

CITY OF HOLYROOD, KANSAS

Financial Statement With Independent Auditors' Report

For the Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **City of Holyrood, Kansas**, as of and for the year ended December 31, 2021 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2021, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2021, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

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

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

Responsibilities of Management for the Financial Statement

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

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial state date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated March 1, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/oar/municipal-services>. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2021 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2020 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 basic financial statement. The 2020 comparative information was subjected to the auditing procedures applied in the audit of the 2020 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2020 basic financial statement or to the 2020 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2020 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2020, on the basis of accounting described in Note 1.



ADAMSBROWN, LLC

Certified Public Accountants

Great Bend, Kansas

March 7, 2022

CITY OF HOLYROOD, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2021

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Fund	\$ 67,443	-	320,781	315,599	72,625	866	73,491
Special Purpose Funds							
Special Highway Fund	50	-	11,960	10,330	1,680	-	1,680
Recreation Fund	8,347	-	9,268	9,830	7,785	6	7,791
Capital Improvement Fund	22,230	-	-	-	22,230	-	22,230
Medical Building Fund	64,084	-	4,200	1,560	66,724	-	66,724
Equipment Reserve Fund	52,607	-	10,000	-	62,607	-	62,607
Park Refurbish Fund	2,273	-	10,730	9,890	3,113	-	3,113
Holyrood Lake Fund	-	-	4,421	2,314	2,107	-	2,107
Covid-19 Federal Fund	-	-	31,666	-	31,666	-	31,666
Capital Projects Fund							
Sewer Project Fund	(143,275)	-	143,275	-	-	-	-
Business Funds							
Electric Utility Fund	35,546	-	433,502	445,827	23,221	1,050	24,271
Electric Reserve Fund	18,422	-	-	-	18,422	-	18,422
Water Utility Fund	11,197	-	97,665	98,946	9,916	1,048	10,964
Sewer Fund	86,949	-	76,720	85,423	78,246	-	78,246
Sewer Reserve Fund	55,988	-	5,640	-	61,628	-	61,628
Trash Fund	3,169	-	41,953	42,325	2,797	-	2,797
Total Reporting Entity (Excluding Agency Funds)	\$ 285,030	-	1,201,781	1,022,044	464,767	2,970	467,737
Composition of Cash							
				Checking Accounts		\$	372,473
				Money Market and Savings Account			168,354
				Total Reporting Entity			540,827
				Agency Funds per Schedule 3			(73,090)
				Total Reporting Entity (Excluding Agency Funds)		\$	467,737

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

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

Basis of Presentation – Fund Accounting

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

The following types of funds comprise the financial activities of the City for the year ended December 31, 2021.

Regulatory Basis Fund Types

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

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

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for the acquisition or construction of major capital facilities or equipment.

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

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

Basis of Accounting

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

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2021

recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

Reimbursements

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

NOTE 2 – BUDGETARY INFORMATION

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

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

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

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

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

A legal operating budget is not required for capital project funds and the following special purpose funds: Capital Improvement Fund, Equipment Reserve Fund, Park Refurbish Fund, Holyrood Lake Fund and Covid-19 Federal Fund.

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2021

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

NOTE 3 – DEPOSITS AND INVESTMENTS

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

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

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

Concentration of Credit Risk

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not use "peak periods". All deposits were legally secured at December 31, 2021.

At December 31, 2021, the City's carrying amount of deposits was \$540,827 and the bank balance was \$553,946. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and \$303,946 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2021.

NOTE 4 – INTERFUND TRANSFERS

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

CITY OF HOLYROOD, KANSAS

Notes to Financial Statement

December 31, 2021

the year ended December 31, 2021 were as follows:

From	To	Regulatory Authority	Amount
Trash Fund	General Fund	K.S.A. 12-825d	\$ 2,500
Sewer Fund	General Fund	K.S.A. 12-825d	5,000
Water Utility Fund	General Fund	K.S.A. 12-1,117	5,000
Sewer Fund	Sewer Reserve Fund	K.S.A. 12-631o	5,640
Electric Utility Fund	General Fund	K.S.A. 12-825d	55,000
Water Utility Fund	Equipment Reserve Fund	K.S.A. 12-1,117	10,000

NOTE 5 – CAPITAL PROJECTS

Capital Project authorizations with approved change orders compared with expenditures from inception:

	Project Authorization	Expenditures to Date
Sewer Improvement Project	\$ 398,245	398,245

NOTE 6 – LITIGATION

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

NOTE 7 – RISK MANAGEMENT

City of Holyrood, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, workers' compensation, law enforcement liability, cyber and privacy liability, automobile, linebacker and surety bond coverage. The City has elected to obtain comprehensive and collision coverage on all City owned motor vehicles. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 8 – GRANTS AND SHARED REVENUES

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

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Plan Description

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

CITY OF HOLYROOD, KANSAS

Notes to Financial Statement

December 31, 2021

Contributions

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were \$16,229 for the year ended December 31, 2021.

Net Pension Liability

At December 31, 2021, the City's proportionate share of the collective net pension liability reported by KPERS was \$112,232. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

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

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS

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

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

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2021.

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2021

NOTE 11 – COMPENSATED ABSENCES

Comp Time

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

Vacation

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

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

Vacation must be taken within the following year and may not be accumulated.

Sick Leave

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

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

Personal Leave

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

NOTE 12 – COMMITMENTS

City of Holyrood, Kansas entered into a Water Tank Maintenance Contract with Utility Service Co., Inc. on September 19, 2002 for the repairs, renovation and continued service of the water tank. The City has the right to continue the contract for an indefinite period of time providing the annual fee is paid. The contract started with a base fee of \$4,858 in 2002 and in year 2005 and each third year thereafter, the annual fee is adjusted to reflect the current cost of service but is limited to a maximum of 5% annually. Payments totaling \$8,186 were made in 2021.

NOTE 13 – CONDUIT DEBT

City of Holyrood, Kansas has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are generally payable from and secured by the project financed and if needed, additional assets or revenues of the private-sector serviced by the bond issuance. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statement. As of December 31, 2021, there was one industrial revenue bond

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2021

outstanding. The original issue of the bond was \$725,000. The principal amount payable at December 31, 2021 was \$440,000.

NOTE 14 – DEBT RESTRICTIONS AND COVENANTS

KDHE Water Pollution Control Revolving Loan

City of Holyrood, Kansas entered into a revolving loan agreement with the Kansas Department of Health and Environment to fund certain improvements for wastewater treatment in the amount of \$318,917. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2021 as it is providing dedicated funds through a combination of sewer rates and fees charged.

City of Holyrood, Kansas entered into a loan agreement with the Kansas Department of Health and Environment to fund certain improvements for the wastewater collection system in the amount of \$397,236. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2021 as it is providing dedicated funds through a combination of water rates and fees charged.

KDHE Public Water Supply Revolving Loan

City of Holyrood, Kansas entered into a loan agreement with the Kansas Department of Health and Environment to fund certain improvements for the water supply in the amount of \$262,259. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2021 as it is providing dedicated funds through a combination of water rates and fees charged.

NOTE 15 – LONG-TERM DEBT

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

KDHE Revolving Loans

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

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

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

CITY OF HOLYROOD, KANSAS
Notes to Financial Statement
December 31, 2021

Changes in long-term liabilities for the City for the year ended December 31, 2021, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
KDHE Loans									
Kansas Water Pollution Control Revolving Loan Fund - Sewer	3.14%	9/28/2000	\$ 318,917	3/1/2022	\$ 31,861	-	(21,061)	10,800	836
Kansas Public Water Supply Revolving Loan Fund - Water	3.58%	2/3/2005	262,259	2/1/2026	91,463	-	(15,330)	76,133	2,832
Kansas Water Pollution Control Revolving Loan Fund - Sewer	2.33%	10/23/2019	397,236	9/1/2040	253,961	143,275	(25,158)	372,078	840
Total Contractual Indebtedness					\$ 377,285	143,275	(61,549)	459,011	4,508

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

	YEAR								
	2022	2023	2024	2025	2026	2027 - 2031	2032 - 2036	2037 - 2040	Total
Principal									
Kansas Water Pollution Control Revolving Loan Fund - Sewer	\$ 10,800	-	-	-	-	-	-	-	10,800
Kansas Public Water Supply Revolving Loan Fund - Water	15,884	16,458	17,052	17,668	9,071	-	-	-	76,133
Kansas Water Pollution Control Revolving Loan Fund - Sewer	15,770	16,140	16,518	16,905	17,302	92,784	104,178	92,481	372,078
Total Principal	42,454	32,598	33,570	34,573	26,373	92,784	104,178	92,481	459,011
Interest									
Kansas Water Pollution Control Revolving Loan Fund - Sewer	170	-	-	-	-	-	-	-	170
Kansas Public Water Supply Revolving Loan Fund - Water	2,332	1,814	1,278	722	147	-	-	-	6,293
Kansas Water Pollution Control Revolving Loan Fund - Sewer	920	881	840	6,645	6,291	25,852	15,680	4,387	61,496
Total Interest	3,422	2,695	2,118	7,367	6,438	25,852	15,680	4,387	67,959
Total Principal and Interest	\$ 45,876	35,293	35,688	41,940	32,811	118,636	119,858	96,868	526,970

CITY OF HOLYROOD, KANSAS

Regulatory-Required Supplementary Information

CITY OF HOLYROOD, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds					
General Fund	\$ 333,250	-	333,250	315,599	(17,651)
Special Purpose Funds					
Special Highway Fund	10,330	-	10,330	10,330	-
Recreation Fund	13,944	-	13,944	9,830	(4,114)
Medical Building Fund	51,850	-	51,850	1,560	(50,290)
Business Funds					
Electric Utility Fund	478,414	-	478,414	445,827	(32,587)
Water Utility Fund	118,547	-	118,547	98,946	(19,601)
Sewer Fund	139,985	-	139,985	85,423	(54,562)
Trash Fund	47,213	-	47,213	42,325	(4,888)

CITY OF HOLYROOD, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 135,325	141,138	145,220	(4,082)
Delinquent Tax	4,638	4,509	4,000	509
Motor Vehicle Tax	17,540	18,797	16,900	1,897
Recreational Vehicle Tax	785	854	1,311	(457)
Local Alcoholic Liquor Tax	73	-	736	(736)
Sales Tax	18,771	19,115	17,000	2,115
Fines	743	994	750	244
Rent	-	-	550	(550)
Beer Licenses	150	150	200	(50)
Gas and Cable Franchise	3,216	3,610	4,000	(390)
Dog Tags	53	120	500	(380)
Van Reimbursements	9,195	18,330	10,000	8,330
Other Income	10,597	4,834	5,000	(166)
Interest Income	1,773	1,821	2,000	(179)
Reimbursed Expenses	8,971	29,009	500	28,509
State Grant	5,000	10,000	5,000	5,000
Transfers In	61,750	67,500	76,750	(9,250)
Total Receipts	278,580	320,781	290,417	30,364
Expenditures				
Salaries	96,361	90,368	97,600	(7,232)
Employee Benefits	71,082	87,771	72,900	14,871
Insurance	10,393	10,915	9,000	1,915
Utilities	5,742	5,850	8,000	(2,150)
Accounting	11,855	12,065	13,000	(935)
Legal and Publishing	2,643	4,710	5,000	(290)
Animal	219	-	1,500	(1,500)
Repairs	1,531	3,199	15,000	(11,801)
Supplies	6,440	5,562	9,000	(3,438)
Fuel	2,671	3,392	5,500	(2,108)
Van	4,320	3,731	7,500	(3,769)
Fire	20,964	20,760	21,000	(240)
Police	10,123	17,120	12,500	4,620
Street and Alley	13,432	20,778	25,000	(4,222)
Miscellaneous	\$ 14,124	11,614	14,750	(3,136)

CITY OF HOLYROOD, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures (continued)				
Capital Outlay	\$ 608	11,454	1,950	9,504
Law Enforcement	176	177	1,000	(823)
Economic Development	3,600	3,600	1,550	2,050
Noxious Weeds	3,388	1,849	4,000	(2,151)
Municipal Court	467	684	2,500	(1,816)
Transfers Out	-	-	5,000	(5,000)
Total Expenditures	<u>280,139</u>	<u>315,599</u>	<u>333,250</u>	<u>(17,651)</u>
Receipts Over (Under) Expenditures	(1,559)	5,182		
Unencumbered Cash - Beginning	<u>69,002</u>	<u>67,443</u>		
Unencumbered Cash - Ending	<u>\$ 67,443</u>	<u>72,625</u>		

CITY OF HOLYROOD, KANSAS
Special Highway Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
State of Kansas - Gasoline Tax	\$ 10,892	11,960	9,790	2,170
Expenditures				
Salaries	10,892	10,330	10,330	-
Receipts Over (Under) Expenditures	-	1,630		
Unencumbered Cash - Beginning	50	50		
Unencumbered Cash - Ending	\$ 50	1,680		

CITY OF HOLYROOD, KANSAS
Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property Tax	\$ 4,614	4,650	4,766	(116)
Delinquent Tax	156	152	75	77
Motor Vehicle Tax	563	641	576	65
Recreational Vehicle Tax	25	29	45	(16)
Local Alcoholic Liquor Tax	73	-	826	(826)
Miscellaneous	925	3,796	1,000	2,796
Total Receipts	6,356	9,268	7,288	1,980
Expenditures				
Utilities	962	1,156	1,750	(594)
Supplies	-	169	2,250	(2,081)
Miscellaneous	3,278	3,176	500	2,676
Contractual Services	-	-	1,500	(1,500)
Capital Outlay	3,000	2,012	4,444	(2,432)
Recreational Dues - Claflin Rec Center	1,102	3,317	2,500	817
Central Plains - Reimbursement	533	-	1,000	(1,000)
Total Expenditures	8,875	9,830	13,944	(4,114)
Receipts Over (Under) Expenditures	(2,519)	(562)		
Unencumbered Cash - Beginning	10,866	8,347		
Unencumbered Cash - Ending	\$ 8,347	7,785		

CITY OF HOLYROOD, KANSAS
Capital Improvement Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2021
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts	\$ -	-
Expenditures		
Supplies	1,300	-
Receipts Over (Under) Expenditures	(1,300)	-
Unencumbered Cash - Beginning	23,530	22,230
Unencumbered Cash - Ending	\$ 22,230	22,230

CITY OF HOLYROOD, KANSAS

Medical Building Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Rent	\$ 4,200	4,200	4,200	-
Expenditures				
Maintenance	106	-	5,000	(5,000)
Salaries	1,500	1,500	2,900	(1,400)
Contractual Services	-	-	100	(100)
Miscellaneous	60	60	100	(40)
Capital Outlay	-	-	43,750	(43,750)
Total Expenditures	1,666	1,560	51,850	(50,290)
Receipts Over (Under) Expenditures	2,534	2,640		
Unencumbered Cash - Beginning	61,550	64,084		
Unencumbered Cash - Ending	\$ 64,084	66,724		

CITY OF HOLYROOD, KANSAS
Equipment Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2021
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 5,000	10,000
Expenditures	-	-
Receipts Over (Under) Expenditures	5,000	10,000
Unencumbered Cash - Beginning	47,607	52,607
Unencumbered Cash - Ending	\$ 52,607	62,607

CITY OF HOLYROOD, KANSAS
Park Refurbish Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2021
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Donations	\$ 8,010	10,730
Expenditures		
Capital Outlay	10,099	9,890
Receipts Over (Under) Expenditures	(2,089)	840
Unencumbered Cash - Beginning	4,362	2,273
Unencumbered Cash - Ending	\$ 2,273	3,113

CITY OF HOLYROOD, KANSAS
Holyrood Lake Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2021
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

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

CITY OF HOLYROOD, KANSAS
Covid-19 Federal Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2021
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Federal Funds	\$ 30,203	31,666
Expenditures		
COVID-19 Appropriations	30,203	-
Receipts Over (Under) Expenditures	-	31,666
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	31,666

CITY OF HOLYROOD, KANSAS
Sewer Project Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2021
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
KDHE Loan Proceeds	\$ 199,517	143,275
Expenditures		
Sewer Project Costs	342,792	-
Receipts Over (Under) Expenditures	(143,275)	143,275
Unencumbered Cash - Beginning	-	(143,275)
Unencumbered Cash - Ending	\$ (143,275)	-

CITY OF HOLYROOD, KANSAS
Electric Utility Fund

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Sales to Customers	\$ 367,230	423,432	425,000	(1,568)
Penalties	5,690	6,059	6,000	59
Reimbursed Expenses	-	-	500	(500)
Other Income	1,726	508	1,500	(992)
Connection Fee	3,780	3,503	1,500	2,003
Total Receipts	<u>378,426</u>	<u>433,502</u>	<u>434,500</u>	<u>(998)</u>
Expenditures				
Salaries	47,533	51,908	48,000	3,908
Utilities	4,085	4,225	7,500	(3,275)
Supplies	8,637	10,686	11,500	(814)
Fuel	1,416	1,193	3,000	(1,807)
Miscellaneous	18,359	21,984	11,000	10,984
Power	243,498	288,428	295,000	(6,572)
Sales Tax	7,696	8,442	10,500	(2,058)
Insurance	5,323	3,040	5,500	(2,460)
Capital Outlay	2,085	-	18,414	(18,414)
Bad Debt	142	921	-	921
Testing	20	-	500	(500)
Transfers Out	55,000	55,000	67,500	(12,500)
Total Expenditures	<u>393,794</u>	<u>445,827</u>	<u>478,414</u>	<u>(32,587)</u>
Receipts Over (Under) Expenditures	(15,368)	(12,325)		
Unencumbered Cash - Beginning	<u>50,914</u>	<u>35,546</u>		
Unencumbered Cash - Ending	<u>\$ 35,546</u>	<u>23,221</u>		

CITY OF HOLYROOD, KANSAS
Electric Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2021
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts	\$ -	-
Expenditures		
Capital Outlay	4,595	-
Receipts Over (Under) Expenditures	(4,595)	-
Unencumbered Cash - Beginning	23,017	18,422
Unencumbered Cash - Ending	\$ 18,422	18,422

CITY OF HOLYROOD, KANSAS

Water Utility Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Sales to Customers	\$ 90,992	94,942	95,000	(58)
Connection Fees	1,170	1,073	500	573
Penalties	1,430	1,548	1,000	548
Dividend Revenue	803	-	700	(700)
Other Income	-	102	100	2
Total Receipts	<u>94,395</u>	<u>97,665</u>	<u>97,300</u>	<u>365</u>
Expenditures				
Salaries	31,498	31,182	33,000	(1,818)
Utilities	8,030	9,065	10,500	(1,435)
Supplies	1,686	2,971	8,000	(5,029)
Fuel	-	18	50	(32)
Miscellaneous	966	3,398	1,000	2,398
Sales Tax	609	674	1,500	(826)
Bad Debt	40	384	-	384
Maintenance	1,172	2,027	13,000	(10,973)
Insurance	2,670	3,410	5,000	(1,590)
Testing	2,236	3,071	3,500	(429)
Revolving Loan Principal	14,796	15,330	15,330	-
Revolving Loan Interest	3,314	2,832	2,832	-
Revolving Loan Fee	359	307	307	-
Capital Outlay	29,788	9,277	9,528	(251)
Transfers Out	5,000	15,000	15,000	-
Total Expenditures	<u>102,164</u>	<u>98,946</u>	<u>118,547</u>	<u>(19,601)</u>
Receipts Over (Under) Expenditures	(7,769)	(1,281)		
Unencumbered Cash - Beginning	<u>18,966</u>	<u>11,197</u>		
Unencumbered Cash - Ending	<u>\$ 11,197</u>	<u>9,916</u>		

CITY OF HOLYROOD, KANSAS

Sewer Fund

Schedule of Receipts and Expenditures - Actual and Budget

Regulatory Basis

For the Year Ended December 31, 2021

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Sales to Customers	\$ 73,103	76,720	76,000	720
Dividend Income	574	-	600	(600)
Total Receipts	<u>73,677</u>	<u>76,720</u>	<u>76,600</u>	<u>120</u>
Expenditures				
Salaries	9,635	8,660	10,500	(1,840)
Insurance	797	1,664	3,000	(1,336)
Utilities	4,828	7,317	5,500	1,817
Supplies	1,013	137	250	(113)
Miscellaneous	1,908	211	145	66
Bad Debt	23	250	-	250
Maintenance	1,291	1,589	6,500	(4,911)
Revolving Loan Principal	20,365	21,062	21,061	1
Revolving Loan Interest	1,639	837	836	1
Revolving Loan Fee	1,433	67	67	-
KDHE Loan Principal	-	25,158	20,878	4,280
KDHE Loan Interest	-	840	1,300	(460)
KDHE Loan Fee	-	6,991	10,812	(3,821)
Testing	700	-	5,500	(5,500)
Contractual	-	-	30,000	(30,000)
Capital Outlay	-	-	12,996	(12,996)
Transfers Out	10,640	10,640	10,640	-
Total Expenditures	<u>54,272</u>	<u>85,423</u>	<u>139,985</u>	<u>(54,562)</u>
Receipts Over (Under) Expenditures	19,405	(8,703)		
Unencumbered Cash - Beginning	<u>67,544</u>	<u>86,949</u>		
Unencumbered Cash - Ending	<u>\$ 86,949</u>	<u>78,246</u>		

CITY OF HOLYROOD, KANSAS
Sewer Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2021
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 5,640	5,640
Expenditures	-	-
Receipts Over (Under) Expenditures	5,640	5,640
Unencumbered Cash - Beginning	50,348	55,988
Unencumbered Cash - Ending	\$ 55,988	61,628

CITY OF HOLYROOD, KANSAS
Trash Fund

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2021

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Sales to Customers	\$ 41,981	41,953	44,940	(2,987)
Expenditures				
Salaries	5,683	5,893	6,500	(607)
Collections	34,603	33,710	38,140	(4,430)
Miscellaneous	49	222	823	(601)
Transfers Out	1,750	2,500	1,750	750
Total Expenditures	42,085	42,325	47,213	(4,888)
Receipts Over (Under) Expenditures	(104)	(372)		
Unencumbered Cash - Beginning	3,273	3,169		
Unencumbered Cash - Ending	\$ 3,169	2,797		

CITY OF HOLYROOD, KANSAS
Agency Funds
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2021

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Fire Fund	\$ 45,782	99,546	72,238	73,090