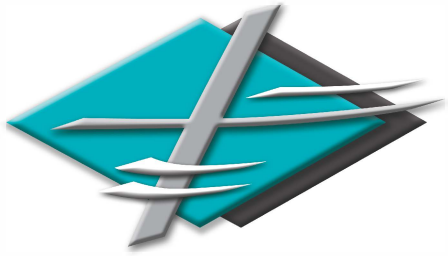
CITY OF CANTON, KANSAS

FINANCIAL STATEMENT

FOR THE YEAR ENDED
DECEMBER 31, 2023



LOYD GROUP, LLC

Certified Public Accountants

CITY OF CANTON, KANSAS

CITY OF THE THIRD CLASS

For the Year Ended December 31, 2023

Gabe Griffith, Mayor

CITY COUNCIL

Scott Layfield

Jason Clinkscale

Saxton Bezrucik

Jerry Kremeier

CITY OFFICERS

Linda Klatt, Clerk

Ann Elliott, Attorney

Mary Jane Lauer, Treasurer

Gary Price Jr., Municipal Judge

Mark Barnett, Chief of Police

CITY OF CANTON, KANSAS

For the Year Ended December 31, 2023

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LOYD GROUP, LLC

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Canton, Kansas

Adverse and Unmodified Opinions

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

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts, expenditures-actual and budget and schedule of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Canton, Kansas as of and for the year ended December 31, 2022 (not presented herein), and have issued their report thereon dated April 19, 2023, which contained an unmodified opinion on the basic financial statement. The 2022 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 2022 actual column (2022 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2023 (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 2022 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 2022 basic financial statement. The 2022 comparative information 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. In our opinion, the 2022 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, 2022, on the basis of accounting described in Note 1.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
March 18, 2024

CITY OF CANTON, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2023

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND:						
General Fund	$ 538,788	$ 445,415	$ 527,809	$ 456,394	$ 4,213	$ 460,607
SPECIAL PURPOSE FUNDS:						
Special City/County Highway Fund	161,446	98,461	53,602	206,305	-	206,305
Special Park and Recreation Fund	22,003	3,814	2,313	23,504	26	23,530
Special Equipment Fund	56,143	48,595	2,225	102,513	-	102,513
ARPA Grant Fund	106,064	-	-	106,064	-	106,064
Total Special Purpose Funds	345,656	150,870	58,140	438,386	26	438,412
BOND AND INTEREST FUND:						
Bond and Interest Fund	59,833	62,662	60,750	61,745	-	61,745
BUSINESS FUNDS:						
Sewer Fund	181,629	108,148	101,237	188,540	1,555	190,095
Water Fund	131,242	193,840	148,405	176,677	2,509	179,186
Trash Fund	20,756	58,100	56,458	22,398	4,777	27,175
Total Business Funds	333,627	360,088	306,100	387,615	8,841	396,456
Total Reporting Entity (Excluding Agency Funds)	$ 1,277,904	$ 1,019,035	$ 952,799	$ 1,344,140	$ 13,080	$ 1,357,220

COMPOSITION OF CASH:	
Cash on Hand	$ 100
Checking Account - State Bank of Canton	1,034,678
Money Market Account - Citizens State Bank	232,662
Certificates of Deposit - Citizens State Bank	101,518
Total Cash	1,368,958
Less Agency Funds per Schedule 3	(11,738)
Total Reporting Entity (Excluding Agency Funds)	$ 1,357,220

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

CITY OF CANTON, KANSAS

NOTES TO FINANCIAL STATEMENT

For the Year Ended December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Municipal Financial Reporting Entity

The City of Canton is a municipal corporation governed by an elected mayor and elected five-member council. The financial statement presents the City of Canton (the municipality). The City does not have any related municipal entities.

(b) Regulatory Basis Fund Types

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

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

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

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

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

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

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

(c) Basis of Accounting

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

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

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(d) Budgetary Information (Cont.)

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 2023 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 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 budget amendments for 2023.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

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

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Kansas Statutes

No statutory violations noted in 2023.

3. DEPOSITS AND INVESTMENTS

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

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

3. DEPOSITS AND INVESTMENTS (CONT.)

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2023.

At December 31, 2023, the City's carrying amount of deposits was $1,368,958 and the bank balance was $1,383,171. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, $500,000 was covered by federal depository insurance and the remaining $883,271 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, 2023, 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
Kansas Water Pollution Control Revolving Loan	2.73%	07-27-04	$ 288,228	03-01-26	$ 62,582	$ -	$ 17,224	$ 45,358	$ 1,738
General Obligation Bonds Series 2013	1.00 - 3.25%	05-23-13	520,000	10-01-33	320,000	-	25,000	295,000	9,350
General Obligation Bonds Series 2014	1.90 - 2.90%	05-29-14	218,000	12-01-24	50,000	-	25,000	25,000	1,400
General Obligation Bonds Series 2017	2.25 - 4.00%	09-01-17	220,000	08-01-32	160,000	-	15,000	145,000	2,225
Total Contractual Indebtedness					$ 592,582	$ -	$ 82,224	$ 510,358	$ 14,713

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

	Year						
	2024	2025	2026	2027	2028	2029 to 2033	Total
PRINCIPAL:							
Kansas Water Pollution Control Revolving Loan	$ 17,742	$ 18,274	$ 9,342	$ -	$ -	$ -	$ 45,358
General Obligation Bonds Series 2013	25,000	25,000	25,000	30,000	30,000	160,000	295,000
General Obligation Bonds Series 2014	25,000	-	-	-	-	-	25,000
General Obligation Bonds Series 2017	15,000	15,000	15,000	15,000	15,000	70,000	145,000
TOTAL PRINCIPAL	82,742	58,274	49,342	45,000	45,000	230,000	510,358
INTEREST:							
Kansas Water Pollution Control Revolving Loan	1,220	688	139	-	-	-	2,047
General Obligation Bonds Series 2013	8,725	8,100	7,475	6,850	5,950	15,862	52,963
General Obligation Bonds Series 2014	725	-	-	-	-	-	725
General Obligation Bonds Series 2017	4,113	3,775	3,400	3,025	2,612	5,900	26,626
TOTAL INTEREST	14,783	12,563	11,014	9,875	8,562	21,762	82,360
TOTAL PRINCIPAL AND INTEREST	$ 97,525	$ 70,837	$ 60,356	$ 54,875	$ 53,562	$ 251,762	$ 592,718

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.

5. DEFINED BENEFIT PENSION PLAN (CONT.)

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.43% for the fiscal year ended December 31, 2023. Contributions to the pension plan from the City were $14,839 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 $167,056. 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 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 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.

(c) Other Employee Benefits

Vacation – Employees may carry over 10 days of vacation to the future year. No vacation leave shall be taken until a new employee has completed one year of continuous service. Employees may use vacation leave in units of not less than one hour. Upon retirement, discharge, dismissal, or other circumstances of separation of an employee from his employment with the City, the City, in its discretion, may pay to such employee the value of any earned but unused vacation leave.

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

Years of Service	Per Year
After 1 year	40 working hours
After 2 years	80 working hours
After 6 years	120 working hours
After 15 years	160 working hours

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

(c) Other Employee Benefits

Other employees shall not receive vacation leave.

Sick leave – All full-time employees and part-time employee who work at least 20 hours or more per week, shall be entitled to sick leave with pay for absences resulting from personal illness, injuries, accidents or other physical incapacities, occurring either on or off the job. Sick leave, if not taken, shall accrue to no more than 720 hours at the end of each year. All excess sick days not used by the end of the year will be forfeited. Upon termination, no employee will be compensated for unused sick leave.

Amount of sick leave - Eligible employees shall earn eight hours of sick leave for each full month of service. Other employees shall not have paid sick leave.

7. OTHER RELATIONSHIPS

McPherson Area Solid Waste Utility

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

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

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

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

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

8. CLAIMS AND JUDGMENTS

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

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2022 to 2023 and there were no settlements that exceeded insurance coverage in the past three years.

8. CLAIMS AND JUDGMENTS (CONT.)

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 impact on the City.

The City is exposed to various risks of health related losses. The City has been unable to obtain health insurance at a cost it considered to be economically justifiable. For this reason, the City joined together with other municipalities in the State to participate in the Kansas Department of Administration State Employee Health Plan, a public entity risk pool currently operating as a common risk management and insurance program for 122 participating members. The City pays an annual premium to Kansas Department of Administration State Employee Health Plan for its health insurance coverage. The agreement to participate provides that the Kansas Department of Administration State Employee Health Plan will be self-sustaining through member premiums. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Kansas Department of Administration State Employee Health Plan management.

9. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Regulatory Authority	Amount
General Fund	Special Highway Fund	K.S.A. 12-825d	$ 80,000
General Fund	Special Equipment Fund	K.S.A. 12-825d	15,000
Sewer Fund	Special Equipment Fund	K.S.A. 12-1,117	15,000
Water Fund	Special Equipment Fund	K.S.A. 12-1,117	15,000
			$ 125,000

10. RELATED PARTY

The Mayor of the City owns a majority of the insurance agency where the City has their insurance. The amount paid by the City in 2023 was $33,297.

11. SUBSEQUENT EVENTS

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

CITY OF CANTON, KANSAS

REGULATORY - REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2023

CITY OF CANTON, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2023

	Certified Budget	Adjustment for for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
GENERAL FUND:					
General Fund	$ 984,053	$ -	$ 984,053	$ 527,809	$ (456,244)
SPECIAL PURPOSE FUNDS:					
Special City/County Highway Fund	229,247	-	229,247	53,602	(175,645)
Special Park and Recreation Fund	30,781	-	30,781	2,313	(28,468)
Special Equipment Fund	69,642	-	69,642	2,225	(67,417)
BOND AND INTEREST FUND:					
Bond and Interest Fund	139,266	-	139,266	60,750	(78,516)
BUSINESS FUNDS:					
Sewer Fund	262,526	-	262,526	101,237	(161,289)
Water Fund	274,087	-	274,087	148,405	(125,682)
Trash Fund	74,945	-	74,945	56,458	(18,487)

CITY OF CANTON, 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)

		2023		
	2022 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes -				
Ad valorem property tax	$ 140,695	$ 144,643	$ 170,059	$ (25,416)
Delinquent tax	8,510	7,474	5,000	2,474
Motor vehicle tax	20,341	19,774	21,626	(1,852)
Recreational vehicle tax	620	688	701	(13)
16/20M vehicle tax	52	41	91	(50)
Commercial vehicle tax	115	67	137	(70)
Watercraft tax	-	-	62	(62)
Oil tax	52	75	51	24
Local alcoholic liquor tax	4,124	3,814	3,478	336
Local sales tax	112,796	115,981	110,000	5,981
State assessed	18,051	18,523	18,600	(77)
Sales tax for streets	81,381	77,365	80,000	(2,635)
Total Taxes	386,737	388,445	409,805	(21,360)
Licenses and Permits -				
City licenses	335	545	2,500	(1,955)
Building permits	209	520	-	520
Pet licenses	325	315	-	315
Rec vehicle registration	395	700	-	700
VIN inspections	705	765	500	265
Utility franchise fees	31,070	30,270	30,000	270
Total Licenses and Permits	33,039	33,115	33,000	115
Charges for Services -				
Swimming pool	2,743	2,930	3,500	(570)
Fines, Forfeitures and Penalties -				
Police fines	1,493	1,294	5,000	(3,706)
Fines and forfeitures	1,330	2,999	-	2,999
Total Fines, Forfeitures and Penalties	2,823	4,293	8,500	(1,277)
Use of Money and Property -				
Interest income	1,691	2,918	1,500	1,418

CITY OF CANTON, 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)

		2023		
	2022 Actual	Actual	Budget	Variance - Over (Under)
Other -				
Economic development	$ 2,170	$ 2,102	$ 2,000	$ 102
Grant - McPherson County Foundation	6,317	-	-	-
Miscellaneous	626	195	-	195
Reimbursed expenses	12,560	5,236	15,500	(10,264)
Gifts and donations	135	10	-	10
Community center rent	1,170	1,710	1,200	510
Nex-Tech rental	3,869	3,595	3,800	(205)
MP CO tower lease	600	600	600	-
Other	-	190	-	-
Return check/ACH fee	150	71	-	71
Rental income	1	5	-	5
Total Other	27,598	13,714	23,100	(9,873)
Total Receipts	454,631	445,415	$ 475,905	$ (33,976)
Expenditures				
Administrative -				
Personal services	113,289	124,232	$ 115,500	$ 8,732
Contractual services	87,444	93,981	93,000	981
Building improvements	-	20,000	-	20,000
Commodities	22,510	19,434	13,000	6,434
Capital outlay	8,335	9,909	7,000	2,909
Community center	3,188	3,838	7,800	(3,962)
Refunds	-	150	-	150
Transfer to Special Equipment Fund	10,000	15,000	15,000	-
Transfer to Special Highway Fund	80,000	80,000	80,000	-
Total Administrative	324,766	366,544	331,300	35,244
Police -				
Personal services	79,524	86,858	80,325	6,533
Contractual services	9,467	5,260	10,000	(4,740)
Commodities	11,307	5,678	9,000	(3,322)
Capital outlay	385	22,405	6,000	16,405
Total Police	100,683	120,201	105,325	14,876
Police VIN-				
Materials and supplies	124	196	500	(304)

CITY OF CANTON, 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)

		2023		
	2022 Actual	Actual	Budget	Variance - Over (Under)
Street -				
Contractual services	$ -	$ -	$ 10,000	$ (10,000)
Commodities	175	1,467	20,000	(18,533)
Total Street	175	1,467	30,000	(28,533)
Street Lights -				
Commodities	17,611	17,377	19,000	(1,623)
Park and Recreation -				
Contractual services	2,047	1,873	2,500	(627)
McMurray Ball Park -				
Personal services	-	-	3,000	(3,000)
Contractual services	175	-	5,000	(5,000)
Materials and supplies	281	123	5,000	(4,877)
Total McMurray Ball Park	456	123	13,000	(12,877)
Fire Department -				
Contractual services	-	-	4,300	(4,300)
Swimming Pool -				
Personal services	13,355	12,693	15,000	(2,307)
Contractual services	3,251	2,111	3,500	(1,389)
Commodities	3,237	4,854	10,000	(5,146)
Capital outlay	-	-	12,000	(12,000)
Total Swimming Pool	19,843	19,658	40,500	(20,842)
Other -				
Cash forward	-	-	437,628	(437,628)
Total Expenditures	465,705	527,809	$ 984,053	$ (456,244)
Receipts Over (Under) Expenditures	(11,074)	(82,394)		
Unencumbered Cash, Beginning	549,862	538,788		
Unencumbered Cash, Ending	$ 538,788	$ 456,394		

CITY OF CANTON, KANSAS

SPECIAL PURPOSE FUND

SPECIAL CITY/COUNTY HIGHWAY 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)

		2023		
	2022 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
State of Kansas gas tax	$ 18,758	$ 18,461	$ 19,320	$ (859)
Transfer from General Fund	80,000	80,000	80,000	-
Total Receipts	98,758	98,461	$ 99,320	$ (859)
Expenditures				
Street maintenance	2,609	26,246	$ 50,000	$ (23,754)
Contractual services	600	27,356	5,000	22,356
Cash forward	-	-	174,247	(174,247)
Total Expenditures	3,209	53,602	$ 229,247	$ (175,645)
Receipts Over (Under) Expenditures	95,549	44,859		
Unencumbered Cash, Beginning	65,897	161,446		
Unencumbered Cash, Ending	$ 161,446	$ 206,305		

CITY OF CANTON, KANSAS

SPECIAL PURPOSE FUND

SPECIAL PARK AND RECREATION 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)

		2023		
	2022 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Local alcoholic liquor tax	$ 4,124	$ 3,814	$ 3,478	$ 336
Expenditures				
Commodities	-	-	$ 2,000	$ (2,000)
Contractual services	178	1,217	2,000	(783)
Park improvements/playground	3,129	1,096	-	1,096
Cash forward	-	-	26,781	(26,781)
Total Expenditures	3,307	2,313	$ 30,781	$ (28,468)
Receipts Over (Under) Expenditures	817	1,501		
Unencumbered Cash, Beginning	21,186	22,003		
Unencumbered Cash, Ending	$ 22,003	$ 23,504		

CITY OF CANTON, KANSAS

SPECIAL PURPOSE FUND

SPECIAL EQUIPMENT 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)

		2023		
	2022 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Transfer from General Fund	$ 10,000	$ 15,000	$ 15,000	$ -
Transfer from Water Fund	5,000	15,000	15,000	-
Transfer from Sewer Fund	15,000	15,000	15,000	-
Miscellaneous	12,369	3,595	4,000	(405)
Total Receipts	42,369	48,595	$ 49,000	$ (405)
Expenditures				
Capital outlay	7,868	2,225	$ 69,642	$ (67,417)
Receipts Over (Under) Expenditures	34,501	46,370		
Unencumbered Cash, Beginning	21,642	56,143		
Unencumbered Cash, Ending	$ 56,143	$ 102,513		

CITY OF CANTON, KANSAS

SPECIAL PURPOSE FUND

ARPA FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2023
(With Comparative Actual Totals for the Prior Year Ended December 31, 2022)

	2022 Actual	2023 Actual
Receipts	$ 53,032	$ -
Expenditures	-	-
Receipts Over (Under) Expenditures	53,032	-
Unencumbered Cash, Beginning	53,032	106,064
Unencumbered Cash, Ending	$ 106,064	$ 106,064

CITY OF CANTON, 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)

		2023		
	2022 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem tax	$ 45,684	$ 46,982	$ 55,220	$ (8,238)
Delinquent tax	3,529	2,732	2,600	132
Motor vehicle tax	8,585	6,651	7,022	(371)
Recreational vehicle tax	262	223	227	(4)
16/20M vehicle tax	22	13	30	(17)
Commercial vehicle tax	48	22	44	(22)
Watercraft tax	-	-	20	(20)
Oil tax	17	24	20	4
State assessed	5,861	6,015	7,889	(1,874)
Total Receipts	64,008	62,662	$ 73,072	$ (10,410)
Expenditures				
2013 GO Bond Principal - Streets	25,000	25,000	$ 25,000	$ -
2013 GO Bond Interest - Streets	9,787	9,350	9,350	-
2014 GO Bond Principal - Streets	25,000	25,000	25,000	-
2014 GO Bond Interest - Streets	2,013	1,400	1,400	-
Cash forward	-	-	78,516	(78,516)
Total Expenditures	61,800	60,750	$ 139,266	$ (78,516)
Receipts Over (Under) Expenditures	2,208	1,912		
Unencumbered Cash, Beginning	57,625	59,833		
Unencumbered Cash, Ending	$ 59,833	$ 61,745		

CITY OF CANTON, KANSAS

BUSINESS FUND

SEWER 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)

		2023		
	2022 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Sales to customers	$ 106,424	$ 107,797	$ 102,000	$ 5,797
Interest income	71	351	125	226
Total Receipts	106,495	108,148	$ 102,125	$ 6,023
Expenditures				
Personal services	48,895	49,473	$ 54,600	$ (5,127)
Contractual services	18,053	14,190	30,000	(15,810)
Commodities	4,481	3,124	5,500	(2,376)
Capital outlay	-	-	20,000	(20,000)
Remittances	458	488	500	(12)
Miscellaneous	-	-	500	(500)
Revolving loan principal	16,722	17,224	17,225	(1)
Revolving loan interest	2,239	1,738	1,958	(220)
Transfer to Special Equipment Fund	15,000	15,000	15,000	-
Cash forward	-	-	117,243	(117,243)
Total Expenditures	105,848	101,237	$ 262,526	$ (161,289)
Receipts Over (Under) Expenditures	647	6,911		
Unencumbered Cash, Beginning	180,982	181,629		
Unencumbered Cash, Ending	$ 181,629	$ 188,540		

CITY OF CANTON, KANSAS

BUSINESS FUND

WATER 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)

		2023		
	2022 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Sales to customers	$ 183,441	$ 186,603	$ 170,000	$ 16,603
Meter hookups/connection fees	2,100	2,375	2,500	(125)
Interest income	81	335	150	185
Reimbursements	12,117	4	-	4
Miscellaneous	46	-	-	-
Total Receipts	197,785	193,840	$ 172,650	$ 21,190
Expenditures				
Personal services	48,895	49,477	$ 57,829	$ (8,352)
Contractual services	40,546	25,786	30,000	(4,214)
Commodities	42,429	36,184	50,000	(13,816)
Capital outlay	-	-	10,000	(10,000)
GO Bond principal	15,000	15,000	15,000	-
GO Bond interest	5,050	4,450	4,450	-
Miscellaneous	1,785	1,988	1,500	488
Remittances	520	520	500	20
Transfer to Special Equipment Fund	5,000	15,000	15,000	-
Cash forward	-	-	89,808	(89,808)
Total Expenditures	159,225	148,405	$ 274,087	$ (125,682)
Receipts Over (Under) Expenditures	38,560	45,435		
Unencumbered Cash, Beginning	92,682	131,242		
Unencumbered Cash, Ending	$ 131,242	$ 176,677		

CITY OF CANTON, KANSAS

BUSINESS FUND

TRASH 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)

		2023		
	2022 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Sales to customers	$ 59,005	$ 58,100	$ 60,000	$ (1,900)
Expenditures				
Contractual services	55,324	56,458	$ 59,486	$ (3,028)
Machinery and equipment	-	-	5,000	(5,000)
Cash forward	-	-	10,459	(10,459)
Total Expenditures	55,324	56,458	$ 74,945	$ (18,487)
Receipts Over (Under) Expenditures	3,681	1,642		
Unencumbered Cash, Beginning	17,075	20,756		
Unencumbered Cash, Ending	$ 20,756	$ 22,398		

CITY OF CANTON, KANSAS

AGENCY FUNDS

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis
For the Year Ended December 31, 2023

Fund	Beginning Cash Balance	Receipts	Disbursements	Encumbrances	Ending Cash Balance
Payroll Clearing Fund	$ 5,372	$ 236,861	$ 242,233	$ 5,662	$ 5,662
Sales Tax Clearing Fund	423	1,903	2,326	397	397
Overpayment Deposit Clearing Fund	1,271	5,947	6,402	-	816
Penalty Clearing Fund	4,522	4,863	4,522	-	4,863
Total	$ 11,588	$ 249,574	$ 255,483	$ 6,059	$ 11,738