

CITY OF VALLEY FALLS, KANSAS

Financial Statement With Independent Auditors' Report

For the Year Ended December 31, 2023

CITY OF VALLEY FALLS, KANSAS
Financial Statement With Independent Auditors' Report
For the Year Ended December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Valley Falls, Kansas
Valley Falls, Kansas

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **City of Valley Falls, Kansas**, as of and for the year ended December 31, 2023 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 matters 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, 2023, 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, 2023, 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 Auditors' 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.

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.

Auditors' 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.

City of Valley Falls, Kansas' basic financial statement for the year ended December 31, 2022 (not presented herein), was audited by other auditors whose report dated April 18, 2023, expressed an unmodified opinion on the basic financial statement. The 2022 basic financial statement and the other auditor's 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/accounts-reports/local-government/municipal-services/municipal-audits>. The report of the other auditors dated April 18, 2023, stated that the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended December 31, 2022 was subjected to the auditing procedures applied in the audit of the 2022 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 2022 basic financial statement or to the 2022 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and in their opinion, was fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2022, on the basis of accounting described in Note 1.



ADAMSBROWN, LLC
Certified Public Accountants
Larned, Kansas

August 7, 2024

CITY OF VALLEY FALLS, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2023

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Regulatory Basis Fund Types							
General Fund	\$ 119,302	-	696,027	711,895	103,434	14,042	117,476
Special Purpose Funds							
Swimming Pool	4,034	-	1,349	-	5,383	-	5,383
Capital Improvement Fund	145,224	-	26,300	17,492	154,032	-	154,032
Special Highway and Streets Fund	59,137	-	29,518	6,500	82,155	-	82,155
Special Equipment Reserve Fund	3,782	-	61,050	64,105	727	-	727
RHID Fund	31,612	-	46,387	-	77,999	-	77,999
Bond and Interest Fund							
Bond and Interest Fund	306,151	-	199,367	103,528	401,990	-	401,990
Business Funds							
Water Utility Fund	100,009	-	389,751	402,777	86,983	4,726	91,709
Water Reserve Fund	-	-	50,000	9,502	40,498	-	40,498
Sewer Service Utility Fund	238,247	-	1,027,979	1,890,303	(624,077)	564,404	(59,673)
Sewer CD Reserve Fund	91,083	-	50,000	1,400	139,683	-	139,683
Solid Waste Fund	48,323	-	174,598	153,613	69,308	-	69,308
Total Reporting Entity	\$ 1,146,904	-	2,752,326	3,361,115	538,115	583,172	1,121,287
				Composition of Cash			
					Checking Accounts		\$ 876,704
					Certificates of Deposit		244,583
					Total Reporting Entity		\$ 1,121,287

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

CITY OF VALLEY FALLS, KANSAS

Notes to Financial Statement

December 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

City of Valley Falls, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statement is presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Financial Reporting Entity

The City is a municipal corporation governed by an elected five-member council. A related municipal entity is an entity established to benefit the City and/or its constituents. The City has no related municipal entities.

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 years ended December 31, 2023.

Regulatory Basis Fund Types

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

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

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

Basis of Accounting

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

CITY OF VALLEY FALLS, KANSAS

Notes to Financial Statement

December 31, 2023

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Reimbursements

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

NOTE 2 – BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

If the City 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 City did hold a revenue neutral rate hearing this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments 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 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 revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds: Swimming Pool Fund, Capital Improvement Fund, and Special Equipment Reserve Fund.

CITY OF VALLEY FALLS, KANSAS

Notes to Financial Statement

December 31, 2023

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.

NOTE 3 – DEPOSITS AND INVESTMENTS

City of Valley Falls, Kansas follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary statement of receipts, expenditures and unencumbered cash.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City does not use "peak periods". All deposits were legally secured at December 31, 2023.

At December 31, 2023, the City's carrying amount of deposits was \$1,121,287 and the bank balance was \$1,167,213. 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 \$917,213 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments at December 31, 2023.

NOTE 4 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes.

CITY OF VALLEY FALLS, KANSAS

Notes to Financial Statement
December 31, 2023

City of Valley Falls, Kansas' interfund transfers and regulatory authority for the year ended December 31, 2023 were as follows:

From	To	Regulatory Authority	Amount
General Fund	Special Equipment Reserve Fund	K.S.A. 12-1,117	\$ 10,000
General Fund	Capital Improvement Fund	K.S.A. 12-1,118	25,000
Water Utility Fund	General Fund	K.S.A. 12-825d	5,000
Water Utility Fund	Special Equipment Reserve Fund	K.S.A. 12-1,117	25,000
Water Utility Fund	Water Reserve Fund	K.S.A. 12-825d	50,000
Sewer Service Utility Fund	General Fund	K.S.A. 12-825d	10,000
Sewer Service Utility Fund	Special Equipment Reserve Fund	K.S.A. 12-1,117	25,000
Sewer Service Utility Fund	Sewer CD Reserve Fund	K.S.A. 12-825d	50,000
Sewer Service Utility Fund	Bond and Interest Fund	K.S.A. 12-825d	30,000

NOTE 5 – CAPITAL PROJECTS

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

	Project Authorization	Expenditures to Date
Sewer Project Phase 1	\$ 1,935,403	\$ 1,705,230

NOTE 6 – LITIGATION

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

NOTE 7 – RISK MANAGEMENT

City of Valley Falls, Kansas is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than related to employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

NOTE 8 – GRANTS AND SHARED REVENUES

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

CITY OF VALLEY FALLS, KANSAS

Notes to Financial Statement

December 31, 2023

NOTE 9 – DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

City of Valley Falls, Kansas 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 Annual Comprehensive 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 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, 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 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from the City were \$33,816 for the year ended December 31, 2023.

Net Pension Liability

At December 31, 2023, the City's proportionate share of the collective net pension liability reported by KPERS was \$349,784. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. 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 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.

CITY OF VALLEY FALLS, KANSAS

Notes to Financial Statement

December 31, 2023

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS

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

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

As provided by K.S.A.74-4927, disabled members in the Kansas Public Employees Retirement System (KPERs) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2023.

NOTE 11 – COMPENSATED ABSENCES

Vacation

Full-time employees will accrue vacation per the following schedule each year:

<u>Years of Service</u>	<u>Hours per Year</u>	<u>Maximum Accruals</u>
Less than 1	40 hours (5 days)	40 hours (5 days)
1-5	80 hours (10 days)	160 hours (20 days)
6-9	120 hours (15 days)	240 hours (30 days)
10+	160 hours (20 days)	240 hours (30 days)

Upon separation of employment employees will be paid for all accrued and unused vacation leave at their final rate of pay upon termination.

Paid Time Off (PTO)

All hourly and full-time employees will accrue 4 hours of paid time off per pay period up to a maximum of 1,040 hours. Employees with a minimum of 5 years of service who retire under KPERs classified retirement will be paid 25% of any and all PTO accrued to the employee as of their retirement date which will be included on the employee's last paycheck.

Discretionary Day

All full time and part time employees are granted on discretionary day each year. If an employee starts after July 1, the employee will not accrue a discretionary day until after January 1 of the following year. There is no accumulation or carry over of the discretionary day.

Shared Leave

Employees needing additional leave may apply for leave sharing if they have exhausted all paid leave including vacation, paid time off, and any accumulated compensatory time. To qualify for shared leave the employee, the employee's child or the employees' spouse must be suffering from illness, injury, impairment, or physical or mental condition that is of an extraordinary or severe nature and which caused or is likely to cause the employee to go on leave without pay status or terminate City employment.

The City Administrator shall determine the amount of shared leave, if any, which an employee may receive. However, an employee shall not receive more than 720 hours of donated PTO.

CITY OF VALLEY FALLS, KANSAS

Notes to Financial Statement

December 31, 2023

Donations will be directly subtracted from the donator's leave balance. Donators will have to complete a form indicating the amount of time they wish to contribute. Employee donations will be made on a totally voluntary basis.

NOTE 12 – DEBT RESTRICTIONS AND COVENANTS

KDHE Construction Loan

City of Valley Falls, Kansas entered into a loan agreement with the Kansas Department of Health and Environment to fund improvements to the sanitary sewer system in the amount of \$1,295,287. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2023 as it is providing dedicated funds through sewer rates and fees charged.

NOTE 13 – LONG-TERM DEBT

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

General Obligations Bonds

On October 26, 2016, the City issued \$1,535,000 in Series 2016 general obligation bonds for the purpose of financing construction of a new swimming pool within the City.

KDHE Revolving Loans

On January 18, 2022, the City entered into a \$1,295,287 revolving loan agreement with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance improvements to the sanitary sewer system. The City will use fees generated by the City sewer utilities for loan repayment.

CITY OF VALLEY FALLS, KANSAS

Notes to Financial Statement

December 31, 2023

Changes in long-term liabilities for the City for the year ended December 31, 2023, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Series 2016	1 - 3.75%	10/26/2016	\$ 1,535,000	4/1/2037	\$ 1,235,000	-	65,000	1,170,000	38,528
KDHE Loans									
Revolving Loan No. C20 3043-01	1.28%	1/18/2022	1,295,287	9/1/2043	102,945	342,696	-	445,641 *	273
Total Contractual Indebtedness					\$ 1,337,945	342,696	65,000	1,615,641	38,801

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

	YEAR								Total
	2024	2025	2026	2027	2028	2029 - 2033	2034 - 2038	2039 - 2043	
Principal									
General Obligation Bonds	\$ 70,000	70,000	70,000	75,000	75,000	420,000	390,000	-	1,170,000
KDHE Loans	31,856	59,138	59,897	60,667	61,446	319,268	340,299	362,716	1,295,287
Total Principal	101,856	129,138	129,897	135,667	136,446	739,268	730,299	362,716	2,465,287
Interest									
General Obligation Bonds	37,108	35,498	33,748	31,788	29,613	108,694	30,072	-	306,521
KDHE Loans	1,648	3,122	2,973	2,823	11,005	45,335	28,411	10,372	105,689
Total Interest	38,756	38,620	36,721	34,611	40,618	154,029	58,483	10,372	412,210
Total Principal and Interest	\$ 140,612	167,758	166,618	170,278	177,064	893,297	788,782	373,088	2,877,497

* At December 31, 2023, the City has not expended nor drawn down all of the authorized funds. The total authorized loan of \$1,295,287 is reflected on the maturity schedule.

CITY OF VALLEY FALLS, KANSAS

Regulatory-Required Supplementary Information

CITY OF VALLEY FALLS, KANSAS
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2023

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Regulatory Basis Fund Types					
General Fund	\$ 729,701	-	729,701	711,895	(17,806)
Special Purpose Funds					
Special Highway and Streets Fund	172,841	-	172,841	6,500	(166,341)
RHID Fund	60,000	-	60,000	-	(60,000)
Bond and Interest Fund					
Bond and Interest Fund	182,393	-	182,393	103,528	(78,865)
Business Funds					
Water Utility Fund	543,500	-	543,500	402,777	(140,723)
Sewer Service Utility Fund	3,821,000	-	3,821,000	1,890,303	(1,930,697)
Solid Waste Fund	258,000	-	258,000	153,613	(104,387)

CITY OF VALLEY FALLS, KANSAS
General Fund

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2023

(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenues				
Ad Valorem Property	\$ 252,753	207,323	217,110	(9,787)
Delinquent	7,945	7,400	4,657	2,743
Motor Vehicle	31,357	30,387	30,257	130
Recreational Vehicle	458	580	373	207
Sales Tax	261,334	275,545	164,000	111,545
Franchise Tax	61,888	63,498	50,000	13,498
Commercial Vehicle Tax	70	2,159	890	1,269
Liquor Tax	736	12,728	17	12,711
In Lieu of Taxes	15,678	4,822	11,500	(6,678)
Licenses and Permits	1,663	1,457	2,000	(543)
Swimming Pool	44,223	39,884	44,000	(4,116)
Court fines & fees	30,351	5,936	40,000	(34,064)
RV Park	1,255	6,048	2,000	4,048
Reimbursed Expenses	(555)	8,800	10,000	(1,200)
State Aid	283	4,515	-	4,515
Miscellaneous	3,435	2,570	6,000	(3,430)
Interest on Idle Funds	2,888	7,375	2,000	5,375
Transfers In	-	15,000	30,000	(15,000)
Cash Forward	-	-	100,000	(100,000)
Total Receipts	715,762	696,027	714,804	(18,777)
Expenditures				
Administrative	184,436	154,638	297,065	(142,427)
Police	187,564	266,964	251,474	15,490
Court	37,143	14,819	13,820	999
Streets	119,805	95,556	88,542	7,014
Parks	30,465	34,379	8,100	26,279
Pool	54,801	110,539	70,700	39,839
Transfers Out	-	35,000	-	35,000
Total Expenditures	614,214	711,895	729,701	(17,806)
Receipts Over (Under) Expenditures	101,548	(15,868)		
Unencumbered Cash - Beginning	17,754	119,302		
Unencumbered Cash - Ending	\$ 119,302	103,434		

CITY OF VALLEY FALLS, KANSAS
Swimming Pool Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year Actual
Receipts		
Interest on Idle Funds	\$ 6	-
Miscellaneous	319	1,349
Total Receipts	<u>325</u>	<u>1,349</u>
Expenditures		
Commodities	220	-
Contractual	1,500	-
Total Expenditures	<u>1,720</u>	<u>-</u>
Receipts Over (Under) Expenditures	(1,395)	1,349
Unencumbered Cash - Beginning	<u>5,429</u>	<u>4,034</u>
Unencumbered Cash - Ending	<u>\$ 4,034</u>	<u>5,383</u>

CITY OF VALLEY FALLS, KANSAS
Capital Improvement Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year Actual
Receipts		
Federal Aid - ARPA	\$ 87,979	-
State Aid	-	1,300
Transfers In	-	25,000
Total Receipts	<u>87,979</u>	<u>26,300</u>
Expenditures		
Contractual	15,891	3,750
Capital Outlay	-	13,742
ARPA	3,440	-
Total Expenditures	<u>19,331</u>	<u>17,492</u>
Receipts Over (Under) Expenditures	68,648	8,808
Unencumbered Cash - Beginning	<u>76,576</u>	<u>145,224</u>
Unencumbered Cash - Ending	<u>\$ 145,224</u>	<u>154,032</u>

CITY OF VALLEY FALLS, KANSAS
Special Highway and Streets Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2023
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Sales Tax	\$ 16,644	-	-	-
Fuel Tax	30,245	29,518	32,060	(2,542)
Connecting Links	125,125	-	60,350	(60,350)
Interest on Idle Funds	20	-	-	-
Carryover	-	-	80,431	(80,431)
Total Receipts	<u>172,034</u>	<u>29,518</u>	<u>172,841</u>	<u>(143,323)</u>
Expenditures				
Commodities	8,495	-	-	-
Contractual	200,511	6,500	172,841	(172,841)
Other	86	-	-	6,500
Total Expenditures	<u>209,092</u>	<u>6,500</u>	<u>172,841</u>	<u>(166,341)</u>
Receipts Over (Under) Expenditures	(37,058)	23,018		
Unencumbered Cash - Beginning	<u>96,195</u>	<u>59,137</u>		
Unencumbered Cash - Ending	\$ <u>59,137</u>	<u>82,155</u>		

CITY OF VALLEY FALLS, KANSAS
Special Equipment Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ -	60,000
Sale of Equipment	2,250	1,050
Total Receipts	2,250	61,050
Expenditures		
Capital Outlay	-	64,105
Receipts Over (Under) Expenditures	2,250	(3,055)
Unencumbered Cash - Beginning	1,532	3,782
Unencumbered Cash - Ending	\$ 3,782	727

CITY OF VALLEY FALLS, KANSAS
RHID Fund

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2023

(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Special Assessments	\$ 26,767	46,387	60,000	(13,613)
Miscellaneous	4,845	-	-	-
Total Receipts	31,612	46,387	<u>60,000</u>	<u>(13,613)</u>
Expenditures				
Contractual	-	-	<u>60,000</u>	<u>(60,000)</u>
Receipts Over (Under) Expenditures	31,612	46,387		
Unencumbered Cash - Beginning	-	31,612		
Unencumbered Cash - Ending	\$ <u>31,612</u>	<u>77,999</u>		

CITY OF VALLEY FALLS, KANSAS
Bond and Interest Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Sales Tax	163,235	163,366	108,000	55,366
Transfers In	-	30,000	30,000	-
Interest on Idle Funds	942	6,001	-	6,001
Other	-	-	44,393	(44,393)
Total Receipts	164,177	199,367	182,393	16,974
Expenditures				
Bond Principal	65,000	65,000	65,000	-
Bond Interest	39,762	38,528	38,528	-
Cash Forward	-	-	78,865	(78,865)
Total Expenditures	104,762	103,528	182,393	(78,865)
Receipts Over (Under) Expenditures	59,415	95,839		
Unencumbered Cash - Beginning	246,736	306,151		
Unencumbered Cash - Ending	\$ 306,151	401,990		

CITY OF VALLEY FALLS, KANSAS
Water Utility Fund

Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended December 31, 2023

(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Utility receipts	\$ 220,865	375,738	430,000	(54,262)
Utility penalties	4,020	4,630	5,000	(370)
Utility sales tax	3,122	5,284	3,000	2,284
Service fees	110	-	500	(500)
Meter settings	3,000	-	1,500	(1,500)
Meter connection	1,970	1,450	2,500	(1,050)
Interest on Idle Funds	2	-	-	-
Miscellaneous Income	-	2,000	500	1,500
Reimbursed expenses	619	649	500	149
Carryover	-	-	100,000	(100,000)
Total Receipts	<u>233,708</u>	<u>389,751</u>	<u>543,500</u>	<u>(153,749)</u>
Expenditures				
Personal Services	73,790	126,526	81,639	44,887
Commodities	145,741	169,572	161,660	7,912
Contractual	31,291	21,004	43,000	(21,996)
Miscellaneous	1,360	4,975	-	4,975
Capital Outlay	22,914	700	167,201	(166,501)
Transfers Out	-	80,000	90,000	(10,000)
Total Expenditures	<u>275,096</u>	<u>402,777</u>	<u>543,500</u>	<u>(140,723)</u>
Receipts Over (Under) Expenditures	(41,388)	(13,026)		
Unencumbered Cash - Beginning	<u>141,397</u>	<u>100,009</u>		
Unencumbered Cash - Ending	\$ <u>100,009</u>	<u>86,983</u>		

CITY OF VALLEY FALLS, KANSAS
Water Reserve Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ -	50,000
Expenditures		
Commodities	-	1,400
Capital Outlay	-	6,962
Contractual	-	1,140
Total Expenditures	-	9,502
Receipts Over (Under) Expenditures	-	40,498
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	40,498

CITY OF VALLEY FALLS, KANSAS
Sewer Service Utility Fund

Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended December 31, 2023

(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Utility receipts	\$ 146,470	260,739	365,000	(104,261)
Utility penalties	3,366	3,606	3,000	606
Meter connection	1,600	1,450	2,000	(550)
KDHE Loan Proceeds	102,945	342,696	3,200,000	(2,857,304)
Federal Aid	-	419,088	-	419,088
Miscellaneous	552	400	500	(100)
Carryover	-	-	250,000	(250,000)
Total Receipts	<u>254,933</u>	<u>1,027,979</u>	<u>3,820,500</u>	<u>(2,792,521)</u>
Expenditures				
Personal Services	78,064	126,310	81,639	44,671
Commodities	60,472	38,686	76,000	(37,314)
Contractual	30,510	12,833	27,500	(14,667)
Capital Outlay	1,104	700	315,861	(315,161)
Miscellaneous	311	6,090	-	6,090
KDHE Interest	-	273	-	273
KDHE Service Fee	-	1,126	-	1,126
Transfers Out	-	115,000	120,000	(5,000)
Sewer Project	115,945	1,589,285	3,200,000	(1,610,715)
Total Expenditures	<u>286,406</u>	<u>1,890,303</u>	<u>3,821,000</u>	<u>(1,930,697)</u>
Receipts Over (Under) Expenditures	(31,473)	(862,324)		
Unencumbered Cash - Beginning	<u>269,720</u>	<u>238,247</u>		
Unencumbered Cash - Ending	\$ <u>238,247</u>	<u>(624,077)</u>		

CITY OF VALLEY FALLS, KANSAS
Sewer CD Reserve Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended December 31, 2023
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ -	50,000
Expenditures		
Commodities	-	1,400
Receipts Over (Under) Expenditures	-	48,600
Unencumbered Cash - Beginning	91,083	91,083
Unencumbered Cash - Ending	\$ 91,083	139,683

CITY OF VALLEY FALLS, KANSAS
Solid Waste Fund

Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended December 31, 2023

(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Utility Receipts	\$ 144,741	172,259	195,000	(22,741)
Utility Penalties	2,543	2,339	2,000	339
Reimbursed Expenses	36	-	500	(500)
Other	-	-	60,000	(60,000)
Miscellaneous	-	-	500	(500)
Total Receipts	<u>147,320</u>	<u>174,598</u>	<u>258,000</u>	<u>(83,402)</u>
Expenditures				
Contractual Services	148,229	152,716	180,000	(27,284)
Commodities	-	-	500	(500)
Capital Outlay	-	-	77,500	(77,500)
Miscellaneous	2,561	897	-	897
Total Expenditures	<u>150,790</u>	<u>153,613</u>	<u>258,000</u>	<u>(104,387)</u>
Receipts Over (Under) Expenditures	(3,470)	20,985		
Unencumbered Cash - Beginning	<u>51,793</u>	<u>48,323</u>		
Unencumbered Cash - Ending	\$ <u>48,323</u>	\$ <u>69,308</u>		