deferred Inflows of Resources | | |
| Deferred Property Tax Receivable | \$ 1,296,221 | 1,277,973 |
| Fund Balance | | |
| Assigned - Designated for Subsequent Year Expenditures | 39,098 | 51,673 |
| Assigned | 66,932 | 39,097 |
| Total Fund Balance | <u>106,030</u> | <u>90,770</u> |
| Total Deferred Inflows of Resources and Fund Balance | \$ <u>1,402,251</u> | <u>1,368,743</u> |

Library Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | <u>2020</u> | | | |
|--|---|-------------------------|--|-------------------------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> | <u>2019 Actual</u> |
| Revenues | | | | |
| Taxes | | | | |
| Ad Valorem | \$ 1,331,222 | 1,326,386 | (4,836) | 1,318,452 |
| Delinquent | - | 20,709 | 20,709 | 16,144 |
| Motor Vehicle | 106,956 | 154,835 | 47,879 | 138,289 |
| Recreational Vehicle | 1,646 | 2,655 | 1,009 | 2,370 |
| 16/20M Truck | 927 | 801 | (126) | 914 |
| Commercial Vehicle | 6,103 | 8,117 | 2,014 | 8,488 |
| Neighborhood Revit Rebate | (3,876) | (3,444) | 432 | (3,330) |
| Tax Increment Financing Dist. (TIF) | (21,651) | (21,799) | (148) | (20,393) |
| Federal Grant | - | 2,611 | 2,611 | - |
| Total Revenues | <u>1,421,327</u> | <u>1,490,871</u> | <u>69,544</u> | <u>1,460,934</u> |
| Expenditures | | | | |
| Distributions to Library Board | 1,473,000 | 1,475,611 | (2,611) | 1,461,000 |
| (a) Adjustment for Qualifying Budget Credits | - | - | 2,611 | - |
| Total Expenditures | <u>1,473,000</u> | <u>1,475,611</u> | <u>-</u> | <u>1,461,000</u> |
| Excess Revenues Over (Under) | | | | |
| Expenditures | (51,673) | 15,260 | 69,544 | (66) |
| Fund Balance - Beginning | <u>51,673</u> | <u>90,770</u> | <u>39,097</u> | <u>90,836</u> |
| Fund Balance - Ending | <u>\$ -</u> | <u>106,030</u> | <u>108,641</u> | <u>90,770</u> |

(a) Adjustment for Qualifying Budget Credits

Federal Aid Over Amount Budgeted \$ 2,611

See independent auditors' report.

CITY OF HAYS, KANSAS
Library Employee Benefits Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|--|-------------------|---------|
| | 2020 | 2019 |
| Cash | \$ 17,436 | 13,458 |
| Taxes Receivable | 172,885 | 157,006 |
| Total Assets | \$ 190,321 | 170,464 |
| <u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u> | | |
| Deferred Inflows of Resources | | |
| Deferred Property Tax Receivable | \$ 172,885 | 157,006 |
| Fund Balance | | |
| Assigned - Designated for Subsequent Year Expenditures | 5,968 | 7,489 |
| Assigned | 11,468 | 5,969 |
| Total Fund Balance | 17,436 | 13,458 |
| Total Deferred Inflows of Resources and Fund Balance | \$ 190,321 | 170,464 |

Library Employee Benefits Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 2020 | | | |
|--|------------------------------|----------------|------------------------------------|----------------|
| | Original and Final Budget | Actual | Variance Positive (Negative) | 2019 Actual |
| Revenues | | | | |
| Taxes | | | | |
| Ad Valorem | \$ 163,548 | 163,174 | (374) | 219,779 |
| Delinquent | - | 3,321 | 3,321 | 2,459 |
| Motor Vehicle | 17,828 | 25,814 | 7,986 | 22,558 |
| Recreational Vehicle | 274 | 443 | 169 | 386 |
| 16/20M Truck | 155 | 134 | (21) | 134 |
| Commercial Vehicle | 1,017 | 1,353 | 336 | 1,411 |
| Neighborhood Revit Rebate | (478) | (428) | (50) | (555) |
| Tax Increment Financing Dist. (TIF) | (2,680) | (2,680) | - | (3,399) |
| Total Revenues | 179,664 | 191,131 | 11,367 | 242,773 |
| Expenditures | | | | |
| Distributions to Library Board | 187,153 | 187,153 | - | 243,000 |
| Excess Revenues Over (Under) Expenditures | (7,489) | 3,978 | 11,367 | (227) |
| Fund Balance - Beginning | 7,489 | 13,458 | 5,969 | 13,685 |
| Fund Balance - Ending | \$ - | 17,436 | 17,336 | 13,458 |

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Highway Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|--|------------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>196,855</u> | <u>451,203</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities | | |
| Accounts Payable | \$ <u>-</u> | <u>1,371</u> |
| Fund Balance | | |
| Assigned - Reserved for Encumbrances | 43,748 | 244,083 |
| Assigned - Designated for Subsequent Year Expenditures | - | 198,449 |
| Assigned | <u>153,107</u> | <u>7,300</u> |
| Total Fund Balance | <u>196,855</u> | <u>449,832</u> |
| Total Liabilities and Fund Balance | \$ <u>196,855</u> | <u>451,203</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, 2020

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

| | 2020 | | | |
|---|------------------------------|-------------------------|------------------------------------|------------------|
| | Original and Final Budget | Actual | Variance Positive (Negative) | 2019 Actual |
| Revenues | | | | |
| Intergovernmental | | | | |
| State Gasoline Tax | \$ 568,500 | 541,146 | (27,354) | 571,051 |
| Connecting Link Maintenance | 74,500 | 74,651 | 151 | 59,721 |
| Prior Year Encumbrances Cancelled | - | 31,879 | 31,879 | 30,929 |
| Total Revenues | <u>643,000</u> | <u>647,676</u> | <u>4,676</u> | <u>661,701</u> |
| Expenditures | | | | |
| Contractual Services | 50,000 | - | 50,000 | 47,766 |
| Capital Outlay | <u>1,291,449</u> | <u>1,200,318</u> | <u>91,131</u> | <u>1,078,719</u> |
| Total Expenditures | <u>1,341,449</u> | <u>1,200,318</u> | <u>141,131</u> | <u>1,126,485</u> |
| Excess Revenues Over (Under) Expenditures | (698,449) | (552,642) | 145,807 | (464,784) |
| 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 | (198,449) | (52,642) | 145,807 | 35,216 |
| Fund Balance - Beginning | 198,449 | 449,832 | 251,383 | 426,547 |
| Increase (Decrease) in Reserve for Encumbrances | <u>-</u> | <u>(200,335)</u> | <u>(200,335)</u> | <u>(11,931)</u> |
| Fund Balance - Ending | <u>\$ -</u> | <u>196,855</u> | <u>196,855</u> | <u>449,832</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Employee Benefits Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|---|----------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ 1,374,556 | 1,122,774 |
| Taxes Receivable | 2,596,926 | 2,598,168 |
| Total Assets | \$ <u>3,971,482</u> | <u>3,720,942</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u> | | |
| Liabilities | | |
| Accounts Payable | \$ <u>706</u> | <u>50</u> |
| Deferred Inflows of Resources | | |
| Deferred Property Tax Receivable | <u>2,596,926</u> | <u>2,598,168</u> |
| Fund Balance | | |
| Assigned - Reserved for Encumbrances | 50 | 50 |
| Assigned - Designated for Subsequent Year Expenditures | 1,096,095 | 840,176 |
| Assigned | <u>277,705</u> | <u>282,498</u> |
| Total Fund Balance | <u>1,373,850</u> | <u>1,122,724</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ <u>3,971,482</u> | <u>3,720,942</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, 2020

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

| | 2020 | | | |
|--|------------------------------|-------------------------|------------------------------------|------------------|
| | Original and Final Budget | Actual | Variance Positive (Negative) | 2019 Actual |
| Revenues | | | | |
| Taxes | | | | |
| Ad Valorem | \$ 2,706,425 | 2,696,662 | (9,763) | 2,738,752 |
| Delinquent | - | 43,559 | 43,559 | 34,199 |
| Motor Vehicle | 222,198 | 322,400 | 100,202 | 293,172 |
| Recreational Vehicle | 3,419 | 5,530 | 2,111 | 5,025 |
| 16/20M Truck | 1,926 | 1,681 | (245) | 2,022 |
| Commercial Vehicle | 12,678 | 16,872 | 4,194 | 17,847 |
| Neighborhood Revit Rebate | (7,935) | (7,005) | (930) | (6,916) |
| Interest Income | 34,000 | 39,681 | 5,681 | 27,080 |
| Miscellaneous | - | 411,012 | 411,012 | 121,213 |
| Prior Year Encumbrances Cancelled | - | 50 | 50 | - |
| Total Revenues | <u>2,972,711</u> | <u>3,530,442</u> | <u>555,871</u> | <u>3,232,394</u> |
| Expenditures | | | | |
| Workmen's Compensation | 160,068 | 152,855 | 7,213 | 150,513 |
| Unemployment Compensation | 14,404 | 9,989 | 4,415 | 11,885 |
| Social Security | 705,605 | 716,818 | (11,213) | 675,509 |
| Employee Retirement | 1,309,198 | 1,329,589 | (20,391) | 1,293,295 |
| Contingency | 397,231 | - | 397,231 | 48,125 |
| Health Insurance | 1,991,000 | 1,846,933 | 144,067 | 1,802,174 |
| Contractual Services | 44,713 | 47,048 | (2,335) | 45,402 |
| Tax Increment Financing Dist. (TIF) | 44,333 | 44,318 | 15 | 42,361 |
| Total Expenditures | <u>4,666,552</u> | <u>4,147,550</u> | <u>519,002</u> | <u>4,069,264</u> |
| Excess Revenues Over (Under) | | | | |
| Expenditures | (1,693,841) | (617,108) | 1,074,873 | (836,870) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | <u>853,665</u> | <u>868,234</u> | <u>14,569</u> | <u>839,870</u> |
| Excess Revenues and Other Financing Sources | | | | |
| (Uses) Over (Under) Expenditures | (840,176) | 251,126 | 1,089,442 | 3,000 |
| Fund Balance - Beginning | 840,176 | 1,122,724 | 282,548 | 1,119,674 |
| Increase (Decrease) in | | | | |
| Reserve for Encumbrances | - | - | - | 50 |
| Fund Balance - Ending | <u>\$ -</u> | <u>1,373,850</u> | <u>1,371,990</u> | <u>1,122,724</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Public Safety Equipment Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|--|--------------------------|-----------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ 13,823 | 68,666 |
| Taxes Receivable | 439,809 | 435,460 |
| Total Assets | \$ <u>453,632</u> | <u>504,126</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u> | | |
| Liabilities | | |
| Accounts Payable | \$ 1,834 | 5,682 |
| Deferred Inflows of Resources | | |
| Deferred Property Tax Receivable | 439,809 | 435,460 |
| Fund Balance | | |
| Assigned - Reserved for Encumbrances | 11,989 | 12,566 |
| Assigned - Designated for Subsequent Year Expenditures | - | 50,418 |
| Total Fund Balance | <u>11,989</u> | <u>62,984</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ <u>453,632</u> | <u>504,126</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, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 2020 | | | |
|---|------------------------------|-----------------------|------------------------------------|----------------|
| | Original and Final Budget | Actual | Variance Positive (Negative) | 2019 Actual |
| Revenues | | | | |
| Taxes | | | | |
| Ad Valorem | \$ 453,604 | 452,105 | (1,499) | 439,990 |
| Delinquent | - | 7,066 | 7,066 | 5,707 |
| Motor Vehicle | 35,694 | 52,151 | 16,457 | 48,265 |
| Recreational Vehicle | 549 | 895 | 346 | 827 |
| 16/20M Truck | 309 | 278 | (31) | 325 |
| Commercial Vehicle | 2,037 | 2,716 | 679 | 2,952 |
| Neighborhood Revit Rebate | (1,327) | (1,173) | 154 | (1,111) |
| Prior Year Encumbrances Cancelled | - | 2,237 | 2,237 | 1,066 |
| Total Revenues | <u>490,866</u> | <u>516,275</u> | <u>25,409</u> | <u>498,021</u> |
| Expenditures | | | | |
| Capital Outlay | 124,345 | 114,575 | 9,770 | 87,541 |
| Tax Increment Financing Dist. (TIF) | 7,412 | 7,431 | (19) | 6,806 |
| Total Expenditures | <u>131,757</u> | <u>122,006</u> | <u>9,751</u> | <u>94,347</u> |
| Excess Revenues Over (Under) | | | | |
| Expenditures | 359,109 | 394,269 | 35,160 | 403,674 |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | (442,205) | (450,000) | (7,795) | (378,558) |
| Excess Revenues and Other Financing | | | | |
| Sources (Uses) Over (Under) Expenditures | (83,096) | (55,731) | 27,365 | 25,116 |
| Fund Balance - Beginning | 83,096 | 62,984 | (20,112) | 85,911 |
| Increase (Decrease) in | | | | |
| Reserve for Encumbrances | - | 4,736 | 4,736 | (48,043) |
| Fund Balance - Ending | <u>\$ -</u> | <u>11,989</u> | <u>11,989</u> | <u>62,984</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Airport Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|--|--------------------------|-----------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ 244,397 | 90,748 |
| Taxes Receivable | 329,856 | 326,595 |
| Total Assets | \$ <u>574,253</u> | <u>417,343</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</u> | | |
| Liabilities | | |
| Accounts Payable | \$ 3,380 | 11,489 |
| Accrued Payroll | 3,180 | 7,484 |
| Accrued Paid Time Off | 13,819 | 8,684 |
| Total Liabilities | <u>20,379</u> | <u>27,657</u> |
| Deferred Inflows of Resources | | |
| Deferred Property Tax Receivable | 329,856 | 326,595 |
| Fund Balance | | |
| Assigned - Reserved for Encumbrances | 4,255 | 4,291 |
| Assigned - Designated for Subsequent Year Expenditures | 31,574 | 41,666 |
| Assigned | 188,189 | 17,134 |
| Total Fund Balance | <u>224,018</u> | <u>63,091</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | \$ <u>574,253</u> | <u>417,343</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS

Airport Fund

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

For the Year Ended December 31, 2020

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

| | 2020 | | | |
|---|------------------------------|------------------|------------------------------------|----------------|
| | Original and Final Budget | Actual | Variance Positive (Negative) | 2019 Actual |
| Revenues | | | | |
| Taxes | | | | |
| Ad Valorem | \$ 340,203 | 338,872 | (1,331) | 220,215 |
| Delinquent | - | 3,636 | 3,636 | 2,854 |
| Motor Vehicle | 17,854 | 26,096 | 8,242 | 24,133 |
| Recreational Vehicle | 275 | 448 | 173 | 414 |
| 16/20M Truck | 155 | 139 | (16) | 163 |
| Commercial Vehicle | 1,019 | 1,359 | 340 | 1,476 |
| Neighborhood Revit Rebate | (996) | (872) | 124 | (556) |
| Intergovernmental | | | | |
| Federal Grant | - | 241,595 | 241,595 | - |
| Licenses and Fees Collected | 139,950 | 128,684 | (11,266) | 144,359 |
| Farming Leases | 11,888 | 17,409 | 5,521 | 15,873 |
| Miscellaneous | 400 | 8,070 | 7,670 | 3,017 |
| Prior Year Encumbrances Cancelled | - | 74 | 74 | - |
| Total Revenues | 510,748 | 765,510 | 254,762 | 411,948 |
| Expenditures | | | | |
| Personal Services | 140,497 | 205,382 | (64,885) | 140,672 |
| Contractual Services | 95,800 | 107,071 | (11,271) | 105,727 |
| Commodities | 160,700 | 127,906 | 32,794 | 106,841 |
| Tax Increment Financing Dist. (TIF) | 5,559 | 5,574 | (15) | 3,406 |
| Total Expenditures | 402,556 | 445,933 | (43,377) | 356,646 |
| Excess Revenues Over (Under) | | | | |
| Expenditures | 108,192 | 319,577 | 211,385 | 55,302 |
| Other Financing (Uses) | | | | |
| Transfers Out | (149,858) | (158,614) | (8,756) | (24,981) |
| Excess Revenues and Other Financing | | | | |
| Sources (Uses) Over (Under) Expenditures | (41,666) | 160,963 | 202,629 | 30,321 |
| Fund Balance - Beginning | 41,666 | 63,091 | 21,425 | 30,934 |
| Increase (Decrease) in | | | | |
| Reserve for Encumbrances | - | (36) | (36) | 1,836 |
| Fund Balance - Ending | \$ - | 224,018 | 224,018 | 63,091 |

See independent auditors' report.

CITY OF HAYS, KANSAS
Convention and Visitor's Bureau Fund
 Balance Sheets
 December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|--|--------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>333,665</u> | <u>408,871</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities | | |
| Accounts Payable | \$ 16,362 | 11,003 |
| Accrued Payroll | 3,324 | 10,057 |
| Accrued Paid Time Off | <u>14,398</u> | <u>10,846</u> |
| Total Liabilities | <u>34,084</u> | <u>31,906</u> |
| Fund Balance | | |
| Assigned - Reserved for Encumbrances | 29,191 | 45,469 |
| Assigned - Designated for Subsequent Year Expenditures | 259,393 | 292,481 |
| Assigned | <u>10,997</u> | <u>39,015</u> |
| Total Fund Balance | <u>299,581</u> | <u>376,965</u> |
| Total Liabilities and Fund Balance | \$ <u>333,665</u> | <u>408,871</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, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 2020 | | | |
|---|------------------------------|-------------------------|------------------------------------|------------------|
| | Original and Final Budget | Actual | Variance Positive (Negative) | 2019 Actual |
| Revenues | | | | |
| Intergovernmental | | | | |
| Guest Tax | \$ 1,456,250 | 990,416 | (465,834) | 1,238,519 |
| Federal Grant | - | 13,866 | 13,866 | - |
| Miscellaneous | 25,600 | 13,954 | (11,646) | 22,244 |
| Prior Year Encumbrances Cancelled | - | 8,545 | 8,545 | 261 |
| Total Revenues | <u>1,481,850</u> | <u>1,026,781</u> | <u>(455,069)</u> | <u>1,261,024</u> |
| Expenditures | | | | |
| Personal Services | 273,964 | 260,897 | 13,067 | 246,910 |
| Contractual Services | 470,690 | 267,252 | 203,438 | 351,528 |
| Commodities | 65,000 | 43,094 | 21,906 | 42,020 |
| Capital Outlay | 119,523 | 97,160 | 22,363 | 95,587 |
| Total Expenditures | <u>929,177</u> | <u>668,403</u> | <u>260,774</u> | <u>736,045</u> |
| Excess Revenues Over (Under) Expenditures | 552,673 | 358,378 | (194,295) | 524,979 |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | (845,154) | (419,484) | 425,670 | (770,350) |
| Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures | (292,481) | (61,106) | 231,375 | (245,371) |
| Fund Balance - Beginning | 292,481 | 376,965 | 84,484 | 582,273 |
| Increase (Decrease) in Reserve for Encumbrances | - | (16,278) | (16,278) | 40,063 |
| Fund Balance - Ending | <u>\$ -</u> | <u>299,581</u> | <u>299,581</u> | <u>376,965</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
New Equipment Reserve Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|--------------------------------------|----------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>4,533,303</u> | <u>4,599,031</u> |
| <u>FUND BALANCE</u> | | |
| Fund Balance | | |
| Assigned - Reserved for Encumbrances | \$ 62,765 | 36,506 |
| Assigned | <u>4,470,538</u> | <u>4,562,525</u> |
| Total Fund Balance | \$ <u>4,533,303</u> | <u>4,599,031</u> |

New Equipment Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | <u>2020</u> | <u>2019</u> |
|---|----------------------------|--------------------|
| Revenues | | |
| Interest Income | \$ 99,427 | 75,015 |
| Miscellaneous | <u>30,518</u> | <u>4,525</u> |
| Total Revenues | 129,945 | 79,540 |
| Expenditures | | |
| Capital Outlay | <u>1,061,533</u> | <u>527,989</u> |
| Excess Revenues Over (Under) Expenditures | (931,588) | (448,449) |
| Other Financing Sources (Uses) | | |
| Transfers In | <u>839,601</u> | <u>737,228</u> |
| Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures | (91,987) | 288,779 |
| Fund Balance - Beginning | 4,599,031 | 4,273,746 |
| Increase (Decrease) in Reserve for Encumbrances | <u>26,259</u> | <u>36,506</u> |
| Fund Balance - Ending | \$ <u>4,533,303</u> | <u>4,599,031</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Alcohol Program Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|--|-------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>66,479</u> | <u>87,571</u> |
| <u>FUND BALANCE</u> | | |
| Fund Balance | | |
| Assigned - Designated for Subsequent Year Expenditures | \$ <u>66,479</u> | 57,739 |
| Assigned | <u>-</u> | <u>29,832</u> |
| Total Fund Balance | \$ <u>66,479</u> | <u>87,571</u> |

Special Alcohol Program Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | <u>2020</u> | | | |
|---|---|------------------------|--|-------------------------------|
| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> | <u>2019 Actual</u> |
| Revenues | | | | |
| Intergovernmental | | | | |
| Liquor Tax | \$ <u>141,197</u> | <u>115,373</u> | <u>(25,824)</u> | <u>137,271</u> |
| Expenditures | | | | |
| Contractual | 60,000 | <u>60,000</u> | - | 60,000 |
| Contingency | <u>66,401</u> | <u>-</u> | <u>66,401</u> | <u>-</u> |
| Total Expenditures | <u>126,401</u> | <u>60,000</u> | <u>66,401</u> | <u>60,000</u> |
| Excess Revenues Over (Under) Expenditures | 14,796 | <u>55,373</u> | 40,577 | 77,271 |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | <u>(72,535)</u> | <u>(76,465)</u> | <u>(3,930)</u> | <u>(74,578)</u> |
| Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures | (57,739) | <u>(21,092)</u> | 36,647 | 2,693 |
| Fund Balance - Beginning | <u>57,739</u> | <u>87,571</u> | <u>29,832</u> | <u>84,878</u> |
| Fund Balance - Ending | \$ <u>-</u> | <u>66,479</u> | <u>66,479</u> | <u>87,571</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Special Park and Recreation Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|--|--------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>393,126</u> | <u>294,666</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities | | |
| Accounts Payable | \$ <u>495</u> | <u>200</u> |
| Fund Balance | | |
| Assigned - Reserved for Encumbrances | 10,515 | 28,260 |
| Assigned - Designated for Subsequent Year's Expenditures | 382,116 | 240,442 |
| Assigned | <u>-</u> | <u>25,764</u> |
| Total Fund Balance | <u>392,631</u> | <u>294,466</u> |
| Total Liabilities and Fund Balance | \$ <u>393,126</u> | <u>294,666</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, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 2020 | | | |
|---|------------------------------|-----------------|------------------------------------|----------------|
| | Original and Final Budget | Actual | Variance Positive (Negative) | 2019 Actual |
| Revenues | | | | |
| Intergovernmental | | | | |
| Liquor Tax | \$ 141,197 | 115,372 | (25,825) | 137,270 |
| Miscellaneous | - | - | - | 2,200 |
| Prior Year Encumbrances Cancelled | - | 5,000 | 5,000 | 3,865 |
| Total Revenues | 141,197 | 120,372 | (20,825) | 143,335 |
| Expenditures | | | | |
| Capital Outlay | 956,639 | 79,462 | 877,177 | 194,238 |
| Excess Revenues Over (Under) | | | | |
| Expenditures | (815,442) | 40,910 | 856,352 | (50,903) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 575,000 | 75,000 | 500,000 | 75,000 |
| Excess Revenues and Other Financing | | | | |
| Sources (Uses) Over (Under) Expenditure: | (240,442) | 115,910 | 1,356,352 | 24,097 |
| Fund Balance - Beginning | 240,442 | 294,466 | 54,024 | 385,448 |
| Increase (Decrease) in Reserve | | | | |
| For Encumbrances | - | (17,745) | (17,745) | (115,079) |
| Fund Balance - Ending | \$ - | 392,631 | 1,392,631 | 294,466 |

See independent auditors' report.

CITY OF HAYS, KANSAS
Parks Improvement Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|--|-------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>23,646</u> | <u>16,831</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities | | |
| Accounts Payable | \$ <u>555</u> | <u>13,949</u> |
| Fund Balance | | |
| Assigned - Reserved for Encumbrances | <u>8,266</u> | 23,898 |
| Assigned | <u>14,825</u> | <u>(21,016)</u> |
| Total Fund Balance | <u>23,091</u> | <u>2,882</u> |
| Total Liabilities and Fund Balance | \$ <u>23,646</u> | <u>16,831</u> |

Parks Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | <u>2020</u> | <u>2019</u> |
|--|-------------------------|----------------------|
| | <u>Actual</u> | <u>Actual</u> |
| Revenues | | |
| Donations | \$ <u>414</u> | 391 |
| Miscellaneous | <u>124,508</u> | 3,136 |
| Prior Year Encumbrances Cancelled | <u>555</u> | <u>-</u> |
| Total Revenues | <u>125,477</u> | <u>3,527</u> |
| Expenditures | | |
| Contractual | <u>47,330</u> | 29,729 |
| Projects | <u>42,306</u> | <u>1,722</u> |
| Total Expenditures | <u>89,636</u> | <u>31,451</u> |
| Excess Revenues Over (Under) Expenditures | <u>35,841</u> | <u>(27,924)</u> |
| Fund Balance - Beginning | <u>2,882</u> | 6,908 |
| Increase (Decrease) in Reserve For Encumbrances | <u>(15,632)</u> | <u>23,898</u> |
| Fund Balance - Ending | \$ <u>23,091</u> | <u>2,882</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Department of Justice Program Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|---------------------------------|--------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>-</u> | <u>281</u> |
| <u>FUND BALANCE</u> | | |
| Fund Balance Assigned | \$ <u>-</u> | <u>281</u> |

Department of Justice Program Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | <u>2020</u> <u>Actual</u> | <u>2019</u> <u>Actual</u> |
|--|--|--|
| Revenues | \$ - | - |
| Expenditures Capital Outlay | <u>281</u> | <u>-</u> |
| Excess Revenues Over (Under) Expenditures | (281) | - |
| Fund Balance - Beginning | <u>281</u> | <u>281</u> |
| Fund Balance - Ending | \$ <u>-</u> | <u>281</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
City Commission Capital Reserve Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|---|----------------------------|----------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>3,900,184</u> | <u>3,264,828</u> |
| <u>FUND BALANCE</u> | | |
| Fund Balance | | |
| Assigned | \$ <u>3,900,184</u> | <u>3,264,828</u> |
| <p style="text-align: center;">City Commission Capital Reserve Fund Schedule of Revenues, Expenditures and Changes in Fund Balance For the Year Ended December 31, 2020 (With Comparative Actual Totals for the Prior Year Ended December 31, 2019)</p> | | |
| | <u>2020</u> | <u>2019</u> |
| | <u>Actual</u> | <u>Actual</u> |
| Revenues | | |
| Interest | \$ <u>73,094</u> | 59,215 |
| Miscellaneous | <u>148,531</u> | <u>-</u> |
| Total Revenues | <u>221,625</u> | 59,215 |
| Expenditures | | |
| Projects | <u>499,524</u> | <u>783,513</u> |
| Excess Revenues Over (Under) Expenditures | <u>(277,899)</u> | <u>(724,298)</u> |
| Other Financing Sources (Uses) | | |
| Transfers In | <u>1,000,000</u> | 800,000 |
| Transfers Out | <u>(86,745)</u> | <u>(1,240,743)</u> |
| Net Other Financing Sources (Uses) | <u>913,255</u> | <u>(440,743)</u> |
| Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures | <u>635,356</u> | <u>(1,165,041)</u> |
| Fund Balance - Beginning | <u>3,264,828</u> | <u>4,429,869</u> |
| Fund Balance - Ending | \$ <u>3,900,184</u> | <u>3,264,828</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Bond and Interest Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|--|--------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ 173,252 | 166,383 |
| Taxes Receivable | 662,220 | <u>647,896</u> |
| Total Assets | \$ <u>835,472</u> | <u>814,279</u> |
| <u>DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u> | | |
| Deferred Inflows of Resources | | |
| Deferred Property Tax Receivable | \$ <u>662,220</u> | <u>647,896</u> |
| Fund Balance | | |
| Assigned - Designated for Subsequent Year Expenditures | 76,217 | 90,167 |
| Assigned | <u>97,035</u> | <u>76,216</u> |
| Total Fund Balance | <u>173,252</u> | <u>166,383</u> |
| Total Deferred Inflows of Resources and Fund Balance | \$ <u>835,472</u> | <u>814,279</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, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 2020 | | Variance | 2019 |
|--|------------------------------|-------------------------|------------------------|------------------|
| | Original and Final Budget | Actual | Positive (Negative) | Actual |
| Revenues | | | | |
| Taxes | | | | |
| Ad Valorem | \$ 674,892 | 673,999 | (893) | 562,689 |
| Delinquent | - | 10,031 | 10,031 | 9,963 |
| Motor Vehicle | 45,640 | 70,568 | 24,928 | 76,784 |
| Recreational Vehicle | 702 | 1,214 | 512 | 1,316 |
| 16/20M Truck | 396 | 445 | 49 | 507 |
| Commercial Vehicle | 2,604 | 3,531 | 927 | 4,717 |
| Special Assessments | 619,393 | 620,706 | 1,313 | 599,563 |
| Neighborhood Revitalization Rebate | (1,974) | (1,742) | 232 | (1,421) |
| Total Revenues | <u>1,341,653</u> | <u>1,378,752</u> | <u>37,099</u> | <u>1,254,118</u> |
| Expenditures | | | | |
| Tax Increment Financing District | 11,018 | 11,081 | (63) | 8,704 |
| Bond Principal | 1,445,000 | 1,160,000 | 285,000 | 1,135,000 |
| Interest Expense | 246,102 | 200,802 | 45,300 | 221,878 |
| Cash Basis Reserve | 60,000 | - | 60,000 | - |
| Total Expenditures | <u>1,762,120</u> | <u>1,371,883</u> | <u>390,237</u> | <u>1,365,582</u> |
| Excess Revenues Over (Under) | | | | |
| Expenditures | (420,467) | 6,869 | 427,336 | (111,464) |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 330,300 | - | (330,300) | - |
| Excess Revenues and Other Financing | | | | |
| Sources (Uses) Over (Under) Expenditure | (90,167) | 6,869 | 97,036 | (111,464) |
| Fund Balance - Beginning | <u>90,167</u> | <u>166,383</u> | <u>76,216</u> | <u>277,847</u> |
| Fund Balance - Ending | <u>\$ -</u> | <u>173,252</u> | <u>173,252</u> | <u>166,383</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Economic Development Bond Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|--|--------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>277,353</u> | <u>207,679</u> |
| <u>FUND BALANCE</u> | | |
| Fund Balance | | |
| Assigned - Designated for Subsequent Year Expenditures | \$ <u>253,143</u> | 168,597 |
| Assigned | <u>24,210</u> | <u>39,082</u> |
| Total Fund Balance | \$ <u>277,353</u> | <u>207,679</u> |

Economic Development Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | <u>2020</u> | | | <u>2019</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 | | | | |
| Tax Increment Financing | \$ - | 92,883 | 92,883 | 85,070 |
| Intergovernmental | | | | |
| Local Sales Tax | 268,528 | 199,856 | (68,672) | 188,783 |
| Total Revenues | 268,528 | 292,739 | 24,211 | 273,853 |
| Expenditures | | | | |
| Bond Principal | 170,000 | 170,000 | - | 160,000 |
| Interest Expense | 53,065 | 53,065 | - | 61,545 |
| Total Expenditures | 223,065 | 223,065 | - | 221,545 |
| Excess Revenues Over (Under) | | | | |
| Expenditures | 45,463 | 69,674 | 24,211 | 52,308 |
| Fund Balance - Beginning | 168,597 | 207,679 | 39,082 | 155,371 |
| Fund Balance - Ending | \$ <u>214,060</u> | <u>277,353</u> | <u>63,293</u> | <u>207,679</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | | 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 | |
|--|----|------------------------|----------------------------------|---|---|--------------------------------|-------------------------------|-------------|-------------|
| | | | | | | | | 2020 | 2019 |
| <u>ASSETS</u> | | | | | | | | | |
| Current Assets | | | | | | | | | |
| Cash | \$ | 22,986 | 96,685 | 1,399,330 | 1,429,665 | 580,094 | 1,736,624 | 5,265,384 | 5,056,303 |
| Accounts Receivable, Net of Allowance for Uncollectibles | | 85,763 | 39,974 | - | - | - | - | 125,737 | 133,321 |
| Total Current Assets | | 108,749 | 136,659 | 1,399,330 | 1,429,665 | 580,094 | 1,736,624 | 5,391,121 | 5,189,624 |
| Noncurrent Assets | | | | | | | | | |
| Capital Assets | | | | | | | | | |
| Infrastructure | | - | 102,194 | - | - | - | - | 102,194 | 102,194 |
| Equipment | | 2,276,277 | 61,432 | - | - | - | - | 2,337,709 | 2,709,603 |
| Building and Structures | | 294,594 | 130,000 | - | - | - | - | 424,594 | 294,594 |
| | | 2,570,871 | 293,626 | - | - | - | - | 2,864,497 | 3,106,391 |
| Accumulated Depreciation | | (1,737,282) | (11,866) | - | - | - | - | (1,749,148) | (1,915,775) |
| Net Capital Assets | | 833,589 | 281,760 | - | - | - | - | 1,115,349 | 1,190,616 |
| Total Assets | | 942,338 | 418,419 | 1,399,330 | 1,429,665 | 580,094 | 1,736,624 | 6,506,470 | 6,380,240 |
| <u>LIABILITIES</u> | | | | | | | | | |
| Current Liabilities | | | | | | | | | |
| Accounts Payable | | 7,510 | 3,048 | - | - | - | - | 10,558 | 45,125 |
| Accrued Payroll | | 7,341 | 2,051 | - | - | - | - | 9,392 | 20,657 |
| Accrued Paid Time Off | | 34,516 | 10,037 | - | - | - | - | 44,553 | 36,300 |
| Total Current Liabilities | | 49,367 | 15,136 | - | - | - | - | 64,503 | 102,082 |
| <u>NET POSITION</u> | | | | | | | | | |
| Net Position | | | | | | | | | |
| Unrestricted | \$ | 892,971 | 403,283 | 1,399,330 | 1,429,665 | 580,094 | 1,736,624 | 6,441,967 | 6,278,158 |

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Statement of Revenues, Expenditures, and Changes in Net Position
Nonmajor Enterprise Funds
December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 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 | |
|---|-------------------------|-----------------------------------|---|---|---------------------------------|--------------------------------|-------------------------|--------------------|
| | | | | | | | 2020 | 2019 |
| Operating Revenues | | | | | | | | |
| Charges for Sales and Services | | | | | | | | |
| Refuse Collections | \$ 1,451,286 | - | - | - | - | - | 1,451,286 | 1,343,109 |
| Stormwater Fees | - | 803,803 | - | - | - | - | 803,803 | 798,701 |
| Miscellaneous Revenue | - | - | - | 3,350 | - | - | 3,350 | - |
| Reimbursed Expense | - | - | - | 1,868 | - | - | 1,868 | 26,868 |
| Total Operating Revenues | <u>1,451,286</u> | <u>803,803</u> | <u>-</u> | <u>5,218</u> | <u>-</u> | <u>-</u> | <u>2,260,307</u> | <u>2,168,678</u> |
| Operating Expenses | | | | | | | | |
| Refuse Collection | 882,541 | - | - | - | - | - | 882,541 | 849,098 |
| Stormwater Management | - | 225,268 | - | - | - | - | 225,268 | 289,917 |
| Projects | - | - | 443,281 | 220,109 | 13,567 | - | 676,957 | 898,247 |
| Depreciation | 227,451 | 8,429 | - | - | - | - | 235,880 | 125,682 |
| Total Operating Expenses | <u>1,109,992</u> | <u>233,697</u> | <u>443,281</u> | <u>220,109</u> | <u>13,567</u> | <u>-</u> | <u>2,020,646</u> | <u>2,162,944</u> |
| Net Operating Income (Loss) | <u>341,294</u> | <u>570,106</u> | <u>(443,281)</u> | <u>(214,891)</u> | <u>(13,567)</u> | <u>-</u> | <u>239,661</u> | <u>5,734</u> |
| Nonoperating Revenues (Expenses) | | | | | | | | |
| Interest Income | 20,784 | - | - | - | - | - | 20,784 | 19,739 |
| Federal Grant | 3,827 | - | - | - | - | - | 3,827 | - |
| Gain (Loss) on Sale of Assets | (56,045) | - | - | - | - | - | (56,045) | - |
| Net Nonoperating Revenues (Expenses) | <u>(31,434)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(31,434)</u> | <u>19,739</u> |
| Income (Loss) Before Transfers | <u>309,860</u> | <u>570,106</u> | <u>(443,281)</u> | <u>(214,891)</u> | <u>(13,567)</u> | <u>-</u> | <u>208,227</u> | <u>25,473</u> |
| Transfers In | 33,976 | 146,500 | 600,000 | 700,000 | 175,000 | 425,000 | 2,080,476 | 643,087 |
| Transfers Out | (585,044) | (605,171) | (770,703) | - | (33,976) | (130,000) | (2,124,894) | (2,102,469) |
| Change in Net Position | <u>(241,208)</u> | <u>111,435</u> | <u>(613,984)</u> | <u>485,109</u> | <u>127,457</u> | <u>295,000</u> | <u>163,809</u> | <u>(1,433,909)</u> |
| Net Position - Beginning 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>7,712,067</u> |
| Net Position - End of Year | <u>\$ 892,971</u> | <u>403,283</u> | <u>1,399,330</u> | <u>1,429,665</u> | <u>580,094</u> | <u>1,736,624</u> | <u>6,441,967</u> | <u>6,278,158</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Balance Sheet
Enterprise Funds
December 31, 2020
(With Comparative Totals as of December 31, 2019)

| | | 2020 | | | | | 2019 |
|--|----|---|---|-------------------------------|---------------------|----------------------------------|-------------------|
| | | Water Production and Distribution Fund | Water Reclamation and Reuse Fund | Water Conservation Fund | Solid Waste Fund | Stormwater Management Fund | |
| ASSETS | | | | | | Total | |
| Current Assets | | | | | | | |
| Cash | | | | | | | |
| Operating Account | \$ | 868,995 | 786,019 | 257,927 | 22,986 | 96,685 | 2,066,378 |
| Accounts Receivable (Net) | | 165,823 | 255,127 | - | 85,763 | 39,974 | 469,604 |
| Total Current Assets | | 1,034,818 | 1,041,146 | 257,927 | 108,749 | 136,659 | 2,535,982 |
| Restricted Assets | | | | | | | |
| Customer Deposits | | 430,886 | - | - | - | - | 401,963 |
| Capital Assets | | | | | | | |
| Land and Right-of-Ways | | 446,274 | - | - | - | - | 446,274 |
| Infrastructure | | 15,475,387 | 34,006,765 | - | - | 102,194 | 49,291,191 |
| Equipment | | 11,322,930 | 1,097,968 | - | 2,276,277 | 61,432 | 14,985,451 |
| Building and Structures | | 2,619,503 | - | - | 294,594 | 130,000 | 12,370,658 |
| R-9 Ranch | | 4,262,040 | - | - | - | - | 4,262,040 |
| Construction in Process | | - | - | - | - | - | 59,860 |
| Total Capital Assets | | 34,126,134 | 35,104,733 | - | 2,570,871 | 293,626 | 81,415,474 |
| Accumulated Depreciation | | (20,040,527) | (2,073,651) | - | (1,737,282) | (11,866) | (28,939,658) |
| Net Capital Assets | | 14,085,607 | 33,031,082 | - | 833,589 | 281,760 | 52,475,816 |
| Other Assets | | | | | | | |
| Early Retirement on Debt Refunding (Net) | | 38,134 | 16,343 | - | - | - | 72,637 |
| Total Assets | \$ | 15,589,445 | 34,088,571 | 257,927 | 942,338 | 418,419 | 55,486,398 |

See independent auditors' report.

CITY OF HAYS, KANSAS
Combining Balance Sheet
Enterprise Funds
December 31, 2020
(With Comparative Totals as of December 31, 2019)

| | 2020 | | | | | |
|---|---|---|-------------------------------|---------------------|----------------------------------|-------------------|
| | Water Production and Distribution Fund | Water Reclamation and Reuse Fund | Water Conservation Fund | Solid Waste Fund | Stormwater Management Fund | Total |
| | | | | | | 2019 |
| <u>LIABILITIES AND EQUITY</u> | | | | | | |
| Current Liabilities | | | | | | |
| Accounts Payable | \$ 30,004 | 8,967 | 18,910 | 7,511 | 3,049 | 68,441 |
| Sales Tax | 5,754 | - | - | - | - | 5,754 |
| State Water Fee | 7,690 | - | - | - | - | 7,690 |
| Accrued Payroll | 8,414 | 6,532 | 900 | 7,341 | 2,051 | 25,238 |
| Accrued Paid Time Off | 52,483 | 25,979 | 4,106 | 34,516 | 10,037 | 127,121 |
| Total Current Liabilities | 104,345 | 41,478 | 23,916 | 49,368 | 15,137 | 234,244 |
| Current Liabilities Payable From Restricted Assets | | | | | | |
| 2016-A GO Refunding Bonds | 206,500 | 88,500 | - | - | - | 295,000 |
| KDHE Wastewater Revolving Loan | - | 1,265,102 | - | - | - | 1,265,102 |
| Customer Deposits | 426,386 | - | - | - | - | 426,386 |
| Monitoring Well Deposits | 4,500 | - | - | - | - | 4,500 |
| Accrued Interest - Bonds | 8,575 | 184,425 | - | - | - | 193,000 |
| Total Current Liabilities Payable From Restricted Assets | 645,961 | 1,538,027 | - | - | - | 2,183,988 |
| Noncurrent Liabilities | | | | | | |
| 2016-A GO Refunding Bonds | 651,000 | 279,000 | - | - | - | 930,000 |
| KDHE Wastewater Revolving Loan | - | 25,578,978 | - | - | - | 25,578,978 |
| Bond Premium (Net) | 40,298 | 17,271 | - | - | - | 57,569 |
| Total Noncurrent Liabilities | 691,298 | 25,875,249 | - | - | - | 26,566,547 |
| Total Liabilities | 1,441,604 | 27,454,754 | 23,916 | 49,368 | 15,137 | 28,984,779 |
| Equity | | | | | | |
| Reserve for Encumbrances | 57,050 | 211,375 | 5,068 | 46,049 | 26,042 | 345,584 |
| Contributed Capital | 4,044,857 | 1,136,027 | - | 308,563 | 77,472 | 5,566,919 |
| Unreserved | 10,045,934 | 5,286,415 | 228,943 | 538,358 | 299,768 | 16,399,418 |
| Total Equity | 14,147,841 | 6,633,817 | 234,011 | 892,970 | 403,282 | 22,311,921 |
| Total Liabilities and Equity | \$ 15,589,445 | 34,088,571 | 257,927 | 942,338 | 418,419 | 51,296,700 |

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Production and Distribution Fund
Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 2020 | | Variance Positive (Negative) | 2019 Actual |
|--|------------------------------|-------------------------|------------------------------------|------------------|
| | Original and Final Budget | Actual | | |
| Revenues | | | | |
| Water Sales | \$ 3,216,555 | 3,346,262 | 129,707 | 3,186,757 |
| Water Tap - Turn-Ons | 36,000 | 20,611 | (15,389) | 35,177 |
| Water Sales Conservation Rate | 377,000 | 382,421 | 5,421 | 359,768 |
| Sales and Other Charges | 10,000 | 2,704 | (7,296) | 22,799 |
| Penalty | 16,700 | 18,869 | 2,169 | 17,841 |
| Interest on Investments | 34,000 | 40,953 | 6,953 | 28,196 |
| Federal Grant | - | 7,115 | 7,115 | - |
| Prior Year Encumbrances Cancelled | - | 22,520 | 22,520 | 7,289 |
| Total Revenues | <u>\$ 3,690,255</u> | <u>3,841,455</u> | <u>151,200</u> | <u>3,657,827</u> |
| Expenditures | | | | |
| Personal Services | | | | |
| Salaries | \$ 596,758 | 591,553 | 5,205 | 558,848 |
| Contractual Services | | | | |
| Communications | 7,000 | 15,150 | (8,150) | 6,904 |
| Publications | 700 | 728 | (28) | 321 |
| Heat, Light and Power | 236,200 | 203,487 | 32,713 | 216,300 |
| Professional Services | 30,000 | 20,555 | 9,445 | 4,447 |
| Travel and Training | 8,500 | 3,155 | 5,345 | 4,649 |
| Other Contractual Services | 120,000 | 85,952 | 34,048 | 94,400 |
| Total Contractual Services | <u>402,400</u> | <u>329,027</u> | <u>73,373</u> | <u>327,021</u> |
| Commodities | | | | |
| Office Supplies | 1,700 | 758 | 942 | 1,051 |
| General Supplies and Materials | 70,000 | 50,429 | 19,571 | 56,046 |
| Chemicals | 328,000 | 309,516 | 18,484 | 293,547 |
| Repairs to Buildings and Structures | 15,000 | 8,745 | 6,255 | 6,667 |
| Equipment Expense | 160,000 | 129,331 | 30,669 | 137,022 |
| Projects | 120,000 | 103,021 | 16,979 | 78,984 |
| Uniforms | 7,000 | 6,658 | 342 | 6,397 |
| Total Commodities | <u>701,700</u> | <u>608,458</u> | <u>93,242</u> | <u>579,714</u> |
| Debt Service | | | | |
| Principal Payment - 2009 Revenue Bond | 199,500 | 199,500 | - | 192,500 |
| Interest Payment - 2009 Revenue Bond | 31,710 | 31,710 | - | 37,485 |
| Total Debt Service | <u>231,210</u> | <u>231,210</u> | <u>-</u> | <u>229,985</u> |
| Nonoperating Expenditures | | | | |
| Water Taps, Hydrants, Meters | 150,000 | 142,294 | 7,706 | 145,936 |
| Contingency | 50,000 | 16,815 | 33,185 | 8,360 |
| Interest on Deposits | 6,500 | 6,408 | 92 | 9,887 |
| Clean Drinking Water Fee | 17,000 | 15,295 | 1,705 | 14,914 |
| Transfer to Water Reserve Fund | 496,580 | 600,000 | (103,420) | 815,000 |
| Transfer to General Fund | 553,538 | 553,538 | - | 561,990 |
| Transfer to Employee Benefits Fund | 257,503 | 256,376 | 1,127 | 251,810 |
| Transfer to New Equipment Reserve Fund | 16,618 | 16,618 | - | 12,198 |
| Total Nonoperating Expenditures | <u>1,547,739</u> | <u>1,607,344</u> | <u>(59,605)</u> | <u>1,820,095</u> |
| Total Expenditures | <u>\$ 3,479,807</u> | <u>3,367,592</u> | <u>112,215</u> | <u>3,515,663</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Reclamation and Reuse Fund
Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 2020 | | | |
|--|------------------------------|-------------------------|------------------------------------|------------------|
| | Original and Final Budget | Actual | Variance Positive (Negative) | 2019 Actual |
| Revenues | | | | |
| Sewer Service Charges | \$ 4,500,000 | 4,535,024 | 35,024 | 4,001,382 |
| Sales and Other Charges | 6,000 | 4,054 | (1,946) | 20,684 |
| Penalty | 17,500 | 18,775 | 1,275 | 17,498 |
| Interest on Investments | 92,000 | 70,175 | (21,825) | 68,252 |
| Prior Year Encumbrances Cancelled | - | 54,923 | 54,923 | 12,317 |
| Federal Grant | - | 299 | 299 | - |
| KDHE Loan Proceeds | - | - | - | 4,543,244 |
| Total Revenues | <u>\$ 4,615,500</u> | <u>4,683,250</u> | <u>67,750</u> | <u>8,663,377</u> |
| Expenditures | | | | |
| Personal Services | | | | |
| Salaries | \$ 499,409 | 487,958 | 11,451 | 455,449 |
| Contractual Services | | | | |
| Communications | 8,500 | 7,966 | 534 | 13,114 |
| Heat, Light and Power | 207,000 | 283,774 | (76,774) | 317,207 |
| Travel and Training | 16,000 | 2,253 | 13,747 | 7,896 |
| Other Contractual Services | 45,000 | 36,417 | 8,583 | 36,518 |
| Professional Services | 35,000 | 17,211 | 17,789 | 23,697 |
| Total Contractual Services | <u>311,500</u> | <u>347,621</u> | <u>(36,121)</u> | <u>398,432</u> |
| Commodities | | | | |
| Office Supplies | 600 | 166 | 434 | 1,063 |
| General Supplies and Materials | 35,000 | 26,489 | 8,511 | 25,886 |
| Chemicals | 80,000 | 93,704 | (13,704) | 66,749 |
| Equipment Expense | 100,000 | 47,405 | 52,595 | 50,328 |
| Uniforms | 5,500 | 4,477 | 1,023 | 4,799 |
| Projects | - | - | - | 4,543,244 |
| Repairs to Buildings and Structures | 250,000 | 235,118 | 14,882 | 253,526 |
| Total Commodities | <u>471,100</u> | <u>407,359</u> | <u>63,741</u> | <u>4,945,595</u> |
| Debt Service | | | | |
| KDHE Loan Payment | 1,890,776 | 1,831,046 | 59,730 | 1,831,046 |
| KDHE Service Fee | - | 36,278 | (36,278) | 59,730 |
| Principal Payment - 2009 Revenue Bond | 85,500 | 85,500 | - | 82,500 |
| Interest Payment - 2009 Revenue Bond | 13,590 | 13,590 | - | 16,065 |
| Total Debt Service | <u>1,989,866</u> | <u>1,966,414</u> | <u>23,452</u> | <u>1,989,341</u> |
| Nonoperating Expenditures | | | | |
| Contingency | 50,000 | 6,073 | 43,927 | 42,346 |
| Transfer to Water Reclamation Reserve Fund | 658,946 | 700,000 | (41,054) | 44,980 |
| Transfer to General Fund | 692,325 | 692,325 | - | 590,997 |
| Transfer to Employee Benefits Fund | 205,144 | 204,629 | 515 | 201,320 |
| Transfer to New Equipment Reserve Fund | 37,627 | 37,627 | - | 47,388 |
| Total Nonoperating Expenditures | <u>1,644,042</u> | <u>1,640,654</u> | <u>3,388</u> | <u>927,031</u> |
| Total Expenditures | <u>\$ 4,915,917</u> | <u>4,850,006</u> | <u>65,911</u> | <u>8,715,848</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Conservation Fund

Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 2020 | | Variance | |
|--|------------------------------|-------------------------|------------------------|------------------|
| | Original and Final Budget | Actual | Positive (Negative) | 2019 Actual |
| Revenues | | | | |
| Local Sales Tax | \$ 3,047,383 | 3,136,473 | 89,090 | 3,040,010 |
| Rent on R-9 Ranch | 20,000 | 21,772 | 1,772 | 20,000 |
| Sales and Other Charges | - | 467 | 467 | 437 |
| Interest on Sales Tax Collections | 780,000 | 855,351 | 75,351 | 660,413 |
| Prior Year Encumbrances Cancelled | - | 10,960 | 10,960 | 30,654 |
| Total Revenues | <u>\$ 3,847,383</u> | <u>4,025,023</u> | <u>177,640</u> | <u>3,751,514</u> |
| Expenditures | | | | |
| Personal Services | | | | |
| Salaries | \$ 63,717 | 64,765 | (1,048) | 61,128 |
| Contractual Services | | | | |
| Communications | 1,500 | 1,530 | (30) | 478 |
| Publications | 2,000 | 2,420 | (420) | 682 |
| Travel and Training | 2,450 | 975 | 1,475 | 2,807 |
| Other Contractual Services | 2,500 | 3,331 | (831) | 3,474 |
| Total Contractual Services | <u>8,450</u> | <u>8,256</u> | <u>194</u> | <u>7,441</u> |
| Commodities | | | | |
| General Supplies and Materials | 4,250 | 3,665 | 585 | 5,435 |
| Projects | 185,000 | 133,227 | 51,773 | 153,424 |
| Uniforms | 250 | 232 | 18 | - |
| Total Commodities | <u>189,500</u> | <u>137,124</u> | <u>52,376</u> | <u>158,859</u> |
| Nonoperating Expenditures | | | | |
| R-9 Ranch Expenditures | 25,000 | 47,490 | (22,490) | 61,804 |
| Grant Funding | 5,000 | - | 5,000 | - |
| Transfer to Water Sales Tax Reserve Fund | 3,311,056 | 3,345,415 | (34,359) | 2,745,832 |
| Transfer to General Fund - Water Sales Tax | 518,055 | 518,055 | - | 521,100 |
| Transfer to Employee Benefits Fund | 26,019 | 25,692 | 327 | 25,287 |
| Transfer to New Equipment Reserve Fund | 2,802 | 2,802 | - | 2,802 |
| Total Nonoperating Expenditures | <u>3,887,932</u> | <u>3,939,454</u> | <u>(51,522)</u> | <u>3,356,825</u> |
| Total Expenditures | <u>\$ 4,149,599</u> | <u>4,149,599</u> | <u>-</u> | <u>3,584,253</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Solid Waste Fund

Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 2020 | | | |
|--------------------------------------|------------------------------|-------------------------|------------------------------------|------------------|
| | Original and Final Budget | Actual | Variance Positive (Negative) | 2019 Actual |
| Revenues | | | | |
| Refuse Collections | \$ 1,462,965 | 1,442,031 | (20,934) | 1,337,840 |
| Interest on Investments | 23,000 | 20,784 | (2,216) | 19,739 |
| Yard Waste Tags | 730 | 572 | (158) | 772 |
| Federal Grant | - | 3,827 | 3,827 | - |
| Recycling Revenue | 8,000 | 8,683 | 683 | 4,497 |
| Total Revenues | <u>\$ 1,494,695</u> | <u>1,475,897</u> | <u>(18,798)</u> | <u>1,362,848</u> |
| Expenditures | | | | |
| Personal Services | | | | |
| Salaries | \$ 398,922 | 402,774 | (3,852) | 376,592 |
| Transfer to Employee Benefits Fund | 188,701 | 185,840 | 2,861 | 184,297 |
| Total Personal Services | <u>587,623</u> | <u>588,614</u> | <u>(991)</u> | <u>560,889</u> |
| Contractual Services | | | | |
| Communications | 1,850 | 1,465 | 385 | 975 |
| Publications | 3,500 | - | 3,500 | 2,422 |
| Utility - Water, Light and Power | 7,380 | 5,898 | 1,482 | 7,307 |
| Contingency | 50,000 | - | 50,000 | - |
| Other Contractual Services | 450,454 | 481,408 | (30,954) | 435,266 |
| Travel and Training | 1,300 | 369 | 931 | 830 |
| Transfer to Solid Waste Reserve Fund | 172,472 | 175,000 | (2,528) | 195,240 |
| Transfer to General Fund | 224,204 | 224,204 | - | 222,750 |
| Total Contractual Services | <u>911,160</u> | <u>888,344</u> | <u>22,816</u> | <u>864,790</u> |
| Commodities | | | | |
| Office Supplies | 550 | 77 | 473 | 57 |
| General Supplies | 23,960 | 23,358 | 602 | 18,938 |
| Equipment Expense | 10,000 | 2,049 | 7,951 | 6,194 |
| Uniforms | 3,600 | 3,578 | 22 | 3,564 |
| Repairs to Buildings and Structures | 3,600 | 3,338 | 262 | 1,228 |
| Total Commodities | <u>41,710</u> | <u>32,400</u> | <u>9,310</u> | <u>29,981</u> |
| Total Expenditures | <u>\$ 1,540,493</u> | <u>1,509,358</u> | <u>31,135</u> | <u>1,455,660</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Stormwater Management Fund
Comparison of Actual Revenues and Expenditures to Budget
For the Year Ended December 31, 2020
(With Comparative Actual Totals for the Prior Year Ended December 31, 2019)

| | 2020 | | Variance | 2019 |
|--|------------------------------|-----------------------|------------------------|----------------|
| | Original and Final Budget | Actual | Positive (Negative) | Actual |
| Revenues | | | | |
| Stormwater Fee | \$ 794,000 | 803,803 | 9,803 | 798,701 |
| Prior Year Encumbrances Cancelled | - | 6,330 | 6,330 | - |
| Transfer From General Fund | 16,500 | 16,500 | - | 16,500 |
| Total Revenues | <u>\$ 810,500</u> | <u>826,633</u> | <u>16,133</u> | <u>815,201</u> |
| Expenditures | | | | |
| Personal Services | | | | |
| Salaries | \$ 102,558 | 142,462 | (39,904) | 105,397 |
| Transfer to Employee Benefits Fund | 42,605 | 60,409 | (17,804) | 42,747 |
| Total Personal Services | <u>145,163</u> | <u>202,871</u> | <u>(57,708)</u> | <u>148,144</u> |
| Contractual Services | | | | |
| Communications | 400 | 238 | 162 | 282 |
| Other Contractual Services | 20,000 | 21,050 | (1,050) | 21,646 |
| Contingency | 50,000 | - | 50,000 | 17,987 |
| Professional Services | 30,000 | 5,090 | 24,910 | 12,090 |
| Travel and Training | 1,000 | 170 | 830 | - |
| Transfer to General Fund | 81,050 | 81,050 | - | 66,356 |
| Total Contractual Services | <u>182,450</u> | <u>107,598</u> | <u>74,852</u> | <u>118,361</u> |
| Commodities | | | | |
| General Supplies | 70,000 | 62,227 | 7,773 | 44,447 |
| Uniforms | 900 | 1,013 | (113) | 514 |
| Sewer Line Project | - | - | - | 119,832 |
| Transfer to Stormwater Reserve Fund | 302,609 | 425,000 | (122,391) | 304,283 |
| Transfer to New Equipment Reserve Fund | 38,712 | 38,712 | - | 38,712 |
| Total Commodities | <u>412,221</u> | <u>526,952</u> | <u>(114,731)</u> | <u>507,788</u> |
| Capital Outlay | <u>176,000</u> | <u>52,683</u> | <u>123,317</u> | <u>-</u> |
| Total Expenditures | <u>\$ 915,834</u> | <u>890,104</u> | <u>25,730</u> | <u>774,293</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Production and Distribution Reserve Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|---|----------------------------|-------------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>1,399,330</u> | <u>2,013,315</u> |
| <u>FUND BALANCE</u> | | |
| Fund Balance | | |
| Assigned - Reserved for Encumbrances | \$ 451,499 | 1,170,377 |
| Assigned | <u>947,831</u> | <u>842,938</u> |
| Total Fund Balance | \$ <u>1,399,330</u> | <u>2,013,315</u> |
| Water Production and Distribution Reserve Fund | | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance | | |
| For the Year Ended December 31, 2020 | | |
| (With Comparative Actual Totals for the Prior Year Ended December 31, 2019) | | |
| | <u>2020</u> | <u>2019</u> |
| Revenues | | |
| Prior Year Encumbrances Cancelled | \$ 7,733 | - |
| Expenditures | | |
| Capital Outlay | <u>502,840</u> | <u>1,242,693</u> |
| Excess Revenues Over (Under) Expenditures | <u>(495,107)</u> | <u>(1,242,693)</u> |
| Other Financing Sources (Uses) | | |
| Transfers In | 600,000 | 815,000 |
| Transfers Out | <u>-</u> | <u>(143,869)</u> |
| Total Other Financing Sources (Uses) | <u>600,000</u> | <u>671,131</u> |
| Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures | 104,893 | (571,562) |
| Fund Balance - Beginning | 2,013,315 | 1,452,839 |
| Increase (Decrease) in Reserve for Encumbrances | <u>(718,878)</u> | <u>1,132,038</u> |
| Fund Balance - Ending | \$ <u>1,399,330</u> | <u>2,013,315</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Reclamation and Reuse Reserve Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|---|----------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>1,429,665</u> | <u>944,556</u> |
| <u>FUND BALANCE</u> | | |
| Fund Balance | | |
| Assigned - Reserved for Encumbrances | \$ - | 73,375 |
| Assigned | <u>1,429,665</u> | <u>871,181</u> |
| Total Fund Balance | \$ <u>1,429,665</u> | <u>944,556</u> |
| Water Reclamation and Reuse Reserve Fund | | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance | | |
| For the Year Ended December 31, 2020 | | |
| (With Comparative Actual Totals for the Prior Year Ended December 31, 2019) | | |
| | <u>2020</u> | <u>2019</u> |
| Revenues | | |
| Reimbursed Expenses | \$ 1,868 | 1,868 |
| Miscellaneous Revenue | 3,349 | - |
| Prior Year Encumbrances Cancelled | <u>916</u> | <u>-</u> |
| Total Revenues | 6,133 | 1,868 |
| Expenditures | | |
| Capital Outlay | <u>147,649</u> | <u>597,918</u> |
| Excess Revenues Over (Under) Expenditures | <u>(141,516)</u> | <u>(596,050)</u> |
| Other Financing Sources (Uses) | | |
| Transfers In | 700,000 | 45,000 |
| Transfers Out | <u>-</u> | <u>(1,563,941)</u> |
| Net Other Financing Sources (Uses) | <u>700,000</u> | <u>(1,518,941)</u> |
| Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures | 558,484 | (2,114,991) |
| Fund Balance - Beginning | 944,556 | 3,184,552 |
| Increase (Decrease) in Reserve for Encumbrances | <u>(73,375)</u> | <u>(125,005)</u> |
| Fund Balance - Ending | \$ <u>1,429,665</u> | <u>944,556</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Water Sales Tax Reserve Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|---|-----------------------------|--------------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>38,731,149</u> | <u>36,113,447</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities | | |
| Accounts Payable | \$ <u>22,785</u> | <u>15,011</u> |
| Fund Balance | | |
| Assigned - Reserved for Encumbrances | <u>51,308</u> | <u>47,590</u> |
| Assigned | <u>38,657,056</u> | <u>36,050,846</u> |
| Total Fund Balance | <u>38,708,364</u> | <u>36,098,436</u> |
| Total Liabilities and Fund Balance | \$ <u>38,731,149</u> | <u>36,113,447</u> |
| Water Sales Tax Reserve Fund | | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance | | |
| For the Year Ended December 31, 2020 | | |
| (With Comparative Actual Totals for the Prior Year Ended December 31, 2019) | | |
| | <u>2020</u> | <u>2019</u> |
| Revenues | | |
| Miscellaneous Revenue | \$ <u>-</u> | <u>1,250</u> |
| Expenditures | | |
| Capital Outlay | <u>739,205</u> | <u>578,453</u> |
| Excess Revenues Over (Under) Expenditures | <u>(739,205)</u> | <u>(577,203)</u> |
| Other Financing Sources (Uses) | | |
| Transfers In | <u>3,345,415</u> | <u>2,745,832</u> |
| Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures | <u>2,606,210</u> | <u>2,168,629</u> |
| Fund Balance - Beginning | <u>36,098,436</u> | <u>33,929,807</u> |
| Increase (Decrease) in Reserve for Encumbrances | <u>3,718</u> | <u>-</u> |
| Fund Balance - Ending | \$ <u>38,708,364</u> | <u>36,098,436</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Solid Waste Reserve Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|---|--------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>580,094</u> | <u>452,637</u> |
| <u>FUND BALANCE</u> | | |
| Fund Balance | | |
| Assigned - Reserved for Encumbrances | \$ 6,968 | - |
| Assigned | <u>573,126</u> | <u>452,637</u> |
| Total Fund Balance | \$ <u>580,094</u> | <u>452,637</u> |
| Solid Waste Reserve Fund | | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance | | |
| For the Year Ended December 31, 2020 | | |
| (With Comparative Actual Totals for the Prior Year Ended December 31, 2019) | | |
| | <u>2020</u> | <u>2019</u> |
| Revenues | | |
| Miscellaneous | \$ - | 25,000 |
| Expenditures | | |
| Capital Outlay | <u>54,511</u> | <u>49,529</u> |
| Excess Revenues Over (Under) Expenditures | (54,511) | (24,529) |
| Other Financing Sources (Uses) | | |
| Transfers In | <u>175,000</u> | <u>195,240</u> |
| Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures | 120,489 | 170,711 |
| Fund Balance - Beginning | 452,637 | 955,002 |
| Increase (Decrease) in Reserve for Encumbrances | <u>6,968</u> | <u>(673,076)</u> |
| Fund Balance - Ending | \$ <u>580,094</u> | <u>452,637</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS
Stormwater Reserve Fund
Balance Sheets
December 31, 2020 and 2019

| <u>ASSETS</u> | | |
|---|----------------------------|--------------------|
| | <u>2020</u> | <u>2019</u> |
| Cash | \$ <u>1,736,624</u> | <u>1,441,624</u> |
| <u>FUND BALANCE</u> | | |
| Fund Balance | | |
| Assigned - Reserved for Encumbrances | \$ 13,600 | 13,600 |
| Assigned | <u>1,723,024</u> | <u>1,428,024</u> |
| Total Fund Balance | \$ <u>1,736,624</u> | <u>1,441,624</u> |
| Stormwater Reserve Fund | | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance | | |
| For the Year Ended December 31, 2020 | | |
| (With Comparative Actual Totals for the Prior Year Ended December 31, 2019) | | |
| | <u>2020</u> | <u>2019</u> |
| Revenues | \$ - | - |
| Expenditures | | |
| Capital Outlay | <u>130,000</u> | <u>-</u> |
| Excess Revenues Over (Under) Expenditures | <u>(130,000)</u> | <u>-</u> |
| Other Financing Sources (Uses) | | |
| Transfers In | 425,000 | 304,283 |
| Transfers Out | <u>-</u> | <u>(13,350)</u> |
| Net Other Financing Sources (Uses) | <u>425,000</u> | <u>290,933</u> |
| Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures | 295,000 | 290,933 |
| Fund Balance - Beginning | 1,441,624 | 1,225,691 |
| Increase (Decrease) in Reserve for Encumbrances | <u>-</u> | <u>(75,000)</u> |
| Fund Balance - Ending | \$ <u>1,736,624</u> | <u>1,441,624</u> |

See independent auditors' report.

CITY OF HAYS, KANSAS

Single Audit Information

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of **City of Hays, Kansas**, as of and for the year ended December 31, 2020, 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 27, 2021. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **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*.

Purpose of This Report

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

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

ADAMSBROWN, LLC
Certified Public Accountants
Hays, Kansas

May 27, 2021

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

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

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

We have audited **City of Hays, Kansas'** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **City of Hays, Kansas'** major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (the Guide) for the City's passenger facility charge program for the year ended December 31, 2020. City of Hays, Kansas' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and conditions of its federal awards applicable to its federal programs, 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'** major federal programs and its passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the *Passenger Facility Charge Audit Guide for Public Agencies*, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program or 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 each major federal program and the passenger facility charge program. However, our audit does not provide a legal determination of **City of Hays, Kansas'** compliance.

Opinion on Each Major Federal Program and 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 each of its major federal programs and its passenger facility charge program for the year ended December 31, 2020.

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 each major federal program or on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on the internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. 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 with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



ADAMSBROWN, LLC
Certified Public Accountants
Hays, Kansas

May 27, 2021

CITY OF HAYS, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

| Federal Grantor/ Pass-through Grantor/ Program Title | Assistance Listing Number | Agency or Pass-through Number | Passed Through to Sub-Recipients | Federal Expenditures |
|--|---------------------------------|-------------------------------------|--|-------------------------|
| U.S. Department of Transportation | | | | |
| Direct Award | | | | |
| Airport Improvement Program | 20.106 | AIP 3-20-0028-34 | \$ - | 3,582 |
| Airport Improvement Program | 20.106 | AIP 3-20-0028-36 | - | 567,675 |
| Airport Improvement Program | 20.106 | AIP 3-20-0028-37 | - | 244,748 |
| Airport Improvement Program | 20.106 | AIP 3-20-0028-38 | - | 110,033 |
| CARES Act Funding | | | | |
| Airport Improvement Program | 20.106 | AIP 3-20-0028-39 | - | 646,627 |
| Passed Through the Kansas Department of Transportation | | | | |
| State and Community Highway Safety | 20.600 | SP-1300-20 | - | 4,436 |
| National Priority Safety Programs | 20.616 | SP 4704-20 | - | 2,159 |
| National Priority Safety Programs | 20.616 | SP-4704-21 | - | 655 |
| Total U.S. Department of Transportation | | | - | <u>1,579,915</u> |
| U.S. Department of the Interior | | | | |
| Sport Fish Restoration | 15.605 | N/A | - | <u>1,030</u> |
| U.S. Department of the Treasury | | | | |
| Passed Through Ellis County | | | | |
| CARES Act Funding | | | | |
| Coronavirus Relief Fund | 21.019 | N/A | <u>12,499</u> | <u>293,330</u> |
| Total Expenditures of Federal Awards | | | \$ <u>12,499</u> | <u>1,874,275</u> |

See accompanying notes to schedule of expenditures of federal awards.

CITY OF HAYS, KANSAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – INDIRECT COST RATE

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

NOTE 3 – OTHER EXPENDITURES

The City did not receive any federal awards in the form of noncash assistance, insurance, loans, or loan guarantees, and incurred no expenditures in relation thereof for the year ended December 31, 2020.

NOTE 4 – PASSENGER FACILITY CHARGES

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

| Approved Application Project Number | | Unliquidated PFC Beginning Balance | PFC Collected | PFC Expended | Unliquidated PFC Ending Balance |
|---|----|--|------------------|-----------------|---------------------------------------|
| 15-01-C-00-HYS | \$ | - | 205,501 | 205,501 | - |
| 20-02-C-01-HYS | | - | 25,486 | 25,486 | - |

NOTE 5 – DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

The City received 500 donated N95 masks from federal assistance, estimated fair market value of \$1,000, for the year ended December 31, 2020.

CITY OF HAYS, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Qualified

Internal control over financial reporting

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

FEDERAL AWARDS

Internal control over major programs:

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

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

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

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
|--------------------|--------------------------------|
| 20.106 | Airport Improvement Program |

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

Auditee qualified as low-risk auditee? Yes X No

See accompanying notes to schedule of expenditures of federal awards.

CITY OF HAYS, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters noted in the current year.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

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.

Status

Resolved.

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.