CITY OF CANTON, KANSAS

FINANCIAL STATEMENT

FOR THE YEAR ENDED
DECEMBER 31, 2024



LOYD GROUP, LLC

Certified Public Accountants

CITY OF CANTON, KANSAS

CITY OF THE THIRD CLASS

For the Year Ended December 31, 2024

Earl Maltbie, Mayor

CITY COUNCIL

Scott Layfield

Christina Smith

Rhonda Hamby

Mary Jowers

Jerry Kremeier

CITY OFFICERS

Morgan Morgan, Clerk

Reece Hiebert, 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, 2024

TABLE OF CONTENTS

		Page Numbers
	Independent Auditor's Report	1 – 3
	FINANCIAL SECTION	
Statement 1	Summary Statement of Receipts, Expenditures and Unencumbered Cash – Regulatory Basis	4
	Notes to Financial Statement	5 – 10
	REGULATORY–REQUIRED SUPPLEMENTARY INFORMATION	
Schedule 1	Summary of Expenditures – Actual and Budget – Regulatory Basis	11
Schedule 2	Schedules of Receipts and Expenditures – Actual and Budget – Regulatory Basis	
	General Fund	
2-1	General Fund	12 – 14
	Special Purpose Funds	
2-2	Special City/County Highway Fund	15
2-3	Special Park and Recreation Fund	16
2-4	Special Equipment Fund	17
2-5	ARPA Fund	18
	Bond and Interest Fund	
2-6	Bond and Interest Fund	19
	Business Funds	
2-7	Sewer Fund	20
2-8	Water Fund	21
2-9	Trash Fund	22
Schedule 3	Agency Funds – Schedule of Receipts and Disbursements – Regulatory Basis	23

LOYD GROUP, LLC

520 S. Main Street
P.O. Box 7
Galva, KS 67443
620-654-7565
www.loyd-group.com

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, 2024 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, 2024, 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, 2024, 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, 2023 (not presented herein), and have issued their report thereon dated March 18, 2024, which contained an unmodified opinion on the basic financial statement. The 2023 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 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2024 (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 2023 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 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 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 2023 basic financial statement or to the 2023 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 2023 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, 2023, on the basis of accounting described in Note 1.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
April 16, 2025

CITY OF CANTON, KANSAS

SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
Regulatory Basis
For the Year Ended December 31, 2024

	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
GENERAL FUND:						
General Fund	$ 456,394	$ 575,099	$ 518,678	$ 512,815	$ 14,938	$ 527,753
SPECIAL PURPOSE FUNDS:						
Special City/County Highway Fund	206,305	98,102	3,686	300,721	201	300,922
Special Park and Recreation Fund	23,504	5,060	931	27,633	26	27,659
Special Equipment Fund	102,513	46,691	-	149,204	-	149,204
ARPA Grant Fund	106,064	-	106,064	-	-	-
Total Special Purpose Funds	438,386	149,853	110,681	477,558	227	477,785
BOND AND INTEREST FUND:						
Bond and Interest Fund	61,745	44,649	59,450	46,944	-	46,944
BUSINESS FUNDS:						
Sewer Fund	188,540	108,954	109,051	188,443	3,360	191,803
Water Fund	176,677	198,230	150,218	224,689	7,239	231,928
Trash Fund	22,398	64,952	58,996	28,354	4,865	33,219
Total Business Funds	387,615	372,136	318,265	441,486	15,464	456,950
Total Reporting Entity (Excluding Agency Funds)	$ 1,344,140	$ 1,141,737	$ 1,007,074	$ 1,478,803	$ 30,629	$ 1,509,432

COMPOSITION OF CASH:	
Cash on Hand	$ 100
Checking Account - State Bank of Canton	925,253
Money Market Account - Citizens State Bank	33,488
Certificates of Deposit - Citizens State Bank	552,531
Total Cash	1,511,372
Less Agency Funds per Schedule 3	(1,940)
Total Reporting Entity (Excluding Agency Funds)	$ 1,509,432

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, 2024

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 the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The municipality did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for 2024.

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 2024.

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, 2024.

At December 31, 2024, the City's carrying amount of deposits was $1,511,272 and the bank balance was $1,538,958. 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 $1,038,958 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, 2024, 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	$ 45,358	$ -	$ 17,741	$ 27,617	$ 1,220
General Obligation Bonds Series 2013	1.00 - 3.25%	05-23-13	520,000	10-01-33	295,000	-	25,000	270,000	8,725
General Obligation Bonds Series 2014	1.90 - 2.90%	05-29-14	218,000	12-01-24	25,000	-	25,000	-	725
General Obligation Bonds Series 2017	2.25 - 4.00%	09-01-17	220,000	08-01-32	145,000	-	15,000	130,000	4,113
Total Contractual Indebtedness					$ 510,358	$ -	$ 82,741	$ 427,617	$ 14,783

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

	Year						
	2025	2026	2027	2028	2029	2030 to 2033	Total
PRINCIPAL:							
Kansas Water Pollution Control Revolving Loan	$ 18,274	$ 9,343	$ -	$ -	$ -	$ -	$ 27,617
General Obligation Bonds Series 2013	25,000	25,000	30,000	30,000	30,000	130,000	270,000
General Obligation Bonds Series 2017	15,000	15,000	15,000	15,000	15,000	55,000	130,000
TOTAL PRINCIPAL	58,274	49,343	45,000	45,000	45,000	185,000	427,617
INTEREST:							
Kansas Water Pollution Control Revolving Loan	688	139	-	-	-	-	827
General Obligation Bonds Series 2013	8,100	7,475	6,850	5,950	5,050	10,813	44,238
General Obligation Bonds Series 2017	3,775	3,400	3,025	2,612	2,200	3,700	18,712
TOTAL INTEREST	12,563	11,014	9,875	8,562	7,250	14,513	63,777
TOTAL PRINCIPAL AND INTEREST	$ 70,837	$ 60,357	$ 54,875	$ 53,562	$ 52,250	$ 199,513	$ 491,394

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 9.26% for the fiscal year ended December 31, 2024. Contributions to the pension plan from the City were $17,306 for the year ended December 31, 2024.

Net Pension Liability. At December 31, 2024, the City's proportionate share of the collective net pension liability reported by KPERS was $163,459. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. 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, 2024.

(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 2023 to 2024 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
ARPA Grant Fund	General Fund	Council approved	106,064
Penalty Clearing Fund	Water Fund	Council approved	9,206
			$ 240,270

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 CANTON, KANSAS

REGULATORY - REQUIRED

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2024

CITY OF CANTON, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
(Budgeted Funds Only)
For the Year Ended December 31, 2024

	Certified Budget	Adjustment for for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
GENERAL FUND:					
General Fund	$ 966,076	$ -	$ 966,076	$ 518,678	$ (447,398)
SPECIAL PURPOSE FUNDS:					
Special City/County Highway Fund	324,206	-	324,206	3,686	(320,520)
Special Park and Recreation Fund	26,082	-	26,082	931	(25,151)
Special Equipment Fund	119,143	-	119,143	-	(119,143)
BOND AND INTEREST FUND:					
Bond and Interest Fund	129,158	-	129,158	59,450	(69,708)
BUSINESS FUNDS:					
Sewer Fund	284,861	-	284,861	109,051	(175,810)
Water Fund	339,092	-	339,092	150,218	(188,874)
Trash Fund	81,270	-	81,270	58,996	(22,274)

CITY OF CANTON, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Taxes -				
Ad valorem property tax	$ 144,643	$ 166,463	$ 194,602	$ (28,139)
Delinquent tax	7,474	3,525	5,000	(1,475)
Motor vehicle tax	19,774	20,037	22,394	(2,357)
Recreational vehicle tax	688	529	704	(175)
16/20M vehicle tax	41	39	79	(40)
Commercial vehicle tax	67	69	133	(64)
Watercraft tax	-	-	34	(34)
Oil tax	75	40	-	40
Local alcoholic liquor tax	3,814	5,060	4,102	958
Local sales tax	115,981	140,237	113,000	27,237
State assessed	18,523	19,288	18,600	688
Sales tax for streets	77,365	57,018	82,000	(24,982)
Total Taxes	388,445	412,305	440,648	(28,343)
Licenses and Permits -				
City licenses	545	375	2,500	(2,125)
Building permits	520	406	-	406
Pet licenses	315	300	-	300
Rec vehicle registration	700	555	-	555
VIN inspections	765	690	500	190
Utility franchise fees	30,270	31,842	31,000	842
Total Licenses and Permits	33,115	34,168	34,000	168
Charges for Services -				
Swimming pool	2,930	5,268	3,500	1,768
Fines, Forfeitures and Penalties -				
Police fines	1,294	1,721	1,500	221
Fines and forfeitures	2,999	1,376	2,000	(624)
Total Fines, Forfeitures and Penalties	4,293	3,097	7,000	1,365
Use of Money and Property -				
Interest income	2,918	2,658	1,500	1,158

CITY OF CANTON, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023 Actual	Actual	Budget	Variance - Over (Under)
Receipts (cont.)				
Other -				
Economic development	$ 2,102	$ 2,170	$ 2,200	$ (30)
Miscellaneous	195	48	500	(452)
Reimbursed expenses	5,236	779	15,500	(14,721)
Gifts and donations	10	-	-	-
Community center rent	1,710	1,400	1,200	200
Nex-Tech rental	3,595	3,683	3,900	(217)
MP CO tower lease	600	600	600	-
Other	190	9	-	9
Return check/ACH fee	71	-	-	-
Refund	-	2,751	100	2,651
Rental income	5	100	-	100
Transfer from ARPA Grant Fund	-	106,063	-	106,063
Total Other	13,714	117,603	24,000	94,085
Total Receipts	445,415	575,099	$ 507,148	$ 69,057
Expenditures				
Administrative -				
Personal services	124,232	131,659	$ 115,500	$ 16,159
Contractual services	93,981	111,982	93,000	18,982
Building improvements	20,000	129	-	129
Commodities	19,434	16,738	23,000	(6,262)
Capital outlay	9,909	7,464	424,983	(417,519)
Community center	3,838	3,620	3,800	(180)
Refunds	150	105	-	105
Transfer to Special Equipment Fund	15,000	15,000	15,000	-
Transfer to Special Highway Fund	80,000	80,000	80,000	-
Total Administrative	366,544	366,697	755,283	(388,586)
Police -				
Personal services	86,858	83,352	80,500	2,852
Contractual services	5,260	5,263	10,000	(4,737)
Commodities	5,678	4,064	10,000	(5,936)
Capital outlay	22,405	828	-	828
Total Police	120,201	93,507	100,500	(6,993)
Police VIN-				
Materials and supplies	196	-	500	(500)
Other	370	385	-	385
Total Police VIN	566	385	500	(115)

CITY OF CANTON, KANSAS

GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023 Actual	Actual	Budget	Variance - Over (Under)
Expenditures (cont.)				
Street -				
Contractual services	$ -	$ 1,915	$ 10,000	$ (8,085)
Commodities	1,467	8,741	20,000	(11,259)
Capital outlay	-	653	-	653
Total Street	1,467	11,309	30,000	(18,691)
Street Lights -				
Commodities	17,377	17,851	19,000	(1,149)
Park and Recreation -				
Personal services	-	1,785	-	1,785
Contractual services	1,873	371	2,500	(2,129)
Commodities	-	1,061	-	1,061
Total Park and Recreation	1,873	3,217	2,500	717
McMurray Ball Park -				
Personal services	-	-	3,000	(3,000)
Contractual services	-	-	5,000	(5,000)
Materials and supplies	123	-	5,000	(5,000)
Total McMurray Ball Park	123	-	13,000	(13,000)
Fire Department -				
Contractual services	-	-	4,293	(4,293)
Swimming Pool -				
Personal services	12,693	15,786	15,500	286
Contractual services	2,111	5,588	3,500	2,088
Commodities	4,854	3,481	10,000	(6,519)
Capital outlay	-	792	12,000	(11,208)
Other	-	65	-	65
Total Swimming Pool	19,658	25,712	41,000	(15,288)
Total Expenditures	527,809	518,678	$ 966,076	$ (447,398)
Receipts Over (Under) Expenditures	(82,394)	56,421		
Unencumbered Cash, Beginning	538,788	456,394		
Unencumbered Cash, Ending	$ 456,394	$ 512,815		

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, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
State of Kansas gas tax	$ 18,461	$ 18,102	$ 18,810	$ (708)
Transfer from General Fund	80,000	80,000	80,000	-
Total Receipts	98,461	98,102	$ 98,810	$ (708)
Expenditures				
Street maintenance	26,246	3,488	$ 30,000	$ (26,512)
Contractual services	27,356	198	50,000	(49,802)
Capital Outlay	-	-	244,206	(244,206)
Total Expenditures	53,602	3,686	$ 324,206	$ (320,520)
Receipts Over (Under) Expenditures	44,859	94,416		
Unencumbered Cash, Beginning	161,446	206,305		
Unencumbered Cash, Ending	$ 206,305	$ 300,721		

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, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Local alcoholic liquor tax	$ 3,814	$ 5,060	$ 4,101	$ 959
Expenditures				
Commodities	-	-	$ 3,500	$ (3,500)
Contractual services	1,217	381	500	(119)
Park improvements/playground	1,096	550	22,082	(21,532)
Total Expenditures	2,313	931	$ 26,082	$ (25,151)
Receipts Over (Under) Expenditures	1,501	4,129		
Unencumbered Cash, Beginning	22,003	23,504		
Unencumbered Cash, Ending	$ 23,504	$ 27,633		

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, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Transfer from General Fund	$ 15,000	$ 15,000	$ 15,000	$ -
Transfer from Water Fund	15,000	15,000	15,000	-
Transfer from Sewer Fund	15,000	15,000	15,000	-
Miscellaneous	3,595	1,691	4,000	(2,309)
Total Receipts	48,595	46,691	$ 49,000	$ (2,309)
Expenditures				
Capital outlay	2,225	-	$ 119,143	$ (119,143)
Receipts Over (Under) Expenditures	46,370	46,691		
Unencumbered Cash, Beginning	56,143	102,513		
Unencumbered Cash, Ending	$ 102,513	$ 149,204		

CITY OF CANTON, KANSAS

SPECIAL PURPOSE FUND

ARPA FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

	2023 Actual	2024 Actual
Receipts	$ -	$ -
Expenditures		
Transfer to General Fund	-	106,064
Receipts Over (Under) Expenditures	-	(106,064)
Unencumbered Cash, Beginning	106,064	106,064
Unencumbered Cash, Ending	$ 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, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Ad valorem tax	$ 46,982	$ 33,039	$ 38,615	$ (5,576)
Delinquent tax	2,732	1,061	3,500	(2,439)
Motor vehicle tax	6,651	6,506	7,271	(765)
Recreational vehicle tax	223	172	229	(57)
16/20M vehicle tax	13	13	26	(13)
Commercial vehicle tax	22	22	43	(21)
Watercraft tax	-	-	11	(11)
Oil tax	24	8	20	(12)
State assessed	6,015	3,828	7,889	(4,061)
Total Receipts	62,662	44,649	$ 57,604	$ (12,955)
Expenditures				
2013 GO Bond Principal - Streets	25,000	25,000	$ 25,000	$ -
2013 GO Bond Interest - Streets	9,350	8,725	9,450	(725)
2014 GO Bond Principal - Streets	25,000	25,000	25,000	-
2014 GO Bond Interest - Streets	1,400	725	-	725
Cash forward	-	-	69,708	(69,708)
Total Expenditures	60,750	59,450	$ 129,158	$ (69,708)
Receipts Over (Under) Expenditures	1,912	(14,801)		
Unencumbered Cash, Beginning	59,833	61,745		
Unencumbered Cash, Ending	$ 61,745	$ 46,944		

CITY OF CANTON, KANSAS

BUSINESS FUND

SEWER FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Sales to customers	$ 107,797	$ 108,483	$ 106,500	$ 1,983
Interest income	351	471	125	346
Total Receipts	108,148	108,954	$ 106,625	$ 2,329
Expenditures				
Personal services	49,473	55,228	$ 54,600	$ 628
Contractual services	14,190	16,705	30,000	(13,295)
Commodities	3,124	2,933	5,500	(2,567)
Capital outlay	-	-	160,300	(160,300)
Remittances	488	-	500	(500)
Refunds	-	224	-	224
Revolving loan principal	17,224	17,741	17,741	-
Revolving loan interest	1,738	1,220	1,220	-
Transfer to Special Equipment Fund	15,000	15,000	15,000	-
Total Expenditures	101,237	109,051	$ 284,861	$ (175,810)
Receipts Over (Under) Expenditures	6,911	(97)		
Unencumbered Cash, Beginning	181,629	188,540		
Unencumbered Cash, Ending	$ 188,540	$ 188,443		

CITY OF CANTON, KANSAS

BUSINESS FUND

WATER FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

Regulatory Basis

For the Year Ended December 31, 2024

(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Sales to customers	$ 186,603	$ 184,019	$ 183,500	$ 519
Meter hookups/connection fees	2,375	3,150	2,500	650
Interest income	335	543	150	393
Bulk water sales	-	1,312	-	1,312
Reimbursements	4	-	-	-
Transfer from Penalty Clearing Fund	4,523	9,206	-	9,206
Total Receipts	193,840	198,230	$ 186,150	$ 12,080
Expenditures				
Personal services	49,477	55,231	$ 57,829	$ (2,598)
Contractual services	25,786	26,596	48,000	(21,404)
Commodities	36,184	32,069	50,000	(17,931)
Capital outlay	-	-	146,650	(146,650)
Refunds	-	354	-	354
GO Bond principal	15,000	15,000	15,000	-
GO Bond interest	4,450	4,113	4,113	-
Miscellaneous	1,988	-	1,500	(1,500)
Remittances	520	718	1,000	(282)
Other	-	1,137	-	1,137
Transfer to Special Equipment Fund	15,000	15,000	15,000	-
Total Expenditures	148,405	150,218	$ 339,092	$ (188,874)
Receipts Over (Under) Expenditures	45,435	48,012		
Unencumbered Cash, Beginning	131,242	176,677		
Unencumbered Cash, Ending	$ 176,677	$ 224,689		

CITY OF CANTON, KANSAS

BUSINESS FUND

TRASH FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
Regulatory Basis
For the Year Ended December 31, 2024
(With Comparative Actual Totals for the Prior Year Ended December 31, 2023)

		2024		
	2023 Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Sales to customers	$ 58,100	$ 64,952	$ 60,000	$ 4,952
Expenditures				
Contractual services	56,458	58,996	$ 81,270	$ (22,274)
Receipts Over (Under) Expenditures	1,642	5,956		
Unencumbered Cash, Beginning	20,756	22,398		
Unencumbered Cash, Ending	$ 22,398	$ 28,354		

CITY OF CANTON, KANSAS

AGENCY FUNDS

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
Regulatory Basis
For the Year Ended December 31, 2024

Fund	Beginning Cash Balance	Receipts	Disbursements	Encumbrances	Ending Cash Balance
Payroll Clearing Fund	$ 5,662	$ 258,551	$ 264,213	$ -	$ -
Sales Tax Clearing Fund	397	1,679	2,076	-	-
Overpayment Deposit Clearing Fund	816	10,629	9,505	-	1,940
Penalty Clearing Fund	4,863	4,343	9,206	-	-
Total	$ 11,738	$ 275,202	$ 285,000	$ -	$ 1,940