CITY OF GALVA, KANSAS

FINANCIAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2021

CITY OF GALVA, KANSAS
CITY OF THE THIRD CLASS
For The Year Ended December 31, 2021

Myrna Walline, Mayor

CITY COUNCIL

Andrew Bruce

G. David Andes

Scott Unruh

George Andreas

Stephanie Boardman-Unruh

CITY OFFICERS

Lori Tector, Clerk

Jeffrey Houston, Attorney

Treva J. Norstrom, Treasurer

Hadley Sizemore, Police Judge

CITY OF GALVA, KANSAS

For the Year Ended December 31, 2021

TABLE OF CONTENTS

		Page Numbers
	Independent Auditor's Report	1 – 3
	FINANCIAL SECTION	
Statement 1	Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	4
	Notes to Financial Statement	5 – 10
	REGULATORY – REQUIRED SUPPLEMENTARY INFORMATION	
Schedule 1	Summary of Expenditures – Actual and Budget – Regulatory Basis	11
Schedule 2	Schedule of Receipts and Expenditures – Actual and Budget – Regulatory Basis	
	General Fund	
2-1	General Fund	12 – 14
	Special Purpose Fund	
2-2	Special Highway Fund	15
2-3	ARPA	16
	Bond and Interest Fund	
2-4	Bond and Interest Fund	17
	Capital Project Fund	
2-5	Capital Improvement Fund	18
	Business Funds	
2-6	Electric Fund	19
2-7	Sewer Fund	20
2-8	Water Fund	21
Schedule 3	Agency Funds – Schedule of Receipts and Disbursements – Regulatory Basis	22

LOYD GROUP, LLC

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Galva, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Galva, Kansas (City), a Municipal Financial Reporting Entity, 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 matter 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.

Other Matter

The prior year's financial statement for the year ended December 31, 2020, was audited by another auditor, who expressed an unmodified opinion on regulatory basis of accounting, on April 14, 2021.

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 statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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, expenditures-actual and budget, schedule of regulatory basis receipts and disbursements-agency funds and schedules of regulatory basis receipts and expenditures-actual-related municipal entity (Schedules 1, 2, 3 and 4 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.

Another auditor previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Galva, Kansas as of and for the year ended December 31, 2020 (not presented herein), and have issued their report thereon dated April 21, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and their 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/municipalservices. 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.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
May 16, 2022

CITY OF GALVA, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2021

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND:						
General Fund	$ 1,178,867	$ 691,327	$ 435,538	$ 1,434,656	$ 28,600	$ 1,463,256
SPECIAL PURPOSE FUND:						
Special Highway Fund	88,911	25,581	7,915	106,577	-	106,577
ARPA	-	66,843	-	66,843	-	66,843
Total Special Purpose Funds	88,911	92,424	7,915	173,420	-	173,420
BOND AND INTEREST FUND:						
Bond and Interest Fund	79,834	9,724	84,606	4,952	-	4,952
CAPITAL PROJECTS FUND:						
Capital Improvement Fund	302,175	25,000	12,255	314,920	-	314,920
BUSINESS FUNDS:						
Electric Fund	327,298	572,211	614,714	284,795	-	284,795
Sewer Fund	431,113	145,639	107,728	469,024	-	469,024
Water Fund	219,489	108,403	80,468	247,424	-	247,424
Total Business Funds	977,900	826,253	802,910	1,001,243	-	1,001,243
Total Reporting Entity (Excluding Agency Funds)	$ 2,627,687	$ 1,577,885	$ 1,343,224	$ 2,862,348	$ 28,600	$ 2,957,791

COMPOSITION OF CASH:	
Checking Accounts - Farmers State Bank	$ 2,548,720
Certificates of Deposit - Farmers State Bank	420,000
Total Cash	2,968,720
Less Agency Funds per Schedule 3	(10,929)
Total Reporting Entity (Excluding Agency Funds)	$ 2,957,791

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

CITY OF GALVA, KANSAS

NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2021

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.

Senate Bill 13 repealed the tax lid law and introduced the use of a revenue neutral rate with an additional budget hearing required if the proposed tax levy exceeds the revenue neutral rate. These policy changes apply to the 2022 budget cycle. Additional information can be found in the Memo to State of Kansas Taxing Subdivisions (2021) at https://admin.ks.gov/offices/oar/municipal-services.

If the municipality is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The municipality did not hold a revenue neutral rate hearing for the year.

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 2021.

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

No statute violations were noted during 2021.

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.

3. DEPOSITS AND INVESTMENTS (CONT.)

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 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, 2021.

At December 31, 2021, the City's carrying amount of deposits was $2,968,720 and the bank balance was $3,030,374. 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 $2,780,374 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, 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
Capital Lease:									
Bucket Truck	3.75%	08-08-14	$ 93,614	12-15-22	$ 26,094	$ -	$ 12,803	$ 13,291	$ 760
General Obligation Bonds:									
Series 2011	4.00%	03-07-11	470,000	09-01-21	55,000	-	55,000	-	2,200
Series 2020	1.88%	06-25-20	2,303,000	06-25-60	2,303,000	-	39,175	2,263,825	43,181
Total Contractual Indebtedness					$ 2,384,094	$ -	$ 106,978	$ 2,277,116	$ 46,141

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

	Year								
	2022	2023	2024	2025	2026	2027 to 2031	2032 to 2036	2037 to 2060	Total
Principal:									
Capital Lease:									
Bucket Truck	$ 13,291	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,291
General Obligation Bonds:									
Series 2020	39,909	40,658	41,308	42,194	42,986	227,215	249,254	1,580,301	2,263,825
Total Principal	53,200	40,658	41,308	42,194	42,986	227,215	249,254	1,580,301	2,277,116
Interest:									
Capital Lease:									
Bucket Truck	272	-	-	-	-	-	-	-	272
General Obligation Bonds:									
Series 2020	42,447	41,698	41,048	40,162	39,370	184,566	162,525	397,093	948,909
Total Interest	42,719	41,698	41,048	40,162	39,370	184,566	162,525	397,093	949,181
Total Principal and Interest	$ 95,919	$ 82,356	$ 82,356	$ 82,356	$ 82,356	$ 411,781	$ 411,779	$ 1,977,394	$ 3,226,297

5. 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 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 8.61% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were $21,557 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 $156,102. 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 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 or can be obtained as described above.

6. 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.

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 proporationate 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:

Years of Service	Per Year
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

6. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (CONT.)

(a) Other Employee Benefits (Cont.)

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.

Years of Completed Service	Annual Sick Leave Benefits
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 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.

7. 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.

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.

8. 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; injures 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 2020 to 2021 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.

9. 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	$ 2,135,981

10. COVID-19 NOTE

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2021. Future potential impacts may include a decrease in certain revenues, reduced customer traffic and the temporary closure of operating hours of our offices.

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, 2021

CITY OF GALVA, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2021

	Certified Budget	Adjustment for for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
GENERAL FUND:					
General Fund	$ 1,631,854	$ -	$ 1,631,854	$ 435,538	$ (1,196,316)
SPECIAL PURPOSE FUNDS:					
Special Highway Fund	104,686	-	104,686	7,915	(96,771)
BOND AND INTEREST FUND:					
Bond and Interest Fund	88,013	-	88,013	84,606	(3,407)
CAPITAL PROJECT FUND:					
Capital Improvement Fund	483,838	-	483,838	12,255	(471,583)
BUSINESS FUNDS:					
Electric Fund	746,971	-	746,971	614,714	(132,257)
Sewer Fund	548,768	-	548,768	107,728	(441,040)
Water Fund	278,172	-	278,172	80,468	(197,704)

CITY OF GALVA, 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)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes -				
Ad valorem property tax	$ 287,946	$ 363,600	$ 369,457	$ (5,857)
Delinquent tax	6,310	2,188	200	1,988
Motor vehicle tax	36,267	39,851	35,204	4,647
Recreational vehicle tax	1,055	1,206	1,067	139
16/20M vehicle tax	537	434	440	(6)
Commercial vehicle tax	558	631	661	(30)
Watercraft tax	-	-	279	(279)
Local sales tax	134,783	145,353	115,000	30,353
Total Taxes	467,456	553,263	522,308	30,955
Intergovernmental Revenues -				
Economic development	3,581	3,486	1,500	1,986
Licenses and Permits -				
Building permits, licenses, dog tags	1,882	848	2,500	(1,652)
Utility franchise fees	10,324	11,032	9,500	1,532
Total Licenses and Permits	12,206	11,880	12,000	(120)
Charges for Services -				
Sanitation services	63,315	68,430	60,000	8,430
Other -				
Donations	1,965	1,000	100	900
Interest received	2,616	1,290	1,000	290
Miscellaneous	10,820	13,334	1,000	12,334
Rent	10,689	11,239	9,000	2,239
Transfer from Other Fund	-	27,405	30,813	(3,408)
Total Other	26,090	54,268	41,913	12,355
Total Receipts	572,648	691,327	$ 637,721	$ 53,606

CITY OF GALVA, 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)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Expenditures				
Administrative -				
Personal services	$ 94,868	$ 103,049	$ 110,000	$ (6,951)
Contractual services	131,991	135,787	155,000	(19,213)
Commodities	27,755	24,959	38,000	(13,041)
Capital outlay	11,147	30,616	1,000	29,616
Cash forward	-	-	1,072,236	(1,072,236)
Economic development	-	-	5,000	(5,000)
Refunds	-	51	-	51
Transfer to Capital Improvement Fund	-	25,000	-	25,000
Total Administrative	265,761	319,462	1,381,236	(1,061,774)
Police -				
Personal services	60,662	65,143	69,000	(3,857)
Contractual services	1,234	1,695	3,200	(1,505)
Commodities	2,088	2,420	3,000	(580)
Police car	-	-	14,000	(14,000)
Total Police	63,984	69,258	89,200	(19,942)
Street -				
Capital Outlay	-	28,600	60,000	(31,400)
Recreation Committee -				
Personal services	8,612	8,612	12,918	(4,306)
Contractual services	1,186	173	1,000	(827)
Commodities	817	892	5,000	(4,108)
Vehicles	-	2,000	2,000	-
Capital outlay	-	-	500	(500)
Appropriation	-	-	500	(500)
Total Recreation Committee	10,615	11,677	21,918	(10,241)

CITY OF GALVA, 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)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Expenditures (cont.)				
Municipal Court -				
Contractual services	$ -	$ 220	$ -	$ 220
Governing Body -				
Contractual services	-	5,957	500	5,457
Materials and Supplies	-	364	-	
Commodities	328	-	1,000	(1,000)
Total Governing Body	328	6,321	1,500	4,457
Shop Vehicles				
Shop Vehicles	-	-	28,000	(28,000)
Transfers Out				
Transfer to Cap Imp Res	-	-	50,000	(50,000)
Total Expenditures	340,688	435,538	$ 1,631,854	$ (1,087,500)
Receipts Over (Under) Expenditures	231,960	255,789		
Unencumbered Cash, Beginning	946,907	1,178,867		
Unencumbered Cash, Ending	$ 1,178,867	$ 1,434,656		

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, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
State of Kansas gas tax	$ 22,667	$ 25,581	$ 19,550	$ 6,031
Expenditures				
Commodities	3,112	-	$ 4,000	$ (4,000)
Materials and Supplies	-	7,915	-	7,915
Capital outlay	-	-	37,500	(37,500)
Cash forward	-	-	63,186	(63,186)
Total Expenditures	3,112	7,915	$ 104,686	$ (96,771)
Receipts Over (Under) Expenditures	19,555	17,666		
Unencumbered Cash, Beginning	69,356	88,911		
Unencumbered Cash, Ending	$ 88,911	$ 106,577		

CITY OF GALVA, KANSAS

SPECIAL PURPOSE FUND

ARPA FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2021
(With Comparative Actual Totals for the Prior Year Ended December 31, 2020)

	2020	2021
Receipts		
Grants	$ -	$ 66,843
Expenditures	-	-
Receipts Over (Under) Expenditures	-	66,843
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ 66,843

CITY OF GALVA, KANSAS

BOND AND INTEREST 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)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem property tax	$ 65,624	$ -	$ -	$ -
Delinquent tax	1,438	124	200	(76)
Motor vehicle tax	8,264	9,082	8,023	1,059
Recreational vehicle tax	240	275	243	32
16/20M vehicle tax	123	99	100	(1)
Commercial vehicle tax	127	144	151	(7)
Watercraft tax	-	-	64	(64)
Total Receipts	75,816	9,724	$ 8,781	$ 943
Expenditures				
Transfer to General Fund	-	-	$ 30,813	$ (30,813)
Principal	55,000	55,000	55,000	-
Interest	4,401	2,201	2,200	1
Revenue Bonds	-	27,405	-	27,405
Total Expenditures	59,401	84,606	$ 88,013	$ (3,407)
Receipts Over (Under) Expenditures	16,415	(74,882)		
Unencumbered Cash, Beginning	63,419	79,834		
Unencumbered Cash, Ending	$ 79,834	$ 4,952		

CITY OF GALVA, KANSAS

CAPITAL PROJECT FUND

CAPITAL IMPROVEMENT 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)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Rural development proceeds	$ 2,303,000	$ 25,000	$ -	$ 25,000
Transfer from General Fund	-	-	50,000	(50,000)
Total Receipts	2,303,000	25,000	$ 50,000	$ (25,000)
Expenditures				
Sewer plant project	1,113,085	12,255	$ 138,560	$ (126,305)
Debt service	2,419,203	-	-	-
Waterwell	-	-	100,000	(100,000)
Cash forward	-	-	245,278	(245,278)
Total Expenditures	3,532,288	12,255	$ 483,838	$ (471,583)
Receipts Over (Under) Expenditures	(1,229,288)	12,745		
Unencumbered Cash, Beginning	1,531,463	302,175		
Unencumbered Cash, Ending	$ 302,175	$ 314,920		

CITY OF GALVA, KANSAS

BUSINESS FUND

ELECTRIC 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)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Sales to customers	$ 530,561	$ 529,968	$ 500,000	$ 29,968
Penalties	3,025	3,040	1,500	1,540
Installation charges	1,850	38,963	2,500	36,463
Reimbursements	-	-	200	(200)
Other	-	240	-	240
Total Receipts	535,436	572,211	$ 504,200	$ 68,011
Expenditures				
Personal services	148,140	146,107	$ 150,000	$ (3,893)
Contractual services	399,852	446,026	440,000	6,026
Commodities	6,716	9,018	18,000	(8,982)
Capital outlay	4,000	-	10,000	(10,000)
Cash forward	-	-	115,409	(115,409)
Bucket truck lease purchase	13,563	13,563	13,562	1
Total Expenditures	572,271	614,714	$ 746,971	$ (132,257)
Receipts Over (Under) Expenditures	(36,835)	(42,503)		
Unencumbered Cash, Beginning	364,133	327,298		
Unencumbered Cash, Ending	$ 327,298	$ 284,795		

CITY OF GALVA, KANSAS

BUSINESS FUND

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)

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Sales to customers	$ 143,114	$ 145,064	$ 140,000	$ 5,064
Sewer tap	975	575	1,000	(425)
Total Receipts	144,089	145,639	$ 141,000	$ 4,639
Expenditures				
Personal services	11,832	11,220	$ 12,000	$ (780)
Contractual services	9,674	9,990	24,000	(14,010)
Commodities	10,138	2,162	7,400	(5,238)
Capital outlay	-	2,000	12,000	(10,000)
Cash forward	-	-	401,012	(401,012)
Sewer repair reserve	-	-	10,000	(10,000)
Go Bond Principal	-	39,175	39,175	-
Go Bond Interest	-	43,181	43,181	-
Total Expenditures	31,644	107,728	$ 548,768	$ (441,040)
Receipts Over (Under) Expenditures	112,445	37,911		
Unencumbered Cash, Beginning	318,668	431,113		
Unencumbered Cash, Ending	$ 431,113	$ 469,024		

CITY OF GALVA, KANSAS

BUSINESS FUND

WATER 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)

		2021		
	2020	Actual	Budget	Variance - Over (Under)
Receipts				
Sales to customers	$ 98,170	$ 105,490	$ 85,000	$ 20,490
Installation charges	4,501	2,913	2,000	913
Miscellaneous	123	-	500	(500)
Total Receipts	102,794	108,403	$ 87,500	$ 20,903
Expenditures				
Personal services	13,753	13,067	$ 22,000	$ (8,933)
Contractual services	59,340	30,680	20,000	10,680
Commodities	22,384	23,500	32,000	(8,500)
Capital outlay	1,500	13,221	68,000	(54,779)
Truck	-	-	-	-
Cash forward	-	-	86,172	(86,172)
Waterwell	-	-	50,000	(50,000)
Total Expenditures	96,977	80,468	$ 278,172	$ (197,704)
Receipts Over (Under) Expenditures	5,817	27,935		
Unencumbered Cash, Beginning	213,672	219,489		
Unencumbered Cash, Ending	$ 219,489	$ 247,424		

CITY OF GALVA, KANSAS

AGENCY FUNDS

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis
For the Year Ended December 31, 2021

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Payroll Clearing Fund	$ -	$ 349,963	$ 349,963	$ -
Recreation Committee Fund	8,849	13,750	11,670	10,929
Sales Tax Fund	-	13,937	13,937	-
Total	$ 8,849	$ 377,650	$ 375,570	$ 10,929