

CITY OF PROTECTION, KANSAS

Primary Government Financial Statement
With Independent Auditors' Report

For the Year Ended December 31, 2019

CITY OF PROTECTION, KANSAS
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For the Year Ended December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Protection, Kansas
Protection, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **City of Protection, Kansas**, as of and for the year ended December 31, 2019 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditors' Responsibility

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

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

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

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

As described in Note 1, the financial statement is prepared by **City of Protection, Kansas** on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **City of Protection, Kansas** as of December 31, 2019, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **City of Protection, Kansas** as of December 31, 2019, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

Other Matters

Supplementary Information

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of **City of Protection, Kansas** as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated August 13, 2019, which contained an unmodified opinion on the basic financial statement. The 2018 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 <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2018 actual column (2018 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2019 (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 2018 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 2018 basic financial statement. The 2018 comparative information was subjected to the auditing procedures applied in the audit of the 2018 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 2018 basic financial statement or to the 2018 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 2018 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, 2018, on the basis of accounting described in Note 1.

The schedule of operating ratios and schedule of debt coverage ratio, as listed in the table of contents, are presented for analysis and are not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

August 11, 2020

CITY OF PROTECTION, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2019

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	\$ 94,630	-	319,587	262,744	151,473	2,479	153,952
Special Purpose Funds							
Special Highway Fund	19,493	-	13,144	25	32,612	-	32,612
Special Equipment Fund	81,005	-	-	24,635	56,370	-	56,370
Special Parks and Recreation Fund	8,448	-	1,063	121	9,390	-	9,390
Capital Improvement Fund	15,000	-	-	-	15,000	-	15,000
Business Funds							
Waterworks System Fund	265,567	-	108,476	93,487	280,556	2,111	282,667
Sewage Disposal Fund	163,800	-	97,679	96,136	165,343	684	166,027
Solid Waste Fund	10,333	-	72,918	66,774	16,477	5,471	21,948
Water System Reserve Fund	74,498	-	20,000	-	94,498	-	94,498
Sewer System Reserve Fund	39,917	-	5,000	-	44,917	-	44,917
Storm Sewer Replacement Fund	35,000	-	10,000	-	45,000	-	45,000
Total Primary Government	\$ 807,691	-	647,867	543,922	911,636	10,745	922,381
Composition of Cash					Checking Account	\$	104,596
					Certificates of Deposit		817,618
					Cash on Hand		167
					Total Primary Government	\$	922,381

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

CITY OF PROTECTION, KANSAS

Notes to Financial Statement

December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Protection, 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. This financial statement does not include the related municipal entity shown below. A related municipal entity is an entity established to benefit the City and/or its constituents.

Housing Authority

The City's Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuances must be approved by the City. Unaudited financial statements can be obtained by contacting the housing authority's office.

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, 2019.

Regulatory Basis Fund Types

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

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

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

Basis of Accounting

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

CITY OF PROTECTION, KANSAS

Notes to Financial Statement

December 31, 2019

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 schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the 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, trust funds, and the following special purpose funds: Special Equipment Fund and Capital Improvement 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.

CITY OF PROTECTION, KANSAS

Notes to Financial Statement

December 31, 2019

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Concentration of Credit Risk

State statutes place no limit on the amount the 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, 2019.

At December 31, 2019, the City's carrying amount of deposits was \$922,381 and the bank balance was \$928,326. 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 \$678,326 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, 2019.

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 Protection, Kansas'** interfund transfers and regulatory authority for the year ended December 31, 2019 were as follows:

CITY OF PROTECTION, KANSAS

Notes to Financial Statement

December 31, 2019

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
Sewage Disposal Fund	Storm Sewer Replacement Fund	K.S.A. 12-825d	\$ 10,000
Sewage Disposal Fund	Sewer System Reserve Fund	K.S.A. 12-631o	5,000
Waterworks System Fund	Water System Reserve Fund	K.S.A. 12-825d	20,000

NOTE 5 – LITIGATION

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

NOTE 6 – RISK MANAGEMENT

City of Protection, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, workers' compensation, automobile, linebacker, law enforcement and surety bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 – GRANTS AND SHARED REVENUES

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

NOTE 8 – DEFERRED COMPENSATION PLAN

City of Protection, Kansas sponsors a deferred compensation plan under Internal Revenue Code Section 457(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The City is not required to make any contributions.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, **City of Protection, 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, 2019.

CITY OF PROTECTION, KANSAS

Notes to Financial Statement

December 31, 2019

NOTE 10 – COMPENSATED ABSENCES

Vacation

City of Protection, Kansas' policy regarding vacation is that a full-time employee will accrue 8 to 14 hours per month (based on tenure with the City). Accrued vacation shall not exceed 120 to 240 hours (based on tenure with the City). No vacation may be taken during the first six months of employment. Part-time employees who work at least 20 hours per week shall earn vacation at the rate of 4 hours for each month of employment. Upon termination, an employee shall be compensated for all earned but unused vacation at his/her final rate of pay.

Sick Leave

The policy regarding sick leave is that a full-time employee is allowed to earn one day of sick leave a month and can accumulate up to 45 days of sick leave, which is cancelled upon the termination of the employee. A part-time employee who works at least 20 hours per week shall receive 4 hours of sick leave for each month of employment. Full-time employees have the option to sell back up to 12.5 days of sick leave when his or her accumulated sick leave reaches 45 days. For part-time employees it shall be when his or her accumulated sick leave reaches 22.5 days. The sick leave policy begins after one month of employment.

Longevity Pay

Annual longevity pay may be given at the discretion of the governing body.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent to year end, the United States experienced a nationwide pandemic from the novel coronavirus known as COVID-19. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact the entire United States economy. As of the date of this financial statement, management is unable to reasonably determine the effects of this virus on the operations of the City. Management has evaluated subsequent events through August 11, 2020, which is the date the financial statement was available to be issued.

NOTE 12 – DEBT RESTRICTIONS AND COVENANTS

KDHE Revolving Loan

City of Protection, Kansas entered into a loan agreement with the Kansas Department of Health and Environment to fund improvements to the sewer in the amount of \$711,030. The City is in compliance with the loan agreement as of December 31, 2019.

NOTE 13 – LONG-TERM DEBT

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

KDHE Revolving Loan

The City entered into a \$711,030 revolving loan agreement on October 11, 2005 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance the costs associated with the design and construction of sewer improvements that were necessary to stay within the state requirements.

Lease Obligations

The City has entered into a lease agreement with an option to purchase at the expiration of the lease term. The lease contains a fiscal funding clause.

CITY OF PROTECTION, KANSAS

Notes to Financial Statement

December 31, 2019

Changes in long-term liabilities for the City for the year ended December 31, 2019, 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
Capital Lease									
Doosan DL200 TC-3 Wheel Loader	2.40%	5/1/2015	\$ 127,525	2020	\$ 47,429	-	(23,493)	23,936	1,142
KDHE Loan									
Kansas Water Pollution Control Revolving Project No. C20 1698 01	2.58%	10/11/2005	711,030	2027	361,417	-	(36,164)	325,253	8,212
Total Contractual Indebtedness					\$ 408,846	-	(59,657)	349,189	9,354

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

	YEAR						
	2020	2021	2022	2023	2024	2025-2027	Total
Principal							
Capital Lease	\$ 23,936	-	-	-	-	-	23,936
KDHE Loan	37,104	38,067	39,055	40,070	41,110	129,847	325,253
Total Principal	61,040	38,067	39,055	40,070	41,110	129,847	349,189
Interest							
Capital Lease	577	-	-	-	-	-	577
KDHE Loan	7,364	6,494	5,601	4,685	3,745	5,351	33,240
Total Interest	7,941	6,494	5,601	4,685	3,745	5,351	33,817
Total Principal and Interest	\$ 68,981	44,561	44,656	44,755	44,855	135,198	383,006

CITY OF PROTECTION, KANSAS

Regulatory-Required Supplementary Information

CITY OF PROTECTION, KANSAS
Summary of Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Type Funds					
General Fund	\$ 429,410	-	429,410	262,744	(166,666)
Special Purpose Funds					
Special Highway Fund	38,243	-	38,243	25	(38,218)
Special Parks and Recreation Fund	9,053	-	9,053	121	(8,932)
Business Funds					
Waterworks System Fund	174,000	-	174,000	93,487	(80,513)
Sewage Disposal Fund	199,757	-	199,757	96,136	(103,621)
Solid Waste Fund	74,958	-	74,958	66,774	(8,184)

CITY OF PROTECTION, KANSAS
General Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 153,311	156,758	169,076	(12,318)
Delinquent	7,259	11,357	2,000	9,357
Motor Vehicle	30,447	33,851	34,297	(446)
16/20M Tax	2,182	2,683	2,576	107
Recreational Vehicle	198	473	215	258
Rental Excise Tax	8	4	13	(9)
Commercial Vehicle	1,357	-	1,674	(1,674)
Watercraft Tax	156	-	8	(8)
Local Sales Tax	65,391	60,763	75,000	(14,237)
Local Alcohol Tax	1,052	1,063	963	100
State Aid	5,346	5,346	-	5,346
Licenses, Permits and Fees	680	1,142	500	642
Franchise Fees	36,843	37,034	35,000	2,034
Swimming Pool	9,328	8,627	8,000	627
Fines	8,267	910	3,500	(2,590)
Rent	-	-	50	(50)
Crop Sales	678	3,710	2,000	1,710
Sale of Land	19,455	2,750	-	2,750
Land Lease	2,000	-	-	-
Miscellaneous	6,195	1,196	4,000	(2,804)
Donations	12,780	-	-	-
Interest	5,661	8,743	4,500	4,243
Transfers In	15,000	-	5,000	(5,000)
Neighborhood Revitalization Rebate	(15,980)	(16,823)	(15,705)	(1,118)
Total Receipts	<u>367,614</u>	<u>319,587</u>	<u>332,667</u>	<u>(13,080)</u>
Expenditures				
General Administrative	84,905	69,987	104,410	(34,423)
Employee Benefits	40,241	49,009	44,000	5,009
Public Safety	81,622	47,060	84,000	(36,940)
Parks and Recreation	60,271	46,222	62,500	(16,278)
Street Department	134,076	50,466	94,500	(44,034)
Transfers Out	5,000	-	20,000	(20,000)
Building Demolition	-	-	20,000	(20,000)
Total Expenditures	<u>406,115</u>	<u>262,744</u>	<u>429,410</u>	<u>(166,666)</u>
Receipts Over (Under) Expenditures	(38,501)	56,843		
Unencumbered Cash - Beginning	<u>133,131</u>	<u>94,630</u>		
Unencumbered Cash - Ending	\$ <u>94,630</u>	<u>151,473</u>		

CITY OF PROTECTION, KANSAS
Special Highway Fund

Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended December 31, 2019

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

		Current Year		
	Prior Year Actual	<u>Actual</u>	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
State Gasoline Tax	\$ 13,420	<u>13,144</u>	<u>13,610</u>	<u>(466)</u>
Expenditures				
Commodities	-	-	38,243	(38,243)
Contractual	<u>38,000</u>	<u>25</u>	<u>-</u>	<u>25</u>
Total Expenditures	<u>38,000</u>	<u>25</u>	<u>38,243</u>	<u>(38,218)</u>
Receipts Over (Under) Expenditures	(24,580)	13,119		
Unencumbered Cash - Beginning	<u>44,073</u>	<u>19,493</u>		
Unencumbered Cash - Ending	\$ <u>19,493</u>	<u>32,612</u>		

CITY OF PROTECTION, KANSAS
Special Equipment Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2019
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 10,000	-
Expenditures		
Capital Outlay	24,176	24,635
Receipts Over (Under) Expenditures	(14,176)	(24,635)
Unencumbered Cash - Beginning	95,181	81,005
Unencumbered Cash - Ending	\$ 81,005	56,370

CITY OF PROTECTION, KANSAS
Special Parks and Recreation Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Local Alcohol Tax	\$ 1,052	1,063	<u>963</u>	<u>100</u>
Expenditures				
Commodities	<u>2,194</u>	<u>121</u>	<u>9,053</u>	<u>(8,932)</u>
Receipts Over (Under) Expenditures	(1,142)	942		
Unencumbered Cash - Beginning	<u>9,590</u>	<u>8,448</u>		
Unencumbered Cash - Ending	\$ <u>8,448</u>	<u>9,390</u>		

CITY OF PROTECTION, KANSAS
Capital Improvement Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2019
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year Actual
Receipts	\$ -	-
Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	15,000	15,000
Unencumbered Cash - Ending	\$ 15,000	15,000

CITY OF PROTECTION, KANSAS
Waterworks System Fund

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Customer Sales	\$ 116,881	108,476	115,000	(6,524)
Expenditures				
Personal Services	28,723	27,335	35,000	(7,665)
Contractual Services	41,266	39,097	42,000	(2,903)
Commodities	17,421	7,055	32,000	(24,945)
Capital Outlay	-	-	50,000	(50,000)
Transfers Out	10,000	20,000	15,000	5,000
Total Expenditures	97,410	93,487	174,000	(80,513)
Receipts Over (Under) Expenditures	19,471	14,989		
Unencumbered Cash - Beginning	246,096	265,567		
Unencumbered Cash - Ending	\$ 265,567	280,556		

CITY OF PROTECTION, KANSAS
Sewage Disposal Fund

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

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

		Current Year		
	Prior Year Actual	Actual	Budget	Variance Over (Under)
Receipts				
Taxes and Shared Revenues				
Local Sales Tax	\$ 32,208	29,928	72,000	(42,072)
Customer Sales	70,988	67,751	37,000	30,751
Total Receipts	103,196	97,679	109,000	(11,321)
Expenditures				
Personal Services	20,563	20,613	30,000	(9,387)
Contractual Services	22,629	13,541	27,000	(13,459)
Commodities	5,602	1,725	7,500	(5,775)
KDHE - Principal Payments	35,249	36,164	36,164	-
KDHE - Interest Payments	9,038	8,212	8,212	-
KDHE - Service Fees	970	881	881	-
Capital Outlay	-	-	20,000	(20,000)
Transfers Out	25,000	15,000	70,000	(55,000)
Total Expenditures	119,051	96,136	199,757	(103,621)
Receipts Over (Under) Expenditures	(15,855)	1,543		
Unencumbered Cash - Beginning	179,655	163,800		
Unencumbered Cash - Ending	\$ 163,800	165,343		

CITY OF PROTECTION, KANSAS
Solid Waste Fund

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

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

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Customer Sales	\$ 69,387	72,918	70,000	2,918
Expenditures				
Contractual Services	67,811	66,774	74,958	(8,184)
Commodities	701	-	-	-
Total Expenditures	68,512	66,774	74,958	(8,184)
Receipts Over (Under) Expenditures	875	6,144		
Unencumbered Cash - Beginning	9,458	10,333		
Unencumbered Cash - Ending	\$ 10,333	16,477		

CITY OF PROTECTION, KANSAS
Water System Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2019
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 5,000	20,000
Expenditures	-	-
Receipts Over (Under) Expenditures	5,000	20,000
Unencumbered Cash - Beginning	69,498	74,498
Unencumbered Cash - Ending	\$ 74,498	94,498

CITY OF PROTECTION, KANSAS
Sewer System Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2019
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 5,000	5,000
Expenditures	-	-
Receipts Over (Under) Expenditures	5,000	5,000
Unencumbered Cash - Beginning	34,917	39,917
Unencumbered Cash - Ending	\$ 39,917	44,917

CITY OF PROTECTION, KANSAS
Storm Sewer Replacement Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2019
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	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	30,000	35,000
Unencumbered Cash - Ending	\$ 35,000	45,000

CITY OF PROTECTION, KANSAS

Supplementary Information

CITY OF PROTECTION, KANSAS
Schedule of Operating Ratios
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>Operating Ratios</u>					
	<u>Total Revenues</u>	<u>Total Expenditures Less Transfers</u>	<u>2019</u>	<u>Total Revenues</u>	<u>Total Expenditures Less Transfers</u>	<u>2018</u>
Sewage Disposal Fund	\$ 97,679	\$ 81,136	1.20	\$ 103,196	\$ 94,051	1.10
Solid Waste Fund	72,918	66,774	1.09	69,387	68,512	1.01
Waterworks System Fund	108,476	73,487	1.48	116,881	87,410	1.34

See independent auditors' report.

CITY OF PROTECTION, KANSAS
Schedule of Debt Coverage Ratio
For the Year Ended December 31, 2019
(With Comparative Actual Totals for the Prior Year Ended December 31, 2018)

	<u>Debt Coverage Ratio</u>	
	<u>2019</u>	<u>2018</u>
Sewage Disposal Fund		
Total Revenues	\$ 97,679	103,196
Non-Debt Operating Expenses	<u>35,879</u>	<u>48,794</u>
Net Operating Revenues	<u>\$ 61,800</u>	<u>54,402</u>
Debt Service Expenses	<u>\$ 45,257</u>	<u>45,257</u>
Debt Coverage Ratio	<u>1.37</u>	<u>1.20</u>

See independent auditors' report.