

**CITY OF GALVA, KANSAS**  
**FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2018**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Galva, Kansas 67443

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Galva, Kansas, a Municipality as of and for the year ended December 31, 2018 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.

### *Auditor's 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 of material misstatement.

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

*sjhl.com*

#### **Hutchinson Office**

200 N. Main • Hutchinson, KS 67504-2889  
P: 888.414.0123 • F: 620.662.3350

#### **McPherson Office**

123 S. Main • McPherson, KS 67460  
P: 888.241.1826 • F: 620.241.6926

#### **Wichita Office**

220 W. Douglas, Ste. 300 • Wichita, KS 67202  
P: 316.265.5600 • F: 316.265.8021



### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Galva, Kansas as of December 31, 2018, or changes in financial position and cash flows thereof for the year then ended.

### *Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Galva, Kansas as of December 31, 2018, 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 2018 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 schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the 2018 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 2018 basic financial statement. The 2018 information has been 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 information is fairly stated in all material respects in relation to the 2018 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 of Galva, Kansas as of and for the year ended December 31, 2017 (not presented herein), and have issued our report thereon dated March 28, 2018, which contained an unmodified opinion on the basic financial statement. The 2017 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://www.admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2017 actual column (2017 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2018 (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 2017 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 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 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 2017 basic financial statement or to the 2017 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 2017 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, 2017, on the basis of accounting described in Note 1.

*Swindoll, Janzen, Hawk & Loyd, LLC*

Swindoll, Janzen, Hawk & Loyd, LLC  
McPherson, Kansas

March 25, 2019

**CITY OF GALVA, KANSAS**  
**For the Year Ended December 31, 2018**

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**CITY OF GALVA, KANSAS  
CITY OF THE THIRD CLASS  
For The Year Ended December 31, 2018**

H. W. Ford, Mayor

**CITY COUNCIL**

Evan Stout

G. David Andes

Myrna Walline

George Andreas

Scott Unruh

**CITY OFFICERS**

Lori Tector, Clerk

Harry Weelborg, Attorney

Treva J. Norstrom, Treasurer

Hadley Sizemore, Police Judge

## CITY OF GALVA, KANSAS

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH**Regulatory Basis

For the Year Ended December 31, 2018

	<u>Beginning Unencumbered Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
<b>GENERAL FUND:</b>						
General Fund	\$ 635,995	\$ 537,656	\$ 411,850	\$ 761,801	\$ -	\$ 761,801
<b>SPECIAL PURPOSE FUND:</b>						
Special Highway Fund	37,883	23,641	7,354	54,170	-	54,170
<b>BOND AND INTEREST FUND:</b>						
Bond and Interest Fund	40,594	70,794	58,601	52,787	-	52,787
<b>CAPITAL PROJECTS FUND:</b>						
Capital Improvement Fund	195,278	2,328,000	98,702	2,424,576	-	2,424,576
<b>BUSINESS FUNDS:</b>						
Electric Fund	458,082	586,091	635,173	409,000	-	409,000
Sewer Fund	84,805	133,347	22,132	196,020	-	196,020
Water Fund	187,475	84,063	59,439	212,099	-	212,099
Total Business Funds	730,362	803,500	716,744	817,118	-	817,118
Total Reporting Entity (Excluding Agency Funds)	\$ 1,640,112	\$ 3,763,591	\$ 1,293,251	\$ 4,110,453	\$ -	\$ 4,110,453
<b>COMPOSITION OF CASH:</b>						
Checking Accounts - Farmers State Bank						\$ 3,692,213
Certificates of Deposit - Farmers State Bank						420,000
Total Cash						4,112,213
Less Agency Funds per Schedule 3						(1,760)
Total Reporting Entity (Excluding Agency Funds)						\$ 4,110,453

**CITY OF GALVA, KANSAS**  
**NOTES TO FINANCIAL STATEMENT**  
**For the Year Ended December 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) *Municipal Financial Reporting Entity***

The City of Galva is a municipal corporation governed by an elected mayor and an elected five-member council. The regulatory financial statement presents the City of Galva. The City has no related municipal entities.

**(b) *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 regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

**Bond and Interest Fund** – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

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

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

**Trust Fund** – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

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

**(c) *Basis of Accounting***

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

The 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.



## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

### ***(d) 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:

- 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 ten days after publication of notice of hearing.
- 4) Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for 2018.

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 regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budget expenditure authority lapses at year end.

A legal operating budget is not required for Capital Project Funds, Agency Funds, Trust Funds and certain Special Purpose Funds as noted in the presentation of the appropriate Schedule 2.

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.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### ***Compliance with Kansas Statutes***

According to K.S.A. 9-1402 and 9-1405, public funds are to be adequately secured by a surety bond or pledging security interest in securities at all times. During 2018, deposits were not adequately secured as required by statute for a period of half of January; all of February; half of March; and three days in September and October, with a maximum deficiency of \$535,511.

## **3. DEPOSITS AND INVESTMENTS**

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main 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.



### 3. DEPOSITS AND INVESTMENTS (CONT.)

*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.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2018.

At December 31, 2018, the City's carrying amount of deposits was \$4,112,213 and the bank balance was \$4,161,080. 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 the remaining \$3,911,080 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.

### 4. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2018, 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: Bucket Truck	3.75%	08-08-14	\$ 93,614	12-15-22	\$ 61,748	\$ -	\$ 11,443	\$ 50,305	\$ 2,120
General Obligation Temporary Note Series 2018	2.10%	01-30-18	2,303,000	01-01-20	-	2,303,000	-	2,303,000	-
General Obligation Bond: Series 2011	4.00%	03-07-11	470,000	09-01-21	215,000	-	50,000	165,000	8,600
Total Contractual Indebtedness					\$ 276,748	\$ 2,303,000	\$ 61,443	\$ 2,518,305	\$ 10,720

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

	Year				
	2019	2020	2021	2022	Total
Principal:					
Capital Lease: Bucket Truck	\$ 11,879	\$ 12,332	\$ 12,803	\$ 13,291	\$ 50,305
General Obligation Temporary Note: Series 2018	-	2,303,000	-	-	2,303,000
General Obligation Bond: Series 2011	55,000	55,000	55,000	-	165,000
Total Principal	66,879	2,370,332	67,803	13,291	2,518,305
Interest:					
Capital Lease: Bucket Truck	1,684	1,230	760	272	3,946
General Obligation Temporary Note: Series 2018	-	96,726	-	-	96,726
General Obligation Bond: Series 2011	6,600	4,400	2,200	-	13,200
Total Interest	8,284	102,356	2,960	272	113,872
Total Principal and Interest	\$ 75,163	\$ 2,472,688	\$ 70,763	\$ 13,563	\$ 2,632,177

## 5. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Regulatory Authority</u>	<u>Amount</u>
General	Capital Improvement	K.S.A. 12-1,118	\$ 25,000

## 6. DEFINED BENEFIT PENSION PLAN

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

**Contributions.** K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. 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 and 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 8.39% for the fiscal year ended December 31, 2018. Contributions to the pension plan from the City were \$19,770 for the year ended December 31, 2018.

**Net Pension Liability.** At December 31, 2018, the City's proportionate share of the collective net pension liability reported by KPERS was \$170,586. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. 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 these 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](http://www.kpers.org) or can be obtained as described above.

## 7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

### *(a) Other Employee Benefits*

**Vacation –** Vacation leave shall be accrued from the employee's date of employment as stipulated hereinafter. All vacation leave must be used by the end of the year and shall not carry over to the following year. No vacation leave shall be taken until a new employee has completed the probationary period.

## 7. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONT.)

### ***(a) Other Employee Benefits (Cont.)***

Vacations that follow apply only to full-time regular employees and part-time employees. Temporary and seasonal employees are not eligible for paid vacation. Part-time employees shall accumulate vacation leave on a basis proportionate to a full-time employee based on the number of hours per week worked. Vacations will be allowed for full-time employees in the following manner:

<u>Years of Service</u>	<u>Per Year</u>
0 to 1 years of service	5 working days
2 to 9 years of service	10 working days
10 to 14 years of service	15 working days
15 plus years of service	20 working days

Sick leave – All full-time and part-time employees shall be entitled to sick leave with pay for absences resulting from personal illness, injuries, accidents or other physical incapacities, occurring either on or off the job.

<u>Years of Completed Service</u>	<u>Annual Sick Leave Benefits</u>
Upon completion of probationary period-	
90 days but less than 1 year	5 days
After 1 year	10 days

Sick leave may be accumulated up to a total of 50 days. An employee terminating his or her employment with the City, whether with or without notice, or whether terminated for cause, shall not be paid for any unused sick leave.

### ***(b) Death and Disability Other Post Employment Benefits***

K.S.A. 74-4927, disabled members in KPERS receive long-term disability benefits and life insurance benefits. The plan is administered through a trust help by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2018.

## 8. OTHER RELATIONSHIPS

### ***McPherson Area Solid Waste Utility***

The City along with McPherson County and seven other cities located within McPherson County entered into an interlocal agreement, authorized by State Statute, to form the McPherson Area Solid Waste Utility (the Utility) effective July 17, 1991. The purpose of the Utility is to assist its Members in planning, technical and financial matters for comprehensive solid waste management and accomplish the desired objectives of an effective county-wide solid waste management program, including the operation of a cooperative solid waste management program and the operation of a cooperative solid waste processing and disposal system for the benefit of its Members.

Management of the Utility is carried out by an appointed three member Board of Directors. The City of McPherson appoints one member to the Board of Directors, McPherson County appoints a second Director and the third Director is appointed collectively by the other seven Members of the Utility.

The agreement and the Utility may be terminated by written consent of at least two-thirds of the Members, provided that prior to such termination all contractual obligations and indebtedness of the Utility have been paid in full or sufficient resources have been escrowed for the payment of such obligations in full when due. Upon such termination, the Board of Directors shall liquidate the Utility and distribute the assets in a manner that, in its discretion, it deems appropriate. Accordingly, any ongoing financial interest or access to the Utility's resources is indeterminable until such action is taken by its Board of Directors. In addition, no Member shall be permitted to withdraw for twenty years or such sooner time as provision is made for the payment or discharge of the debt incurred by the County or assumed by the Utility. Any withdrawing Member shall not be entitled to distribution of any real or personal property of the Utility by reason of its withdrawal.

## 8. OTHER RELATIONSHIPS (CONT.)

### ***McPherson Area Solid Waste Utility (Cont.)***

The Board of Directors shall determine the methods of obtaining financing for the Utility. The County provided the initial financing for the acquisition of land to be used as a site for disposal of refuse, constructing structures and acquiring equipment necessary for the sanitary disposal of refuse in McPherson County. Effective January 1, 1992, the fiscal accounting and operations of the Utility were transferred from McPherson County to management of the Utility.

Financial information of the McPherson Area Solid Waste Utility is not included in this report. Complete financial statements may be obtained from the administrative offices of the entity at 1431 17th Ave, McPherson, Kansas 67460.

## 9. CLAIMS AND JUDGMENTS

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of the date of this report, the grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

The City 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 purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2017 to 2018 and there were no settlements that exceeded insurance coverage in the past three years.

During the ordinary course of its operations the City is a party to various claims, legal actions and complaints. It is the opinion of the City's management and legal counsel that these matters are not anticipated to have a material financial impact on the City.

## 10. CAPITAL PROJECT

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

	Project Authorization	Expenditures To Date
Sewer plant project	\$ 2,303,000	\$ 92,528

## 11. SUBSEQUENT EVENTS

Management has evaluated the effects on the financial statement of subsequent events occurring through the date of this report, which is the date at which the financial statement was available to be issued.



**CITY OF GALVA, KANSAS**  
**REGULATORY – REQUIRED**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**CITY OF GALVA, KANSAS**

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**

**Regulatory Basis**

**(Budgeted Funds Only)**

**For the Year Ended December 31, 2018**

	<u>Certified Budget</u>	<u>Adjustment for for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
<b>GENERAL FUND:</b>					
General Fund	\$ 1,067,292	\$ -	\$ 1,067,292	\$ 411,850	\$ (655,442)
<b>SPECIAL PURPOSE FUND:</b>					
Special Highway Fund	72,887	-	72,887	7,354	(65,533)
<b>BOND AND INTEREST FUND:</b>					
Bond and Interest Fund	111,605	-	111,605	58,601	(53,004)
<b>CAPITAL PROJECT FUND:</b>					
Capital Improvement Fund	270,278	-	270,278	98,702	(171,576)
<b>BUSINESS FUNDS:</b>					
Electric Fund	1,007,349	-	1,007,349	635,173	(372,176)
Sewer Fund	215,254	-	215,254	22,132	(193,122)
Water Fund	249,790	-	249,790	59,439	(190,351)

## CITY OF GALVA, KANSAS

GENERAL FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes -				
Ad valorem property tax	\$ 256,358	\$ 268,117	\$ 274,810	\$ (6,693)
Delinquent tax	3,648	3,640	200	3,440
Motor vehicle tax	34,162	35,390	35,249	141
Recreational vehicle tax	1,048	1,183	864	319
16/20M vehicle tax	1,031	884	638	246
Commercial vehicle tax	405	746	274	472
Watercraft tax	-	-	306	(306)
Local sales tax	120,243	121,685	115,000	6,685
Total Taxes	416,895	431,645	427,341	4,304
Intergovernmental Revenues -				
Economic development	1,962	1,997	1,500	497
Licenses and Permits -				
Building permits, licenses, dog tags	1,432	3,923	1,055	2,868
Utility franchise fees	9,376	9,841	9,500	341
Total Licenses and Permits	10,808	13,764	10,555	3,209
Charges for Services -				
Sanitation services	61,754	61,930	60,000	1,930
Fines, Forfeitures and Penalties -				
Police fines	-	-	800	(800)
Other -				
Donations	2,450	1,000	100	900
Interest received	1,945	3,307	1,000	2,307
Miscellaneous	12,123	13,514	1,000	12,514
Reimbursements	-	-	500	(500)
Rent	9,537	10,499	9,000	1,499
Total Other	26,055	28,320	11,600	16,720
Total Receipts	517,474	537,656	\$ 511,796	\$ 25,860

## CITY OF GALVA, KANSAS

GENERAL FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	<u>2017 Actual</u>	<u>2018</u>		<u>Variance - Over (Under)</u>
		<u>Actual</u>	<u>Budget</u>	
Expenditures				
Administrative -				
Personal services	\$ 113,724	\$ 95,979	\$ 110,000	\$ (14,021)
Contractual services	134,859	119,665	150,000	(30,335)
Commodities	34,022	21,620	38,000	(16,380)
Capital outlay	3,010	3,010	1,000	2,010
Cash forward	-	-	523,674	(523,674)
Economic development	1,532	-	5,000	(5,000)
Transfer to Capital Improvement Fund	<u>25,000</u>	<u>25,000</u>	<u>50,000</u>	<u>(25,000)</u>
Total Administrative	<u>312,147</u>	<u>265,274</u>	<u>877,674</u>	<u>(612,400)</u>
Police -				
Personal services	60,698	59,947	69,000	(9,053)
Contractual services	2,685	11,693	3,200	8,493
Commodities	3,540	2,585	3,000	(415)
Police car	<u>-</u>	<u>13,549</u>	<u>18,000</u>	<u>(4,451)</u>
Total Police	<u>66,923</u>	<u>87,774</u>	<u>93,200</u>	<u>(5,426)</u>
Street -				
Commodities	22,192	9,415	-	9,415
Capital outlay	<u>26,339</u>	<u>33,106</u>	<u>60,000</u>	<u>(26,894)</u>
Total Street	<u>48,531</u>	<u>42,521</u>	<u>60,000</u>	<u>(17,479)</u>
Recreation Committee -				
Personal services	12,918	10,514	12,918	(2,404)
Contractual services	743	597	1,000	(403)
Commodities	6,881	3,207	20,000	(16,793)
Capital outlay	13,706	-	500	(500)
Appropriation	<u>-</u>	<u>-</u>	<u>500</u>	<u>(500)</u>
Total Recreation Committee	<u>34,248</u>	<u>14,318</u>	<u>34,918</u>	<u>(20,600)</u>



## CITY OF GALVA, KANSAS

GENERAL FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance - Over (Under)
		Actual	Budget	
Expenditures (cont.)				
Governing Body -				
Contractual services	\$ 91	\$ 583	\$ 500	\$ 83
Commodities	216	1,380	1,000	380
Total Governing Body	307	1,963	1,500	463
Total Expenditures	462,156	411,850	\$ 1,067,292	\$ (655,442)
Receipts Over (Under) Expenditures	55,318	125,806		
Unencumbered Cash, Beginning	580,677	635,995		
Unencumbered Cash, Ending	\$ 635,995	\$ 761,801		

**CITY OF GALVA, KANSAS**

**SPECIAL PURPOSE FUND**

**SPECIAL HIGHWAY FUND**

**SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

**Regulatory Basis**

**For the Year Ended December 31, 2018**

**(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)**

		<b>2018</b>		
	<b>2017</b>			<b>Variance -</b>
	<b>Actual</b>	<b>Actual</b>	<b>Budget</b>	<b>Over</b>
				<b>(Under)</b>
<b>Receipts</b>				
State of Kansas gas tax	\$ 23,367	\$ 23,641	\$ 23,920	\$ (279)
<b>Expenditures</b>				
Commodities	16,931	7,354	\$ 4,000	\$ 3,354
Capital outlay	-	-	20,000	(20,000)
Cash forward	-	-	48,887	(48,887)
<b>Total Expenditures</b>	<b>16,931</b>	<b>7,354</b>	<b>\$ 72,887</b>	<b>\$ (65,533)</b>
<b>Receipts Over (Under) Expenditures</b>	<b>6,436</b>	<b>16,287</b>		
<b>Unencumbered Cash, Beginning</b>	<b>31,447</b>	<b>37,883</b>		
<b>Unencumbered Cash, Ending</b>	<b>\$ 37,883</b>	<b>\$ 54,170</b>		

## CITY OF GALVA, KANSAS

BOND AND INTEREST FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance - Over (Under)
		Actual	Budget	
Receipts				
Ad valorem property tax	\$ 58,416	\$ 61,096	\$ 62,621	\$ (1,525)
Delinquent tax	891	848	200	648
Motor vehicle tax	8,392	8,194	8,032	162
Recreational vehicle tax	258	272	197	75
16/20M vehicle tax	253	213	145	68
Commercial vehicle tax	99	171	63	108
Watercraft tax	-	-	70	(70)
Total Receipts	<u>68,309</u>	<u>70,794</u>	<u>\$ 71,328</u>	<u>\$ (534)</u>
Expenditures				
Principal	50,000	50,000	\$ 50,000	\$ -
Interest	10,601	8,601	8,600	1
Cash basis reserve	-	-	53,005	(53,005)
Total Expenditures	<u>60,601</u>	<u>58,601</u>	<u>\$ 111,605</u>	<u>\$ (53,004)</u>
Receipts Over (Under) Expenditures	7,708	12,193		
Unencumbered Cash, Beginning	<u>32,886</u>	<u>40,594</u>		
Unencumbered Cash, Ending	<u>\$ 40,594</u>	<u>\$ 52,787</u>		

## CITY OF GALVA, KANSAS

CAPITAL PROJECT FUNDCAPITAL IMPROVEMENT FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		<u>2018</u>		
	<u>2017</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance -</u>
	<u>Actual</u>			<u>Over</u>
				<u>(Under)</u>
Receipts				
Debt proceeds	\$ -	\$ 2,303,000	\$ -	\$ 2,303,000
Transfer from General Fund	<u>25,000</u>	<u>25,000</u>	<u>50,000</u>	<u>(25,000)</u>
Total Receipts	<u>25,000</u>	<u>2,328,000</u>	<u>\$ 50,000</u>	<u>\$ 2,278,000</u>
Expenditures				
Sewer plant project	-	92,528	\$ -	\$ 92,528
Debt service fees	-	6,174	-	6,174
Waterwell	-	-	100,000	(100,000)
Cash forward	<u>-</u>	<u>-</u>	<u>170,278</u>	<u>(170,278)</u>
Total Expenditures	<u>-</u>	<u>98,702</u>	<u>\$ 270,278</u>	<u>\$ (171,576)</u>
Receipts Over (Under) Expenditures	25,000	2,229,298		
Unencumbered Cash, Beginning	<u>170,278</u>	<u>195,278</u>		
Unencumbered Cash, Ending	<u>\$ 195,278</u>	<u>\$ 2,424,576</u>		



## CITY OF GALVA, KANSAS

BUSINESS FUNDELECTRIC FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance - Over (Under)
		Actual	Budget	
<b>Receipts</b>				
Sales to customers	\$ 621,597	\$ 578,900	\$ 600,000	\$ (21,100)
Penalties	4,337	3,712	1,500	2,212
Installation charges	2,100	2,325	2,500	(175)
Reimbursements	305	1,154	200	954
<b>Total Receipts</b>	<b>628,339</b>	<b>586,091</b>	<b>\$ 604,200</b>	<b>\$ (18,109)</b>
<b>Expenditures</b>				
Personal services	137,130	144,352	\$ 200,000	\$ (55,648)
Contractual services	442,776	464,080	420,000	44,080
Commodities	12,300	13,178	18,000	(4,822)
Capital outlay	-	-	10,000	(10,000)
Cash forward	-	-	345,786	(345,786)
Bucket truck lease purchase	13,563	13,563	13,563	-
<b>Total Expenditures</b>	<b>605,769</b>	<b>635,173</b>	<b>\$ 1,007,349</b>	<b>\$ (372,176)</b>
<b>Receipts Over (Under) Expenditures</b>	<b>22,570</b>	<b>(49,082)</b>		
<b>Unencumbered Cash, Beginning</b>	<b>435,512</b>	<b>458,082</b>		
<b>Unencumbered Cash, Ending</b>	<b>\$ 458,082</b>	<b>\$ 409,000</b>		

## CITY OF GALVA, KANSAS

BUSINESS FUNDSEWER FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

	2017 Actual	2018		Variance - Over (Under)
		Actual	Budget	
Receipts				
Sales to customers	\$ 71,562	\$ 132,747	\$ 120,000	\$ 12,747
Sewer tap	800	600	1,000	(400)
Reimbursements	-	-	500	(500)
Total Receipts	<u>72,362</u>	<u>133,347</u>	<u>\$ 121,500</u>	<u>\$ 11,847</u>
Expenditures				
Personal services	1,530	1,823	\$ 2,000	\$ (177)
Contractual services	7,950	15,088	24,000	(8,912)
Commodities	6,231	5,221	7,400	(2,179)
Capital outlay	-	-	10,000	(10,000)
Cash forward	-	-	169,354	(169,354)
City truck	-	-	2,500	(2,500)
Total Expenditures	<u>15,711</u>	<u>22,132</u>	<u>\$ 215,254</u>	<u>\$ (193,122)</u>
Receipts Over (Under) Expenditures	56,651	111,215		
Unencumbered Cash, Beginning	<u>28,154</u>	<u>84,805</u>		
Unencumbered Cash, Ending	<u>\$ 84,805</u>	<u>\$ 196,020</u>		

## CITY OF GALVA, KANSAS

BUSINESS FUNDWATER FUNDSCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGETRegulatory Basis

For the Year Ended December 31, 2018

(With Comparative Actual Totals for the Prior Year Ended December 31, 2017)

		<u>2018</u>		
	<u>2017</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance - Over (Under)</u>
Receipts				
Sales to customers	\$ 80,363	\$ 80,269	\$ 75,000	\$ 5,269
Installation charges	3,500	3,125	2,000	1,125
Miscellaneous	<u>3,128</u>	<u>669</u>	<u>500</u>	<u>169</u>
Total Receipts	<u>86,991</u>	<u>84,063</u>	<u>\$ 77,500</u>	<u>\$ 6,563</u>
Expenditures				
Personal services	15,407	16,242	\$ 22,000	\$ (5,758)
Contractual services	21,476	25,097	20,000	5,097
Commodities	31,423	18,100	32,000	(13,900)
Capital outlay	-	-	50,000	(50,000)
Cash forward	-	-	75,790	(75,790)
Waterwell	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>(50,000)</u>
Total Expenditures	<u>68,306</u>	<u>59,439</u>	<u>\$ 249,790</u>	<u>\$ (190,351)</u>
Receipts Over (Under) Expenditures	18,685	24,624		
Unencumbered Cash, Beginning	<u>168,790</u>	<u>187,475</u>		
Unencumbered Cash, Ending	<u>\$ 187,475</u>	<u>\$ 212,099</u>		

**CITY OF GALVA, KANSAS****AGENCY FUNDS****SCHEDULE OF RECEIPTS AND DISBURSEMENTS****Regulatory Basis****For the Year Ended December 31, 2018**

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Payroll Clearing Fund	\$ -	\$ 328,856	\$ 328,856	\$ -
Recreation Committee Fund	1,054	7,903	7,197	1,760
Sales Tax Fund	-	13,202	13,202	-
Total	<u>\$ 1,054</u>	<u>\$ 349,962</u>	<u>\$ 349,255</u>	<u>\$ 1,760</u>