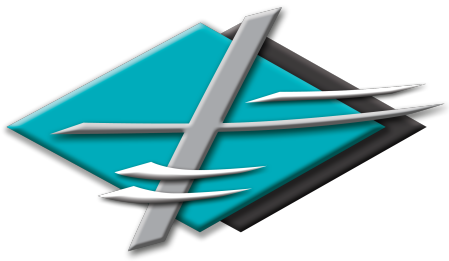
CITY OF FLORENCE, KANSAS

FINANCIAL STATEMENT

FOR THE YEAR ENDED
DECEMBER 31, 2021



LOYD GROUP, LLC

Certified Public Accountants

CITY OF FLORENCE, KANSAS

CITY OF THE SECOND CLASS

For the Year Ended December 31, 2021

William Harris, Mayor

CITY COUNCIL

Matthew Willams

Dan Ludwig

Jeanie Meirowsky

Mary Shipman

CITY OFFICERS

Dana Gayle
Clerk

Randy Pankratz
Attorney

Mary Jane Grimmett
Treasurer

Mark Slater
Fire Chief

Terry Britton
City Superintendent

CITY OF FLORENCE, KANSAS

For the Year Ended December 31, 2021

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LOYD GROUP, LLC

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Florence, Kansas 66851

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 Florence, 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 June 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, and expenditures-actual and budget (Schedules 1 and 2 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 Florence, Kansas as of and for the year ended December 31, 2020 (not presented herein), and have issued their report thereon dated June 14, 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
April 29, 2022

CITY OF FLORENCE, 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	$ 8,199	$ 327,936	$ 226,836	$ 109,299	$ 1,618	$ 110,917
SPECIAL PURPOSE FUNDS:						
Library Fund	300	11,761	11,400	661	-	661
Special Parks and Recreation Fund	220	69	-	289	-	289
Rural Fire Fund	25,110	3,660	10,294	18,476	-	18,476
Special Highway Fund	117,261	12,484	69,678	60,067	-	60,067
Fire Special Fund	10,066	5,997	14,564	1,499	-	1,499
Community Building Fund	1,675	300	1,975	-	-	-
ARPA Fund	-	33,193	-	33,193	-	33,193
Total Special Purpose Funds	154,632	67,464	107,911	114,185	-	114,185
CAPITAL PROJECTS FUNDS:						
Equipment Reserve Fund	27,328	9	-	27,337	-	27,337
Capital Improvement Fund	51,933	5,147	25,253	31,827	-	31,827
Total Capital Projects Funds	79,261	5,156	25,253	59,164	-	59,164
BUSINESS FUNDS:						
Sewer Utility Fund	3,175	49,133	39,697	12,611	30	12,641
Solid Waste Utility Fund	67,687	128,501	149,922	46,266	141	46,407
Water Utility Fund	31,068	159,501	106,427	84,142	2,245	86,387
Sewer Reserve Fund	94,908	-	10,486	84,422	-	84,422
Solid Waste Reserve Fund	35,122	-	14,420	20,702	-	20,702
Water Reserve Fund	42,894	-	-	42,894	-	42,894
Total Business Funds	274,854	337,135	320,952	291,037	2,416	293,453
TRUST FUND:						
Special Law Enforcement Trust Fund	1,257	-	231	1,026	-	1,026
Total Reporting Entity (Excluding Agency Funds)	$ 518,203	$ 737,691	$ 681,183	$ 574,711	$ 4,034	$ 578,745

COMPOSITION OF CASH:	
Petty Cash - City Clerk	$ 200
Checking Accounts - Cottonwood Valley Bank	325,265
Savings Accounts - Cottonwood Valley Bank	11,314
Certificate of Deposit - Cottonwood Valley Bank	241,966
Total Cash	578,745
Less Agency Funds per Schedule 3	-
Total Reporting Entity (Excluding Agency Funds)	$ 578,745

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

CITY OF FLORENCE, 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 Florence is a municipal corporation governed by an elected five-member council. The regulatory financial statement presents the City of Florence (the municipality). In addition to the primary government, the City has two related municipal entities, their financial activities are not, however, included in the accompanying financial statement.

Housing Authority. The City of Florence Housing Authority operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issurances must be approved by the City. Financial statements can be obtained by contacting the Housing Authority.

Library Board. The City of Florence Library Board operates the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City. Complete financial records for the Library Board may be reviewed at the administrative offices of the entity.

(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.).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(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.

(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 the year 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 budgeted expenditure authority lapses at year end.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(d) Budgetary Information (cont.)

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 are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

(e) Reimbursements

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

No statutory violations noted in 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.

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 $578,745 and the bank balance was $581,041. 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 $223,052 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
KDHE Loan	4.77%	02-01-03	$ 155,316	08-01-23	$ 30,875	$ -	$ 9,810	$ 21,065	$ 1,357
Trash Truck Lease Purchase	4.50%	02-25-19	83,000	02-25-24	56,036	-	16,382	39,654	2,248
Total Long-Term Debt					$ 86,911	$ -	$ 26,192	$ 60,719	$ 3,605

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

	Year			
	2022	2023	2024	Total
PRINCIPAL:				
KDHE Loan	$ 10,284	$ 10,781	$ -	$ 21,065
Trash Truck Lease Purchase	17,132	17,916	4,606	39,654
TOTAL PRINCIPAL	27,416	28,697	4,606	60,719
INTEREST:				
KDHE Loan	884	387	-	1,271
Trash Truck Lease Purchase	1,498	714	52	2,264
TOTAL INTEREST	2,382	1,101	52	3,535
TOTAL PRINCIPAL AND INTEREST	$ 29,798	$ 29,798	$ 29,798	$ 64,254

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 6.00% 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 8.87% for the fiscal year ended December 31, 2021. Contributions to the pension plan from the City were $15,945 for the year ended December 31, 2021.

5. DEFINED BENEFIT PENSION PLAN (CONT.)

Net Pension Liability. At December 31, 2021, the City's proportionate share of the collective net pension liability reported by KPERS was $112,772. 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 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 this financial statement.

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

(b) Death and Disability Other Post Employment Benefits

K.S.A. 74-4927, disabled members in Kansas Public Eemployees Retirement Sysytem (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.

(c) Other Employee Benefits

Vacation – Vacation leave may be accumulated and carried over to the next year. No vacation leave shall be taken until a new employee has completed one year of service.

Each permanent full-time employee will accrue vacation leave as follows:

Year of Service	Per Year
After 1 year	5 days
After 3 years	10 days
After 10 years	15 days

Amount of sick leave – Full-time employees earn sick leave after the initial probation period at the rate of 12 days per year with a maximum accumulation of 240 hours. On termination of employment an employee shall not be paid for accumulated sick leave.

7. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
Solid Waste Utility Fund	General Fund	K.S.A. 12-825d	$ 25,625
Total			$ 25,625

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 property loss; torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries 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. 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.

As a result of COVID-19, the State of Kansas has received Coronavirus State and Local Fiscal Recovery Funds (SLFRF) under the American Rescue Plan Act (ARPA). The SLFRF was received from the U.S. Department of Treasury. The City received SLFRF in the amount of $59,316 during 2021. The SLFRF are to be used to strengthen and improve infrastructure and continue to support the recovery related to the public health emergency. Additional information and updates on ARPA SLFRF, which includes audit requirements, can be found at https://home.treasury.gov/.

10. 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 FLORENCE, KANSAS

REGULATORY – REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2021

CITY OF FLORENCE, 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	$ 284,215	$ -	$ 284,215	$ 226,836	$ (57,379)
SPECIAL PURPOSE FUNDS:					
Library Fund	11,400	-	11,400	11,400	-
Special Parks and Recreation Fund	310	-	310	-	(310)
Rural Fire Fund	14,177	-	14,177	10,294	(3,883)
Special Highway Fund	101,256	-	101,256	69,678	(31,578)
Fire Special Fund	14,564	-	14,564	14,564	-
Community Building Fund	3,066	-	3,066	1,975	(1,091)
BUSINESS FUNDS:					
Sewer Utility Fund	45,504	-	45,504	39,697	(5,807)
Solid Waste Utility Fund	155,727	-	155,727	149,922	(5,805)
Water Utility Fund	210,490	-	210,490	106,427	(104,063)
TRUST FUND:					
Special Law Enforcement Trust Fund	1,372	-	1,372	231	(1,141)

CITY OF FLORENCE, 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	$ 117,503	$ 122,220	$ 126,929	$ (4,709)
Delinquent tax	7,108	7,964	1,000	6,964
Motor vehicle tax	17,151	18,753	16,096	2,657
Recreational vehicle tax	155	148	229	(81)
16/20M vehicle tax	593	1,598	221	1,377
Commercial vehicle tax	785	-	1,801	(1,801)
Watercraft tax	305	111	96	15
In lieu of tax	3,854	4,436	5,200	(764)
Local alcoholic liquor tax	25	119	40	79
Local sales tax	97,433	97,786	65,000	32,786
Total Taxes	244,912	253,135	216,612	36,523
Licenses and Permits -				
Utility franchise fees	20,442	21,723	21,500	223
Licenses and permits	1,052	909	800	109
Total Licenses and Permits	21,494	22,632	22,300	332
Fines, Forfeitures and Penalties -				
Police fines	1,623	1,872	500	1,372
Use of Money and Property -				
Interest received	606	117	2,000	(1,883)
Other -				
Miscellaneous	600	4,038	1,000	3,038
Cemetery	2,525	4,025	2,000	2,025
Parks	500	1,000	500	500
Swimming pool	3,050	2,485	2,500	(15)
Connecting Links	222	167	220	(53)
Donations	722	(622)	-	(622)
COVID relief revenue (SPARK)	6,163	9,462	8,000	1,462
Transfer from Water Utility Fund	60,000	-	5,500	(5,500)
Transfer from Solid Waste Utility Fund	20,000	25,625	-	25,625
FEMA reimbursement	-	4,000	-	4,000
Reimbursements	22,929	-	-	-
Total Other	116,711	50,180	19,720	30,460
Total Receipts	385,346	327,936	$ 261,132	$ 66,804

CITY OF FLORENCE, 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	$ 19,244	$ 33,706	$ 54,000	$ (20,294)
Contractual services	73,609	51,791	-	51,791
Commodities	14,583	6,554	-	6,554
Capital outlay	9,299	4,869	-	4,869
Total Administrative	116,735	96,920	54,000	42,920
Cemetery -				
Personal services	1,343	461	19,000	(18,539)
Contractual services	10,965	16,918	-	16,918
Commodities	(369)	254	-	254
Total Cemetery	11,939	17,633	19,000	(1,367)
Police -				
Personal services	17,705	10,387	38,500	(28,113)
Contractual services	1,015	1,009	-	1,009
Capital outlay	129	2,542	-	2,542
Total Police	18,849	13,938	38,500	(24,562)
Swimming pool -				
Personal services	15,023	12,398	15,000	(2,602)
Contractual services	3,769	2,515	-	2,515
Commodities	292	1,512	-	1,512
Capital outlay	(1,161)	2,479	-	2,479
Total Swimming pool	17,923	18,904	15,000	3,904
Parks and recreation -				
Personal services	12,678	20,283	15,000	5,283
Contractual services	4,057	3,013	-	3,013
Commodities	1,577	3,040	-	3,040
Total Parks and Recreation	18,312	26,336	15,000	11,336

CITY OF FLORENCE, 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.)				
Streets -				
Personal services	$ 28,343	$ 2,746	$ -	$ 2,746
Contractual services	15,686	4,442	-	4,442
Commodities	6,702	6,749	-	6,749
Capital outlay	2,703	2,037	-	2,037
Total Streets	53,434	15,974	-	15,974
Fire -				
Contractual services	8,654	12,270	-	12,270
Commodities	2,434	5,588	15,000	(9,412)
Capital outlay	836	4,934	-	4,934
Total Fire	11,924	22,792	15,000	7,792
Other -				
Special utilites	-	-	17,000	(17,000)
Historical society	-	2,600	1,300	1,300
Dike	42,100	8,002	5,000	3,002
Employee benefits	20,775	619	40,000	(39,381)
Ambulance	1,825	2,992	2,250	742
SPARK expenses	5,622	126	-	126
Cash forward	-	-	62,165	(62,165)
Total Other	70,322	14,339	127,715	(113,376)
Total Expenditures	319,438	226,836	$ 284,215	$ (57,379)
Receipts Over (Under) Expenditures	65,908	101,100		
Unencumbered Cash, Beginning	(57,709)	8,199		
Unencumbered Cash, Ending	$ 8,199	$ 109,299		

CITY OF FLORENCE, KANSAS

SPECIAL PURPOSE FUND

LIBRARY 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	$ 9,142	$ 9,528	$ 9,879	$ (351)
Delinquent tax	564	628	-	628
Motor vehicle tax	1,340	1,461	1,252	209
Recreational vehicle tax	12	12	18	(6)
16/20M vehicle tax	46	124	17	107
Commercial vehicle tax	61	-	140	(140)
Watercraft tax	25	8	8	-
USDA grant	16,803	-	-	-
Total Receipts	27,993	11,761	$ 11,314	$ 447
Expenditures				
Appropriation to Library Treasurer	11,370	11,400	$ 11,000	$ 400
Insurance	-	-	200	(200)
Utilities	-	-	200	(200)
Total Expenditures Subject to Budget	11,370	11,400	$ 11,400	$ -
Expenditures Not Subject to Budget:				
Grant expenses	16,803	-		
Total Expenditures	28,173	11,400		
Receipts Over (Under) Expenditures	(180)	361		
Unencumbered Cash, Beginning	480	300		
Unencumbered Cash, Ending	$ 300	$ 661		

CITY OF FLORENCE, KANSAS

SPECIAL PURPOSE FUND

SPECIAL PARKS AND RECREATION FUND

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

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Local alcoholic liquor tax	$ 25	$ 69	$ 40	$ 29
Expenditures				
Commodities	-	-	$ 310	$ (310)
Receipts Over (Under) Expenditures	25	69		
Unencumbered Cash, Beginning	195	220		
Unencumbered Cash, Ending	$ 220	$ 289		

CITY OF FLORENCE, KANSAS

SPECIAL PURPOSE FUND

RURAL FIRE 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				
Contractual services	$ -	$ -	$ 2,600	$ (2,600)
Contributions and other	3,660	3,660	500	3,160
Total Receipts	3,660	3,660	$ 3,100	$ 560
Expenditures				
Capital outlay	1,027	10,294	$ 8,000	$ 2,294
Transfer to General Fund	-	-	5,500	(5,500)
Cash forward	-	-	677	(677)
Total Expenditures	1,027	10,294	$ 14,177	$ (3,883)
Receipts Over (Under) Expenditures	2,633	(6,634)		
Unencumbered Cash, Beginning	22,477	25,110		
Unencumbered Cash, Ending	$ 25,110	$ 18,476		

CITY OF FLORENCE, 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 - fuel tax	$ 11,358	$ 12,484	$ 9,950	$ 2,534
Expenditures				
Personal services	7,099	56,314	$ -	$ 56,314
Contracted services	7,014	12,014	101,256	(89,242)
Street repair and maintenance	-	1,350	-	1,350
Total Expenditures	14,113	69,678	$ 101,256	$ (31,578)
Receipts Over (Under) Expenditures	(2,755)	(57,194)		
Unencumbered Cash, Beginning	120,016	117,261		
Unencumbered Cash, Ending	$ 117,261	$ 60,067		

CITY OF FLORENCE, KANSAS

SPECIAL PURPOSE FUND

FIRE SPECIAL 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				
Grants	$ 5,436	$ -	$ -	$ -
Donations	11,538	5,997	11,000	(5,003)
Total Receipts	16,974	5,997	$ 11,000	$ (5,003)
Expenditures				
Supplies	7,472	14,564	$ 8,000	$ 6,564
Capital outlay	-	-	6,564	(6,564)
Total Expenditures	7,472	14,564	$ 14,564	$ -
Receipts Over (Under) Expenditures	9,502	(8,567)		
Unencumbered Cash, Beginning	564	10,066		
Unencumbered Cash, Ending	$ 10,066	$ 1,499		

CITY OF FLORENCE, KANSAS

SPECIAL PURPOSE FUND

COMMUNITY BUILDING FUND

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

		2021		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Rent	$ -	$ -	$ 2,500	$ (2,500)
Donations	-	300	-	300
Total Receipts	-	300	$ 2,500	$ (2,200)
Expenditures				
Personal services	-	-	$ 1,000	$ (1,000)
Contracted services	2,344	1,975	2,000	(25)
Cash forward	-	-	66	(66)
Total Expenditures	2,344	1,975	$ 3,066	$ (1,091)
Receipts Over (Under) Expenditures	(2,344)	(1,675)		
Unencumbered Cash, Beginning	4,019	1,675		
Unencumbered Cash, Ending	$ 1,675	$ -		

CITY OF FLORENCE, 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 Actual	2021 Actual
Receipts		
Grant income	$ -	$ 33,193
Expenditures	-	-
Receipts Over (Under) Expenditures	-	33,193
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	$ -	$ 33,193

CITY OF FLORENCE, KANSAS

CAPITAL PROJECT FUND

EQUIPMENT RESERVE 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 Actual	2021 Actual
Receipts		
Interest income	$ 4	$ 9
Expenditures		
Capital outlay	9,391	-
Receipts Over (Under) Expenditures	(9,387)	9
Unencumbered Cash, Beginning	36,715	27,328
Unencumbered Cash, Ending	$ 27,328	$ 27,337

CITY OF FLORENCE, KANSAS

CAPITAL PROJECT FUND

CAPITAL IMPROVEMENT 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 Actual	2021 Actual
Receipts		
Grants	$ -	$ 5,147
Expenditures		
Capital outlay	15,937	25,253
Receipts Over (Under) Expenditures	(15,937)	(20,106)
Unencumbered Cash, Beginning	67,870	51,933
Unencumbered Cash, Ending	$ 51,933	$ 31,827

CITY OF FLORENCE, KANSAS

BUSINESS FUND

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		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Service fees	$ 46,970	$ 49,133	$ 45,000	$ 4,133
Expenditures				
Personal services	24,811	34,810	$ 25,000	$ 9,810
Contractual services	9,783	2,401	10,000	(7,599)
Commodities	3,705	2,471	4,000	(1,529)
Miscellaneous	-	15	-	15
Cash forward	-	-	6,504	(6,504)
Total Expenditures	38,299	39,697	$ 45,504	$ (5,807)
Receipts Over (Under) Expenditures	8,671	9,436		
Unencumbered Cash, Beginning	(5,496)	3,175		
Unencumbered Cash, Ending	$ 3,175	$ 12,611		

CITY OF FLORENCE, KANSAS

BUSINESS FUND

SOLID WASTE 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		
	2020 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Service fees	$ 96,281	$ 109,008	$ 90,000	$ 19,008
Container rent	23,688	19,414	14,000	5,414
Other	9	79	1,000	(921)
Total Receipts	119,978	128,501	$ 105,000	$ 23,501
Expenditures				
Personal services	61,172	83,780	$ -	$ 83,780
Contractual services	5,672	5,668	111,000	(105,332)
Commodities	10,895	13,775	-	13,775
Capital outlay	6,279	21,074	-	21,074
Trash truck lease purchase payment	18,630	-	18,630	(18,630)
Transfer to General Fund	20,000	25,625	-	25,625
Cash forward	-	-	26,097	(26,097)
Total Expenditures	122,648	149,922	$ 155,727	$ (5,805)
Receipts Over (Under) Expenditures	(2,670)	(21,421)		
Unencumbered Cash, Beginning	70,357	67,687		
Unencumbered Cash, Ending	$ 67,687	$ 46,266		

CITY OF FLORENCE, KANSAS

BUSINESS FUND

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		
	2020	Actual	Budget	Variance - Over (Under)
Receipts				
Grants	$ -	$ 18,480	$ -	$ 18,480
Service fees	117,882	133,686	130,000	3,686
Late fees	5,807	7,335	-	7,335
Total Receipts	123,689	159,501	$ 130,000	$ 29,501
Expenditures				
Personal services	38,797	47,198	$ 41,000	$ 6,198
Contractual services	40,627	24,562	10,000	14,562
Commodities	11,480	9,738	25,000	(15,262)
Capital outlay	7,074	13,761	-	13,761
KDHE loan principal	11,168	11,168	11,035	133
Transfer to General Fund	60,000	-	12,500	(12,500)
Cash forward	-	-	110,955	(110,955)
Total Expenditures	169,146	106,427	$ 210,490	$ (104,063)
Receipts Over (Under) Expenditures	(45,457)	53,074		
Unencumbered Cash, Beginning	76,525	31,068		
Unencumbered Cash, Ending	$ 31,068	$ 84,142		

CITY OF FLORENCE, KANSAS

BUSINESS FUND

SEWER RESERVE 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 Actual	2021 Actual
Receipts	$ -	$ -
Expenditures		
Capital outlay	-	10,486
Receipts Over (Under) Expenditures	-	(10,486)
Unencumbered Cash, Beginning	94,908	94,908
Unencumbered Cash, Ending	$ 94,908	$ 84,422

CITY OF FLORENCE, KANSAS

BUSINESS FUND

SOLID WASTE RESERVE 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 Actual	2021 Actual
Receipts		
Lease purchase proceeds	$ -	$ -
Expenditures		
Capital outlay	-	14,420
Receipts Over (Under) Expenditures	-	(14,420)
Unencumbered Cash, Beginning	35,122	35,122
Unencumbered Cash, Ending	$ 35,122	$ 20,702

CITY OF FLORENCE, KANSAS

BUSINESS FUND

WATER RESERVE 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 Actual	2021 Actual
Receipts	$ -	$ -
Expenditures		
Capital outlay	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, Beginning	42,894	42,894
Unencumbered Cash, Ending	$ 42,894	$ 42,894

CITY OF FLORENCE, KANSAS

TRUST FUND

SPECIAL LAW ENFORCEMENT TRUST 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 - fuel tax	$ -	$ -	$ -	$ -
Expenditures				
Contracted services	115	231	$ -	$ 231
Cash forward	-	-	1,372	(1,372)
Total Expenditures	115	231	$ 1,372	$ (1,141)
Receipts Over (Under) Expenditures	(115)	(231)		
Unencumbered Cash, Beginning	1,372	1,257		
Unencumbered Cash, Ending	$ 1,257	$ 1,026		