

CITY OF SPEARVILLE, KANSAS

**FINANCIAL STATEMENT
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2021**

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Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308
www.kmc-cpa.com

JAMES W. KENNEDY, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA
JEREMY J. APPEL, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Spearville, 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 Spearville, Kansas, as of and for the year ended December 31, 2021 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the 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 of Spearville, Kansas, 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 balances of the City of Spearville, Kansas, 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 A.

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 of Spearville, Kansas 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 A of the financial statement, the financial statement is prepared by the City of Spearville, 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 A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statement

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

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 Spearville, Kansas as of and for the year ended December 31, 2020 (not presented herein), and have issued our report thereon dated September 7, 2021, which contained an unmodified opinion on the basic financial statement. The 2020 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link: <https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/municipal-audits>. The 2020 actual column (2020 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures 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 A.

Kennedy McKee & Company LLP

June 13, 2022

CITY OF SPEARVILLE, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS

For the Year Ended December 31, 2021

<u>Fund</u>	<u>Beginning unencumbered cash balance</u>	<u>Prior year canceled encumbrances</u>
General fund	\$ 371,078	\$ -
Special purpose funds:		
Special street	6,625	-
Capital improvement	367,131	-
Crime stoppers	1,292	-
Community development	332,850	-
Woodbury trust	18,341	-
Laudick estate	207,386	-
Tom Feist foundation	851,448	-
Equipment reserve	345,000	-
ARPA grant	-	-
Total special purpose funds	<u>2,130,073</u>	<u>-</u>
Bond and interest fund:		
Bond and interest	<u>46,381</u>	<u>-</u>
Business funds:		
Gas utility	161,737	-
Water utility	530,849	-
Sewer utility	15,339	-
Sanitation utility	20,825	-
Gas utility reserve	85,000	-
Water capital outlay	<u>504,481</u>	<u>-</u>
Total business funds	<u>1,318,231</u>	<u>-</u>
Total - excluding agency funds	<u><u>\$ 3,865,763</u></u>	<u><u>\$ -</u></u>
Composition of cash balance:		
Checking accounts		
Money market accounts		
Savings accounts		
Certificates of deposit		
Petty cash		
Total cash		
Agency funds		
Total cash - excluding agency funds		

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

STATEMENT 1

Receipts	Expenditures	Ending unencumbered cash balance	Add encumbrances and accounts payable	Ending cash balance
<u>\$ 375,547</u>	<u>\$ 462,630</u>	<u>\$ 283,995</u>	<u>\$ -</u>	<u>\$ 283,995</u>
23,475	22,834	7,266	-	7,266
38,942	-	406,073	-	406,073
25	-	1,317	-	1,317
15,042	446	347,446	-	347,446
102	-	18,443	-	18,443
98	50,316	157,168	-	157,168
650,000	342,055	1,159,393	271,499	1,430,892
110,300	161,984	293,316	-	293,316
59,823	-	59,823	-	59,823
<u>897,807</u>	<u>577,635</u>	<u>2,450,245</u>	<u>271,499</u>	<u>2,721,744</u>
<u>8,719</u>	<u>6,808</u>	<u>48,292</u>	<u>-</u>	<u>48,292</u>
659,921	665,429	156,229	-	156,229
226,461	256,359	500,951	-	500,951
76,751	89,022	3,068	-	3,068
64,624	56,439	29,010	-	29,010
-	-	85,000	-	85,000
74,668	65,819	513,330	-	513,330
<u>1,102,425</u>	<u>1,133,068</u>	<u>1,287,588</u>	<u>-</u>	<u>1,287,588</u>
<u>\$ 2,384,498</u>	<u>\$ 2,180,141</u>	<u>\$ 4,070,120</u>	<u>\$ 271,499</u>	<u>\$ 4,341,619</u>
				\$ 3,191,512
				157,168
				986,478
				13,786
				<u>100</u>
				4,349,044
				<u>(7,425)</u>
				<u>\$ 4,341,619</u>

CITY OF SPEARVILLE, KANSAS

NOTES TO THE FINANCIAL STATEMENT

December 31, 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies applied in the preparation of the accompanying financial statement is presented to assist in understanding the City's financial statement. The financial statement, schedules, and notes are representations of the City's management, which is responsible for their integrity and objectivity.

1. Municipal Financial Reporting Entity

The City of Spearville is a municipal corporation governed by an elected mayor and five-member council. The City has no related municipal entities.

2. Basis of Presentation – Fund Accounting

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

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

REGULATORY BASIS FUND TYPES

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

Special Purpose funds – 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.

Business funds – funds financed in whole or in part by fees charged to users of the goods or services.

Agency funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. 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.

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

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 this 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 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.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Budgetary Information (Continued)

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 budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for utility reserve funds, agency funds, or the Capital Improvement, Crime Stoppers, Community Development, Woodbury Trust, Laudick Estate, Tom Feist Foundation, Equipment Reserve, and ARPA Grant special purpose funds.

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.

B. 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 to 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.

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 carrying amount of the City's deposits, including certificates of deposit, was \$4,348,944 and the bank balance was \$4,378,607. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$3,378,607 was collateralized with securities held by the pledging financial institutions agents in the City's name.

C. LONG-TERM DEBT

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

<u>Issue</u>	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions/ net change</u>	<u>Balance end of year</u>	<u>Interest paid</u>
General obligation bonds:					
Street Improvements					
Issued July 31, 2017					
In the amount of \$78,000					
At interest rate of 4.250%					
Maturing September 1, 2032	\$ 66,000	\$ -	\$ 4,000	\$ 62,000	\$ 2,805
Water Improvements Refunding					
Issued October 14, 2020					
In the amount of \$1,210,000					
At interest rate of 0.90 - 3.00%					
Maturing October 1, 2043	<u>1,210,000</u>	<u>-</u>	<u>45,000</u>	<u>1,165,000</u>	<u>20,819</u>
Total GO bonds	1,276,000	-	49,000	1,227,000	23,624
Weather event loan:					
City Utility Low-Interest Loan					
Issued March 23, 2021					
In the amount of \$250,000					
At interest rate of 0.25%					
Maturing January 1, 2026	<u>-</u>	<u>250,000</u>	<u>49,865</u>	<u>200,135</u>	<u>451</u>
Total long-term debt	<u>\$1,276,000</u>	<u>\$ 250,000</u>	<u>\$ 98,865</u>	<u>\$1,427,135</u>	<u>\$ 24,075</u>

Current maturities of general obligation bonds and interest for the next five years and in five-year increments through maturity are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2022	\$ 54,000	\$ 24,760	\$ 78,760
2023	55,000	24,090	79,090
2024	55,000	23,378	78,378
2025	55,000	22,715	77,715
2026	55,000	22,052	77,052
2027-2031	281,000	97,175	378,175
2032-2036	262,000	71,373	333,373
2037-2041	285,000	41,712	326,712
2042-2043	<u>125,000</u>	<u>5,700</u>	<u>130,700</u>
Total	<u>\$ 1,227,000</u>	<u>\$ 332,955</u>	<u>\$ 1,559,955</u>

Current maturities of weather event loan and interest for the next four years are as follows:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2022	\$ 49,847	\$ 469	\$ 50,316
2023	49,972	344	50,316
2024	50,096	220	50,316
2025	<u>50,220</u>	<u>95</u>	<u>50,315</u>
Total	<u>\$ 200,135</u>	<u>\$ 1,128</u>	<u>\$ 201,263</u>

D. CONDUIT DEBT OBLIGATIONS

The City has issued Industrial Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City nor the State, or any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in this financial statement.

As of December 31, 2021, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$5,304,192.

E. INTERFUND TRANSACTIONS

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory authority</u>	<u>Amount</u>
General	Capital improvement	K.S.A. 12-1,118	\$ 38,926
Water utility	Equipment reserve	K.S.A. 12-825d	100,000
Water utility	Water capital outlay	K.S.A. 12-825d	<u>29,160</u>
			<u>\$ 168,086</u>

F. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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

Death and disability other post-employment benefits. 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 was set at 1% and contributions were \$924 for the year ended December 31, 2021.

Vacation leave. Twelve working days per year are allowed as vacation leave to regular full time City employees with one to five years of employment and eighteen working days per year are allowed for employment of six years or more. If not used by year-end, these days are lost.

Sick leave. Sick leave for regular full-time employees is earned at a rate of one day per month and may accrue up to a maximum of sixty days. Unused sick leave will not be paid upon termination or resignation.

G. DEFINED BENEFIT PENSION PLAN

General Information About the 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 S. 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 the City and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were \$17,560 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 \$115,964. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial 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.

H. RISK MANAGEMENT

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; natural disasters; and medical needs of employees. The City purchases commercial insurance to cover health, property, liability, and worker's compensation claims. There has been no reduction in coverage from the prior year and settlements have not exceeded coverage in the past three years.

I. CORONAVIRUS (COVID-19)

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 result 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 2022.

As a result of the COVID-19 outbreak, numerous Federal and State grants have been made available to the City to assist with the risks and help offset incurred costs of the City. The City received funding from the American Rescue Plan Act of 2021 (ARPA) during the current year.

J. SUBSEQUENT EVENTS

The City has evaluated events subsequent to year end through June 13, 2022 and does not believe any events have occurred which affect the financial statement as presented except for the ongoing concern regarding the novel strain of coronavirus (COVID-19) as discussed in Note I above.

**REGULATORY – REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF SPEARVILLE, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended December 31, 2021

<u>Fund</u>	<u>Certified budget</u>	<u>Adjustment for qualifying budget credits</u>	<u>Total budget for comparison</u>	<u>Expenditures chargeable to current year</u>	<u>Variance favorable (unfavorable)</u>
General fund	\$ 596,300	\$ -	\$ 596,300	\$ 462,630	\$ 133,670
Special purpose fund:					
Special street	86,000	-	86,000	22,834	63,166
Bond and interest fund:					
Bond and interest	46,905	-	46,905	6,808	40,097
Business funds:					
Gas utility	505,000	250,000	755,000	665,429	89,571
Water utility	600,188	-	600,188	256,359	343,829
Sewer utility	103,000	-	103,000	89,022	13,978
Sanitation utility	96,000	-	96,000	56,439	39,561
Total	<u>\$ 2,033,393</u>	<u>\$ 250,000</u>	<u>\$ 2,283,393</u>	<u>\$ 1,559,521</u>	<u>\$ 723,872</u>

See Independent Auditor's Report.

CITY OF SPEARVILLE, 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		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Taxes and shared revenue:				
Ad valorem property tax	\$ 143,117	\$ 152,410	\$ 150,127	\$ 2,283
Delinquent tax	1,796	3,983	250	3,733
Motor vehicle tax	35,287	35,683	21,743	13,940
Recreational vehicle tax	536	470	302	168
16/20M truck tax	-	-	306	(306)
Commercial vehicle tax	3,126	3,037	2,014	1,023
Sales tax	99,663	117,958	75,000	42,958
Licenses and permits	6,072	4,862	1,000	3,862
Fines	162	695	500	195
Charges for services	4,675	4,850	1,500	3,350
Franchise fees	44,641	45,902	40,000	5,902
Interest	6,317	133	250	(117)
Miscellaneous	9,949	5,564	-	5,564
Total receipts	<u>355,341</u>	<u>375,547</u>	<u>\$ 292,992</u>	<u>\$ 82,555</u>
Expenditures:				
General government	188,599	309,135	\$ 226,300	\$ (82,835)
Public safety	92,809	95,160	130,000	34,840
Highways and streets	14,785	19,409	50,000	30,591
Transfer to capital improvement	47,889	38,926	75,000	36,074
Transfer to equipment reserve	35,000	-	75,000	75,000
Transfer to special street	-	-	40,000	40,000
Total expenditures	<u>379,082</u>	<u>462,630</u>	<u>\$ 596,300</u>	<u>\$ 133,670</u>
Receipts over (under) expenditures	(23,741)	(87,083)		
Unencumbered cash, beginning of year	<u>394,819</u>	<u>371,078</u>	<u>\$ 303,308</u>	<u>\$ 67,770</u>
Unencumbered cash, end of year	<u>\$ 371,078</u>	<u>\$ 283,995</u>		

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

SPECIAL STREET 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		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Gasoline tax	\$ 20,519	\$ 22,500	\$ 18,240	\$ 4,260
Charges for services	-	975	-	975
Miscellaneous	-	-	500	(500)
Transfer from general	-	-	40,000	(40,000)
Total receipts	20,519	23,475	<u>\$ 58,740</u>	<u>\$ (35,265)</u>
Expenditures:				
Street maintenance	22,828	22,834	<u>\$ 86,000</u>	<u>\$ 63,166</u>
Receipts over (under) expenditures	(2,309)	641		
Unencumbered cash, beginning of year	8,934	6,625	<u>\$ 27,494</u>	<u>\$ (20,869)</u>
Unencumbered cash, end of year	<u>\$ 6,625</u>	<u>\$ 7,266</u>		

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

CAPITAL IMPROVEMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

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

	<u>2020</u>	<u>2021</u>
Receipts:		
Transfer from general	\$ 47,889	\$ 38,926
Interest	<u>881</u>	<u>16</u>
Total receipts	48,770	38,942
Expenditures	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	48,770	38,942
Unencumbered cash, beginning of year	<u>318,361</u>	<u>367,131</u>
Unencumbered cash, end of year	<u><u>\$ 367,131</u></u>	<u><u>\$ 406,073</u></u>

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

CRIME STOPPERS FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

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

	<u>2020</u>	<u>2021</u>
Receipts:		
Interest and donations	\$ 4	\$ 25
Expenditures	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	4	25
Unencumbered cash, beginning of year	<u>1,288</u>	<u>1,292</u>
Unencumbered cash, end of year	<u><u>\$ 1,292</u></u>	<u><u>\$ 1,317</u></u>

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

COMMUNITY DEVELOPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

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

	2020	2021
Receipts:		
Loan principal	\$ 8,697	\$ 12,981
Interest	3,950	2,061
Total receipts	12,647	15,042
Expenditures:		
Administrative	343	446
Loan/grant disbursements	100,000	-
Total expenditures	100,343	446
Receipts over (under) expenditures	(87,696)	14,596
Unencumbered cash, beginning of year	420,546	332,850
Unencumbered cash, end of year	\$ 332,850	\$ 347,446

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

WOODBURY TRUST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

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

	<u>2020</u>	<u>2021</u>
Receipts:		
Interest	\$ 179	\$ 102
Expenditures:		
Donations	<u>1,000</u>	<u>-</u>
Receipts over (under) expenditures	(821)	102
Unencumbered cash, beginning of year	<u>19,162</u>	<u>18,341</u>
Unencumbered cash, end of year	<u><u>\$ 18,341</u></u>	<u><u>\$ 18,443</u></u>

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

LAUDICK ESTATE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

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

	2020	2021
Receipts:		
Donations	\$ 478	\$ -
Interest	648	98
Total receipts	1,126	98
Expenditures:		
Debt service:		
Principal	-	49,865
Interest	-	451
Total expenditures	-	50,316
Receipts over (under) expenditures	1,126	(50,218)
Unencumbered cash, beginning of year	206,260	207,386
Unencumbered cash, end of year	\$ 207,386	\$ 157,168

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

TOM FEIST FOUNDATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

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

	<u>2020</u>	<u>2021</u>
Receipts:		
Donations	<u>\$ 814,929</u>	<u>\$ 650,000</u>
Expenditures:		
Contractual services	59,639	39,550
Commodities	-	26,656
Capital outlay	<u>146,290</u>	<u>275,849</u>
Total expenditures	<u>205,929</u>	<u>342,055</u>
Receipts over (under) expenditures	609,000	307,945
Unencumbered cash, beginning of year	<u>242,448</u>	<u>851,448</u>
Unencumbered cash, end of year	<u><u>\$ 851,448</u></u>	<u><u>\$ 1,159,393</u></u>

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

EQUIPMENT RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

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

	<u>2020</u>	<u>2021</u>
Receipts:		
Miscellaneous	\$ -	\$ 10,300
Transfer from general	35,000	-
Transfer from water utility	100,000	100,000
Transfer from sanitation utility	<u>10,000</u>	<u>-</u>
Total receipts	145,000	110,300
Expenditures:		
Capital outlay	<u>-</u>	<u>161,984</u>
Receipts over (under) expenditures	145,000	(51,684)
Unencumbered cash, beginning of year	<u>200,000</u>	<u>345,000</u>
Unencumbered cash, end of year	<u>\$ 345,000</u>	<u>\$ 293,316</u>

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS**ARPA GRANT FUND****SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS**

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

	<u>2020</u>	<u>2021</u>
Receipts:		
Federal grants	\$ -	\$ 59,823
Expenditures	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	-	59,823
Unencumbered cash, beginning of year	<u>-</u>	<u>-</u>
Unencumbered cash, end of year	<u><u>\$ -</u></u>	<u><u>\$ 59,823</u></u>

See Independent Auditor's Report.

CITY OF SPEARVILLE, 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		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Special assessments	\$ 9,462	\$ 8,719	\$ 5,000	\$ 3,719
Expenditures:				
Debt service:				
Principal	4,000	4,000	\$ 4,000	\$ -
Interest and commissions	2,978	2,808	2,905	97
Cash basis reserve	-	-	40,000	40,000
Total expenditures	6,978	6,808	\$ 46,905	\$ 40,097
Receipts over (under) expenditures	2,484	1,911		
Unencumbered cash, beginning of year	43,897	46,381	\$ 41,905	\$ 4,476
Unencumbered cash, end of year	\$ 46,381	\$ 48,292		

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

GAS UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Customer charges	\$ 206,509	\$ 409,921	\$ 360,000	\$ 49,921
Temporary note proceeds	-	250,000	-	250,000
Total receipts	206,509	659,921	\$ 360,000	\$ 299,921
Expenditures:				
Personal services	60,492	66,171	\$ 65,000	\$ (1,171)
Contractual services	106,519	585,908	300,000	(285,908)
Commodities	4,962	13,350	10,000	(3,350)
Capital outlay	4,774	-	25,000	25,000
Transfer to gas utility reserve	50,000	-	-	-
Transfer to capital improvement	-	-	25,000	25,000
Transfer to equipment reserve	-	-	80,000	80,000
Legal general fund budget	226,747	665,429	505,000	(160,429)
Adjustment for qualifying budget credits	-	-	250,000	250,000
Total expenditures	226,747	665,429	\$ 755,000	\$ 89,571
Receipts over (under) expenditures	(20,238)	(5,508)		
Unencumbered cash, beginning of year	181,975	161,737	\$ 146,975	\$ 14,762
Unencumbered cash, end of year	\$ 161,737	\$ 156,229	\$ 1,975	\$ 154,254

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

WATER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

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

		2021		Variance
	2020	Actual	Budget	favorable (unfavorable)
Receipts:				
Customer charges	\$ 235,213	\$ 226,461	\$ 250,000	\$ (23,539)
Expenditures:				
Personal services	56,044	55,734	\$ 75,000	\$ 19,266
Contractual services	70,197	58,214	50,000	(8,214)
Commodities	12,676	13,086	40,000	26,914
Capital outlay	6,609	165	165,000	164,835
Debt service:				
Principal	-	-	23,100	23,100
Interest	-	-	47,088	47,088
Transfer to water capital outlay	29,160	29,160	125,000	95,840
Transfer to capital improvement	-	-	25,000	25,000
Transfer to equipment reserve	100,000	100,000	50,000	(50,000)
Total expenditures	274,686	256,359	\$ 600,188	\$ 343,829
Receipts over (under) expenditures	(39,473)	(29,898)		
Unencumbered cash, beginning of year	570,322	530,849	\$ 351,118	\$ 179,731
Unencumbered cash, end of year	\$ 530,849	\$ 500,951	\$ 930	\$ 500,021

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

SEWER UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

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

		2021		Variance favorable (unfavorable)
	2020	Actual	Budget	
Receipts:				
Customer charges	\$ 74,756	\$ 76,751	\$ 80,000	\$ (3,249)
Expenditures:				
Personal services	62,514	68,422	\$ 70,000	\$ 1,578
Contractual services	17,974	20,054	20,000	(54)
Commodities	615	546	3,000	2,454
Capital outlay	4,532	-	10,000	10,000
Total expenditures	85,635	89,022	\$ 103,000	\$ 13,978
Receipts over (under) expenditures	(10,879)	(12,271)		
Unencumbered cash, beginning of year	26,218	15,339	\$ 23,000	\$ (7,661)
Unencumbered cash, end of year	\$ 15,339	\$ 3,068		

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

SANITATION UTILITY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

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

		2021		Variance favorable (unfavorable)
	2020	Actual	Budget	
Receipts:				
Customer charges	\$ 62,463	\$ 64,624	\$ 75,000	\$ (10,376)
Expenditures:				
Contractual services	54,705	56,231	\$ 76,000	\$ 19,769
Commodities	-	208	-	(208)
Transfer to capital improvement	-	-	10,000	10,000
Transfer to equipment reserve	10,000	-	10,000	10,000
Total expenditures	64,705	56,439	\$ 96,000	\$ 39,561
Receipts over (under) expenditures	(2,242)	8,185		
Unencumbered cash, beginning of year	23,067	20,825	\$ 21,067	\$ (242)
Unencumbered cash, end of year	\$ 20,825	\$ 29,010	\$ 67	\$ 28,943

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

GAS UTILITY RESERVE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

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

	<u>2020</u>	<u>2021</u>
Receipts:		
Transfer from gas utility	\$ 50,000	\$ -
Expenditures:	<u>-</u>	<u>-</u>
Receipts over (under) expenditures	50,000	-
Unencumbered cash, beginning of year	<u>35,000</u>	<u>85,000</u>
Unencumbered cash, end of year	<u><u>\$ 85,000</u></u>	<u><u>\$ 85,000</u></u>

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

WATER CAPITAL OUTLAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS

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

	<u>2020</u>	<u>2021</u>
Receipts:		
Cash rent and leases	\$ 74,799	\$ 45,508
Transfers from water utility	29,160	29,160
Bond proceeds	<u>30,219</u>	<u>-</u>
Total receipts	<u>134,178</u>	<u>74,668</u>
Expenditures:		
Debt service:		
Principal	22,200	45,000
Interest	48,004	20,819
Issuance costs	<u>17,364</u>	<u>-</u>
Total expenditures	<u>87,568</u>	<u>65,819</u>
Receipts over (under) expenditures	46,610	8,849
Unencumbered cash, beginning of year	<u>457,871</u>	<u>504,481</u>
Unencumbered cash, end of year	<u><u>\$ 504,481</u></u>	<u><u>\$ 513,330</u></u>

See Independent Auditor's Report.

CITY OF SPEARVILLE, KANSAS

AGENCY FUNDS

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS

For the Year Ended December 31, 2021

<u>Fund</u>	<u>Beginning cash balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending cash balance</u>
Utility deposits	\$ 7,080	\$ 1,775	\$ 1,430	\$ 7,425
RHID construction	-	44,592	44,592	-
	<u>\$ 7,080</u>	<u>\$ 46,367</u>	<u>\$ 46,022</u>	<u>\$ 7,425</u>

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